

FFY 2022 SKILLED NURSING FACILITY PROSPECTIVE PAYMENT SYSTEM FINAL RULE (CMS-1746-F)

On Aug. 4, the Centers for Medicare & Medicaid Services (CMS) posted the federal fiscal year (FFY) 2022 Skilled Nursing Facility (SNF) Prospective Payment System (PPS) [final rule](#) effective Oct. 1, 2021 through Sept. 30, 2022. CMS estimates an increase of approximately \$410 million in Medicare Part A payments to SNFs in FFY 2022.

Market Basket: CMS finalized a 2.7% market basket update (proposed at 2.3%), a multifactor productivity (MFP) reduction of 0.7 percentage points (proposed at 0.2 percentage points), a 0.8 percentage point reduction to adjust for a market basket forecast error in FFY 2020, and a wage index/labor-related share budget neutrality adjustment of 1.0006 (proposed at 0.9999). This results in an overall rate change of +1.26% (proposed at +1.3%). The payment rate for SNFs that fail to submit required quality data will decrease by two percentage points.

Additionally, CMS finalized its proposal to update the SNF market basket base year from FFY 2014 to FFY 2018.

Unadjusted Federal Per Diem Rates: The final FFY 2022 SNF per diem rates under the Patient-Driven Payment Model (PDPM) are below. These rates apply to hospital-based and freestanding SNFs, as well as to payments made for non-Critical Access Hospital swing-bed services.

Case-Mix Rate Component	Final FFY 2022	Final FFY 2021
Urban		
Non-Therapy Ancillary	\$82.62	\$81.60
Nursing	\$109.51	\$108.16
Occupational Therapy	\$58.48	\$57.75
Physical Therapy	\$62.82	\$62.04
Speech Language Pathology	\$23.45	\$23.16
Non-Case-Mix	\$98.07	\$96.85
Rural		
Non-Therapy Ancillary	\$78.93	\$77.96
Nursing	\$104.63	\$103.34
Occupational Therapy	\$65.77	\$64.95
Physical Therapy	\$71.61	\$70.72
Speech Language Pathology	\$29.55	\$29.18
Non-Case-Mix	\$99.88	\$98.64

Consolidated Billing: The Consolidated Appropriations Act of 2021 (CAA) added certain blood clotting factors for the treatment of patients with hemophilia and other bleeding disorders to the list of items and services excluded from Part A per diem payment effective FFY 2022. CMS finalized its proposal to make a proportional reduction of \$0.02 to the unadjusted urban and rural SNF rates to reflect these new exclusions, which would result in an estimated \$1.2 million

decrease to SNF PPS payments. The latest list of excluded codes is on CMS' SNF Consolidated Billing [website](#).

Case-Mix Index Updates: CMS did not propose any material changes to the design of the PDPM case-mix system. Tables 6 (p. 42435) and 7 (p. 42436) display the finalized PDPM case-mix adjusted federal rates and associated indexes for urban and rural SNFs, respectively.

Patient-Driven Payment Model: For FFY 2022, CMS finalized several changes to the PDPM ICD-10 code mappings and lists. These include:

ICD-10 Code	ICD-10 Description	Current Category Mapping	Adopted Category Mapping
D57.42	Sickle-cell thalassemia beta zero without crisis	Medical Management	Return to Provider
D57.44	Sickle-cell thalassemia beta plus without crisis	Medical Management	Return to Provider
K20.81	Other esophagitis with bleeding	Return to Provider	Medical Management
K20.91	Esophagitis, unspecified with bleeding	Return to Provider	Medical Management
K21.01	Gastro-esophageal reflux disease with esophagitis, with bleeding	Return to Provider	Medical Management
M35.81	Multisystem inflammatory syndrome	Non-Surgical Orthopedic/ Musculoskeletal	Medical Management
P91.821	Neonatal cerebral infarction, right side of brain	Return to Provider	Acute Neurologic
P91.822	Neonatal cerebral infarction, left side of brain	Return to Provider	Acute Neurologic
P91.823	Neonatal cerebral infarction, bilateral	Return to Provider	Acute Neurologic
U07.0	Vaping-related disorder	Return to Provider	Pulmonary
G93.1	Anoxic brain damage, not elsewhere classified	Return to Provider	Acute Neurologic

In the FFY 2022 SNF PPS proposed rule, CMS explained the need to recalibrate the PDPM parity adjustment. CMS finalized the PDPM in a budget neutral manner, meaning the transition to the PDPM was not intended to result in an increase or decrease in aggregate Medicare SNF payments. Using FFY 2020 data, CMS found significant differences between expected and actual SNF PPS payments and case-mix utilization under the PDPM. CMS stated the FFY 2020 parity adjustment may have inadvertently triggered a significant increase in overall payment levels under the SNF PPS (SNF payments were 5%, or \$1.7 billion more in FFY 2020 than they otherwise would have been). However, CMS acknowledged that using FFY 2020 SNF utilization data to recalibrate the PDPM parity adjustment may lead to further inaccuracies due to the impact of COVID-19 on SNF utilization.

Given these issues, CMS requested feedback on a potential methodology to recalibrate the PDPM parity adjustment that accounts for the impact of COVID-19 without compromising the accuracy of the adjustment. CMS also requested comments on whether it should delay or phase-in necessary adjustments to provide payment stability.

CMS has not determined how to handle this recalibration and parity adjustment. However, CMS displayed received comments on *pp. 42469-42471* of the final rule.

Wage Index: The final FFY 2022 wage index value by core-based statistical area (CBSA) are as follows:

CBSA	Final FFY 2022	Final FFY 2021
Bloomington	0.9269	0.9114
Cape Girardeau	0.8282	0.8019
Carbondale	0.8179	0.8184
Champaign-Urbana	0.8680	0.8655
Chicago-Naperville-Evanston	1.0372	1.0442
Danville	0.9407	0.9032
Decatur	0.8353	0.8326
Elgin	1.0232	1.0559
Kankakee	0.8914	0.9068
Lake County	1.0047	1.0192
Peoria	0.8457	0.8644
Rock Island	0.8373	0.8520
Rockford	0.9901	0.9693
St. Louis	0.9583	0.9317
Springfield	0.9136	0.9256
Rural	0.8401	0.8297

CMS adopted its proposal to update the base year for the SNF market basket using FFY 2018 instead of FFY 2014 data. Additionally, CMS finalized a FFY 2022 labor-related share of 70.4% (proposed at 70.1%), down from 71.3% in FFY 2021.

SNF Value-Based Purchasing (VBP) Program: CMS finalized using older baseline period data for the FFY 2024 SNF VBP program year due to the COVID-19 PHE. For the FFY 2024 payment period, the baseline period will be Oct. 1, 2018 – Sept. 30, 2019, with a performance period from Oct. 1, 2021 – Sept. 30, 2022. CMS also adopted an achievement threshold of 0.79271 and a benchmark of 0.83033 for the SNF VBP measure, Skilled nursing Facility 30-Day All-Cause Readmission Measure (SNFRM), for the FFY 2024 program year.

For FFY 2023, CMS finalized measure suppression factors for SNF VBP program years overlapping with those years affected by the COVID-19 PHE. The finalized measure suppression factors are:

- Significant deviation (better or worse) in national performance on the measure during the COVID-19 PHE compared to performance during the immediately preceding program years;
- Clinical proximity of the measure’s focus to the relevant disease, pathogen, or health impacts of the COVID-19 PHE;
- Rapid or unprecedented changes in:

- Clinical guidelines, care delivery or practice, treatments, drugs, or related protocols, or equipment or diagnostic tools or materials; or
- The generally accepted scientific understanding of the nature or biological pathway of the disease or pathogen, particularly for a novel disease or pathogen of unknown origin.
- Significant national shortages or rapid or unprecedented changes in:
 - Healthcare personnel;
 - Medical supplies, equipment, or diagnostic tools or materials; or
 - Patient case volumes or facility-level case mix.

Given this policy, CMS will suppress the SNFRM for the FFY 2022 SNF VBP program year due to the COVID-19 PHE. CMS will continue to withhold 2% of payments from participating SNFs, but will then award all SNFs a 1.2% payback. SNFs subject to the Low-Volume Adjustment policy will receive the full 2% back. CMS will not rank SNFs for the FFY 2022 program. CMS is not making any changes to the FFY 2023 program year at this time.

For the FFY 2023 SNF VBP Program, CMS has adopted a 90-day lookback period for risk adjustment of the SNFRM when it applies to FFY 2021, instead of the full 365 days prior to hospital discharge to the SNF, due to the COVID-19 PHE.

Additionally, the CAA allows CMS to add up to nine additional measures to the SNF VBP program beginning FFY 2024. In the SNF proposed rule, CMS sought comment on the adoption of additional SNF VBP measures for future program years. Table 30 displays additional measures under consideration (*p. 42509*) and comments on these measures begin on *p. 42509* of the final rule.

Finally, in the FFY 2017 SNF PPS final rule CMS adopted a two-phase review and corrections process for SNF quality measure data and SNF performance information, as well as a process for requesting and submitting phase one corrections. In the FFY 2022 SNF PPS final rule, CMS adopted its proposal to include a phase one review and correction claims “snapshot” policy beginning with the baseline period and performance period quality measure quarterly reports issued on or after Oct. 1, 2021. See *pp. 42516-42517* of the final rule for more information.

SNF Quality Reporting Program (QRP): CMS added two measures to the FFY 2023 SNF QRP. These include the COVID-19 Vaccination Coverage among Healthcare Personnel (HCP) measure and the SNF Healthcare-Associated Infections Requiring Hospitalizations (SNF HAI) measure. The initial data submission period of the COVID-19 Vaccination HCP measure is Oct. 1, 2021-Dec. 31, 2021 with public reporting beginning with the October 2022 Care Compare refresh. For the SNF HAI measure, CMS will use FFY 2021 claims data beginning with the FFY 2024 SNF QRP. Public reporting will begin with FFY 2019 discharges for the April 2022 refresh of Care Compare and FFY 2021 discharges for the October 2022 refresh of Care Compare.

CMS also finalized an update to the Transfer of Health (TOH) Information to the Patient – Post-Acute Care (PAC) measure. CMS will update the denominator to exclude residents discharged home under the care of an organized home health service or hospice. This will align the measure with other quality reporting programs and avoid counting patients in both TOH measures in the SNF QRP.

The domains and measures currently adopted for the FFY 2022 SNF QRP are below:

Short Name	Measures
Resident Assessment Instrument Minimum Data Set Measures	
Pressure Ulcer/Injury	Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury
Application of Falls	Application of Percent of Residents Experiencing One of More Falls with Major Injury (Long Stay) (NQF #0674)
Application of Functional Assessment/Care Plan	Application of Percent of Long-Term Care Hospital (LTCH) Patients or Residents With an Admission and Discharge Functional Assessment and a Care Plan that Addresses Function (NQF#2631)
Change in Mobility Score	Application of Inpatient Rehabilitation Facility (IRF) Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients (NQF #2634)
Discharge Mobility Score	Application of IRF Functional Outcome Measure: Discharge Mobility Score for Medical Rehabilitation Patients (NQF #2636)
Change in Self-Care Score	Application of IRF Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients (NQF #2633)
Discharge Self-Care Score	Application of IRF Functional Outcome Measure: Discharge Self-Care Score for Medical Rehabilitation Patients (NQF #2635)
DRR	Drug Regimen Review Conducted with Follow-Up for Identified Issues
TOH-Provider	Transfer of Health (TOH) Information to the Provider Post-Acute Care (PAC)
TOH-Patient	Transfer of Health Information to the Patient PAC
Claims-Based Measures	
MSPB SNF	Total Estimated Medicare Spending per Beneficiary (MSPB)
DTC	Discharge to Community
PPR	Potentially Preventable 30-Day Post Discharge Readmission Measure

CMS delayed the compliance date for collection and reporting of the TOH-Provider and TOH-Patient measures for at least two full fiscal years following the end of the COVID-19 PHE.

Finally, CMS will not publicly report SNF QRP data from Jan. 1, 2020 – June 30, 2020 due to the COVID-19 PHE. CMS froze the MDS assessment-based data available on the Care Compare website with the October 2020 quarterly update. CMS finalized utilization of its COVID-19 Affected Reporting (CAR) scenario to determine when updates of these measures will resume. Specifically, CMS will begin updating the Care Compare website with the January 2022 refresh, with fewer quarters of data available. The revised reporting schedule is as follows:

Quarter Refresh	Adopted MDS Assessment Quarters (Number of quarters)
October 2020	Q1 2019 – Q4 2019 (4 quarters)
January 2021	
April 2021	
July 2021	
October 2021	
January 2022	Q3 2020 – Q1 2021 (3 quarters)

April 2022	Q3 2020 – Q2 2021 (4 quarters)
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Quarter Refresh	Adopted Claims-based Quarters (Number of quarters)	Quarter Refresh	Adopted Claims-based Quarters (Number of quarters)
October 2020	Q4 2017 – Q3 2019 (8 quarters)	July 2022	Q4 2018 – Q3 2019, Q3 2020 (6 quarters)
January 2021		October 2022	Q4 2019, Q3 2020 – Q3 2021 (6 quarters)
April 2021		January 2023	
July 2021		April 2023	
October 2021		July 2023	
January 2022	Q4 2018 – Q3 2019, Q3 2020 (6 quarters)	October 2023	Q4 2020 – Q3 2022 (8 quarters)
April 2022			

Quarter Refresh	Quarters for the SNF HAI Measure (Number of quarters)
April 2022	Q4 2018 – Q3 2019 (4 quarters)
July 2022	Q4 2018 – Q3 2019 (4 quarters)
October 2022	Q4 2020 – Q3 2021 (4 quarters)

Contact:

Cassie Yarbrough, Director, Medicare Policy
630-276-5516 | cyarbrough@team-iha.org

Sources:

Centers for Medicare & Medicaid Services. Medicare Program: Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities; Updates to the Quality Reporting Program and Value-Based Purchasing Program for Federal Fiscal Year 2022. August 4, 2021. Available from: <https://www.federalregister.gov/documents/2021/08/04/2021-16309/medicare-program-prospective-payment-system-and-consolidated-billing-for-skilled-nursing-facilities>. Accessed August 13, 2021.

Centers for Medicare & Medicaid Services. CMS-1746-F Wage Index Tables for FY 2022 – Proposed. Skilled Nursing Facility PPS Wage Index. Available from: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/WageIndex>. Accessed August 13, 2021.