

FY 2024 SKILLED NURSING FACILITY PROSPECTIVE PAYMENT SYSTEM PROPOSED RULE (CMS-1779-P)

On April 10, the Centers for Medicare & Medicaid Services (CMS) posted the fiscal year (FY) 2024 Skilled Nursing Facility (SNF) Prospective Payment System (PPS) [proposed rule](#) effective Oct. 1, 2023 through Sept. 30, 2024. After accounting for all payment and budget neutrality factors, CMS proposed a 6.1% update to SNF PPS payments.

Comments on this proposed rule are due June 5.

Rate Update: CMS proposed a 2.7% market basket update, a multifactor productivity (MFP) reduction of 0.2 percentage points, and a 3.6 percentage point increase to adjust for a market basket forecast error. The payment rate for SNFs that fail to submit required quality data will decrease by two percentage points.

Proposed per diem rates under the Patient-Driven Payment Model (PDPM) are below. These rates apply to hospital-based, freestanding SNFs, and payments made for non-Critical Access Hospital swing-bed services.

| Case-Mix Rate Component | Urban | Rural |
|---------------------------|----------|----------|
| Non-Therapy Ancillary | \$92.16 | \$88.05 |
| Nursing | \$122.15 | \$116.71 |
| Occupational Therapy | \$65.23 | \$73.36 |
| Physical Therapy | \$70.08 | \$79.88 |
| Speech Language Pathology | \$26.16 | \$32.96 |
| Non-Case-Mix | \$109.39 | \$111.41 |

[Tables 5 and 6](#) contain proposed case-mix adjusted federal rates and associated indexes for urban and rural SNFs, respectively.

Wage Index: CMS proposed continued use of the pre-reclassified inpatient prospective payment system (IPPS) hospital wage data as the basis for the SNF PPS wage index. CMS excludes IPPS occupational mix, rural floor, and outmigration adjustments when calculating the SNF PPS wage index.

| CBSA | Proposed FY 2024 | Final FY 2023 |
|-----------------------------|------------------|---------------|
| Bloomington | 0.8589 | 0.9247 |
| Cape Girardeau | 0.7258 | 0.8052 |
| Carbondale | 0.8154 | 0.8353 |
| Champaign-Urbana | 0.8909 | 0.8916 |
| Chicago-Naperville-Evanston | 1.0431 | 1.0437 |
| Danville | 0.9299 | 0.9376 |
| Decatur | 0.8806 | 0.8698 |
| Elgin | 1.0294 | 1.0341 |

| | | |
|-------------|--------|--------|
| Kankakee | 0.9156 | 0.9192 |
| Lake County | 0.9879 | 0.9828 |
| Peoria | 0.8281 | 0.8516 |
| Rock Island | 0.7896 | 0.7803 |
| Rockford | 0.9350 | 0.9617 |
| St. Louis | 0.9406 | 0.9517 |
| Springfield | 0.9167 | 0.8669 |
| Rural | 0.8335 | 0.8433 |

CMS proposed a FY 2024 labor-related share of 71.0%, up from 70.8% in FY 2023.

Patient-Driven Payment Model (PDPM): With the implementation of the SNF PDPM, CMS introduced a standardized multiplier and parity adjustment to ensure the PDPM was budget neutral in comparison to the prior case-mix methodology. CMS’ analysis showed that the combined methodology would lead to a 4.6% adjustment factor, while using either the FY 2020 or FY 2021 data would lead to 4.9% and 5.3% adjustment factors, respectively. CMS adopted this combined methodology and is recalibrating the parity adjustment with a two-year phase-in period to ensure budget-neutrality of the PDPM. As a result, CMS reduced the PDPM parity adjustment by 2.3% for FY 2023 and will reduce the PDPM parity adjustment by another 2.3% in FY 2024. This change in methodology was estimated to reduce aggregate payments to SNFs by \$780 million in FY 2023, and by another \$745 million in FY 2024.

SNF Value-Based Purchasing Program: CMS proposed changes to the SNF Potentially Preventable Readmissions (SNF PPR) measure specifications, beginning with the FY 2028 SNF VBP program year. Proposed changes include a change to the outcome observation window from a fixed 30-days following acute care hospital discharge to one entirely within the SNF stay; and changing the length of time allowed between the inpatient discharge prior to the index SNF stay and SNF admission from one day to 30 days. CMS also proposed to change the measure name to the “Skilled Nursing Facility Within-Stay Potentially Preventable Readmission (SNF WS PPR) measure.” CMS also proposed to apply their measure rate inversion scoring policy to the SNF WS PPR measure in order to achieve the goal of higher measure scores reflecting better performance. CMS proposed implementing a two-year performance period (Oct. 1, 2024 – Sept. 30, 2026) for FY 2028.

CMS is also proposing a number of additional SNF VBP measures for future program years including: SNF 30-Day All-Cause Readmission Measure; SNF Healthcare-Associated Infections Requiring Hospitalization Measure; Total Nurse Staffing Hours per Resident Day Measure; Total Nurse Staff Turnover Measure; Discharge to Community (DTC)—Post-Acute Care Measure (PAC) for SNFs; Percent of Residents Experiencing One or More Falls with Major Injury (Long-Stay) Measure; Discharge Function Score for SNFs Measure; Number of Hospitalizations per 1,000 Long Stay Resident Days Measure; and SNF Within-Stay Potentially Preventable Readmissions Measure.

Beginning with the FY 2023 SNF VBP Program, CMS implemented case and measure minimums that SNFs must meet in order to be eligible to participate in the SNF VBP. As a result of this implementation, SNFs with fewer than 25 eligible stays in the SNFRM measure would be excluded from the program, resulting in a payback percentage of 60% for the program year. For

all adopted measures FY 2026 and beyond, a minimum of 25 cases during the performance period will be required to be eligible.

For the newly proposed SNF VBP measures, CMS is proposing the following case minimums:

- Nursing Staff Turnover measure: 1 eligible stay during the 1-year performance period and at least 5 eligible nursing staff during the 3 quarters of Payroll-Based Journal (PBJ) data included in the measure denominator;
- Falls with Major Injury (Long-Stay) measure: 20 residents in the measure denominator during the 1-year performance period;
- Long Stay Hospitalization measure: 20 eligible stays during the 1-year performance period;
- DC Function measure: 20 eligible stays during the 1-year performance period; and
- SNF WS PPR measure: 25 eligible stays during the 2-year performance period.

For the FY 2026 program, CMS would require a SNF to meet case count requirements in two of the four measures. Beginning with the FY 2027 SNF VBP program, CMS proposed that SNFs must meet the minimum reporting requirements for at least four of the eight measures during the performance period to receive a SNF Performance Score and a value-based incentive payment. SNFs which do not meet these requirements will not receive an incentive payment for that year.

Other SNF VBP Issues: In order to account for the SNF VBP program expanding to cover the new measures listed above, CMS proposed updating the Extraordinary Circumstances Exception (ECE) policy for the SNF VBP program to remove the specific reference to SNFRM. The new language specifies that CMS would calculate a SNF performance score for a program year that does not include the SNF's 'performance during the calendar months affected by the extraordinary circumstance.'

In addition, due to this expansion of measures, CMS proposed applying the existing measure validation process in place for the SNFRM to all claims-based measures under the SNF VBP program. Currently, this would apply to the SNF HAI, Long Stay Hospitalization, DTC PAC SNF, and SNF WS PPR measures. CMS also proposed adopting a validation process that would be applicable to measures calculated using PBJ data, such as the Total Nurse Staffing and Nursing Staff Turnover measures. Finally, CMS is proposing a validation process for Minimum Data Set (MDS)-based measures (DC Function and Falls with Major Injury (Long-Stay) measures).

SNF Quality Reporting Program (QRP): Beginning with the FY 2025 SNF QRP, CMS is proposing a modification to the Healthcare Personnel (HCP) COVID-19 measure definition to replace the term "complete vaccination course" with the term "up-to-date," and to update the numerator of the measure in order to specify time frames in which a vaccination would be considered up to date.

CMS also proposed adding the DC Function Measure to the SNF QRP list for FY 2025, and removing the Application of Percent of LTCH Patients or Residents With an Admission and Discharge Functional Assessment and a Care Plan that Addresses Function (NQF#2631) (Application of Functional Assessment/Care Plan) and the Application of IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients (NQF #2634) (Discharge Self-Care Score). For the FY 2026 SNF QRP, CMS proposed adding the CoreQ: Short Stay

Discharge (CoreQ: SS DC) Measure (NQF #2614) (CoreQ SS DC) and the COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date Measure.

Beginning with the FY 2026 SNF QRP, CMS proposed raising the required data completeness threshold for MDS data items from the current 100% of data for 80% submitted assessments to the new requirement of 100% of data for 90% of assessments submitted. Any SNF that does not meet this requirement, beginning with the calendar year 2024 reporting year (dataset used for the FY 2026 SNF QRP), would be subject to a two percentage point reduction to their market basket rate update.

Finally, CMS made the following proposals regarding public reporting of certain SNF QRP measures:

- TOH-Provider and TOH-Patient measures: Public display of data beginning with the Oct. 2025 refresh of Care Compare, or as soon as feasible, using discharges from Jan. 1, 2024 – Dec. 31, 2024.
- DC Function measure: Public display of data is proposed to begin with the Oct. 2024 refresh of Care Compare, or as soon as feasible, using data from Jan. 1, 2023 – Dec. 31, 2023.
- COVID–19 Vaccine: Percent of Patients/Residents Who Are Up to Date Measure: Public display of data is proposed to begin with the Oct. 2025 refresh of Care Compare, or as soon as feasible, using data from Oct. 1, 2024 – Dec. 31, 2024.

Civil Money Penalties: Waiver of Hearing, Automatic Reduction of Penalty Amount: Currently, facilities that are the target of a noncompliance enforcement action are allowed the option of waiving their right to a hearing, in writing. Facilities that waive their ability to contest an enforcement action are granted a 35% reduction in the amount of civil money penalties that would have otherwise been owed.

For FY 2024, CMS proposed revising the current express written waiver process in order to reduce costs and administrative burdens. Facilities would no longer need to submit a written waiver request, and instead would take part in a constructive waiver process that would operate by default when a request for a hearing has not been received within 60 days of the enforcement action. Those facilities that still wish to request a hearing would continue to follow the existing appeals process requirements.

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 2024. April 10, 2023. Available from: <https://www.federalregister.gov/documents/2023/04/10/2023-07137/medicare-program-prospective-payment-system-and-consolidated-billing-for-skilled-nursing-facilities>. Accessed April 23, 2023.

Centers for Medicare & Medicaid Services. Wage Index. Available from: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/WageIndex>. Accessed April 23, 2023.