

# FFY 2020 SKILLED NURSING FACILITY PPS PROPOSED RULE *CHA MEMBER FORUM*

May 14, 2019

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# Objectives

- Review proposed changes to several key payment and quality provisions in the FFY 2020 SNF proposed rule
  - The full text of the proposed rule and the CHA summary are available on the [CHA Regulatory Tracker](#)
- Solicit CHA member feedback on proposed changes for CHA comments
  - All comments due on June 18 at 2:00 pm (PT)
  - Comments submitted online at [www.regulations.gov](http://www.regulations.gov)
  - Goal: Draft comments be available approximately one week in advance



# Rule Overview

- Context Setting and Key Themes Across PAC PPS Proposed Rules
- SNF PPS Rate Updates and Policy Changes



17620

Federal Register / Vol. 84, No. 80 / Thursday, April 25, 2019 / Proposed Rules

## DEPARTMENT OF HEALTH AND HUMAN SERVICES Centers for Medicare & Medicaid Services

42 CFR Parts 409 and 413

[CMS-1718-P]

RIN 0938-AT75

**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 2020**

**AGENCY:** Centers for Medicare & Medicaid Services (CMS), HHS.

**ACTION:** Proposed rule.

**SUMMARY:** This proposed rule would update the payment rates used under the prospective payment system (PPS) for skilled nursing facilities (SNFs) for fiscal year (FY) 2020. We also propose minor revisions to the regulation text to reflect the revised assessment schedule under Patient Driven Payment Model (PDPM). Additionally, we propose to revise the definition of group therapy under the SNF PPS, and to implement a subregulatory process for updating the code lists (International Classification of Diseases, Tenth Version (ICD-10) codes) used under PDPM. We are also soliciting comments on stakeholder concerns regarding the appropriateness of the wage index used to adjust SNF payments. In addition, the proposed rule includes proposals for the SNF Quality Reporting Program (QRP) and the SNF Value-Based Purchasing (VBP) Program that will affect Medicare payment to SNFs.

**DATES:** To be assured consideration, comments must be received at one of the addresses provided below, no later than 5 p.m. on June 18, 2019.

**ADDRESSES:** In commenting, please refer to file code CMS-1718-P. Because of staff and resource limitations, we cannot accept comments by facsimile (FAX) transmission.

Comments, including mass comment submissions, must be submitted in one of the following three ways (please choose only one of the ways listed):

1. *Electronically.* You may submit electronic comments on this regulation to <http://www.regulations.gov>. Follow the "Submit a comment" instructions.

2. *By regular mail.* You may mail written comments to the following address ONLY: Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention:

CMS-1718-P, P.O. Box 8016, Baltimore, MD 21244-8016.  
Please allow sufficient time for mailed comments to be received before the close of the comment period.

3. *By express or overnight mail.* You may send written comments to the following address ONLY: Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS-1718-P, Mail Stop CA-26-06, 7500 Security Boulevard, Baltimore, MD 21244-1850.

For information on viewing public comments, see the beginning of the SUPPLEMENTARY INFORMATION section.

**FOR FURTHER INFORMATION CONTACT:** Penny Goshman, (410) 786-6643, for information related to SNF PPS clinical issues.

Anthony Hodge, (410) 786-6645, for information related to payment for SNF-level swing-bed services.  
John Kane, (410) 786-0557, for information related to the development of the payment rates and case-mix indexes, and general information.

Kia Sidbury, (410) 786-7816, for information related to the wage index.

Bill Ullman, (410) 786-5667, for information related to level of care determinations and consolidated billing.

Caesy Freeman, (410) 786-4354, for information related to skilled nursing facility quality reporting program.

James Poyer, (410) 786-2261, for information related to the skilled nursing facility value-based purchasing program.

**SUPPLEMENTARY INFORMATION:**  
*Inspection of Public Comments:* All comments received before the close of the comment period are available for viewing by the public, including any personally identifiable or confidential business information that is included in a comment. We post all comments received before the close of the comment period on the following website as soon as possible after they have been received: <http://www.regulations.gov>. Follow the search instructions on that website to view public comments.

**Availability of Certain Tables Exclusively Through the Internet on the CMS Website**

As discussed in the FY 2014 SNF PPS final rule (78 FR 47036), tables setting forth the Wage Index for Urban Areas Based on CBSA Labor Market Areas and the Wage Index Based on CBSA Labor Market Areas for Rural Areas are no longer published in the Federal Register. Instead, these tables are available exclusively through the internet on the CMS website. The wage

index tables for this proposed rule can be accessed on the SNF PPS Wage Index home page, at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNPPPS/WageIndex.html>.

Readers who experience any problems accessing any of these online SNF PPS wage index tables should contact Kia Sidbury at (410) 786-7816.

To assist readers in referencing sections contained in this document, we are providing the following Table of Contents.

### Table of Contents

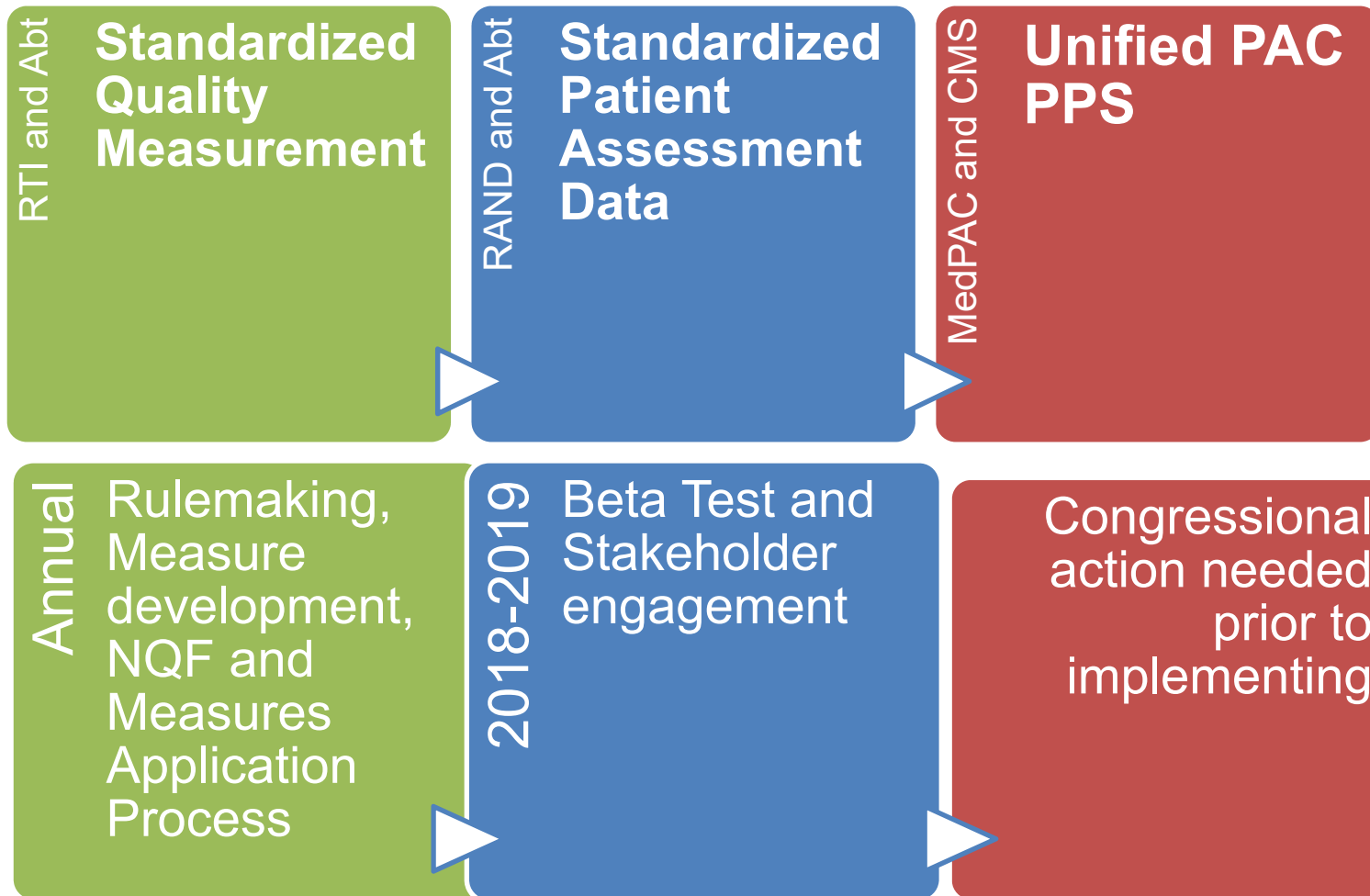
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### I. Executive Summary

**A. Purpose**  
This proposed rule would update the SNF prospective payment rates for fiscal year (FY) 2020 as required under section 1888(a)(4)(B) of the Social Security Act (the Act). It would also respond to section 1888(a)(4)(B) of the Act, which requires the Secretary to provide for the start of each FY, certain specified information relating to the payment update (see section I.C. of this proposed rule). This proposed rule also proposes to revise the definition of group therapy under the SNF PPS and to implement a subregulatory process for updating ICD-10 code lists used under the PDPM.



# IMPACT ACT – A Three Part Series





# The Trajectory Played Out in 2019 Rulemaking

Payment Setting	Rate Update	Setting-Specific Payment Adjustments	Pay-For-Reporting Programs	Other Notables
<b>SNF</b> (final rule)	+2.4% (+2.8% MB; -0.8 PPT ACA +0.39% BBA MB WI/Labor-Related Share BN 0.9999)	<b>Significant case mix adjustment change from RUGS-IV to PDPM model effective Oct. 1, 2019 (FFY 2020).</b>	<b>VBP beg FFY 2019</b> providing incentive payments to SNFs w/ > levels of performance and penalties of up to 2% w/ <performance on readmissions; low-volume SNFs be assigned a break-even performance score in SNF VBP; For SNF QRP, increase data from 1 to 2 years for MSPB calculation and D/C to community .	Interrupted stay policy that treats any case that leaves a SNF for 4 or more days and then returns as a new admission, which would be initiated with a new patient assessment.  Patients returning within 3 or fewer days would be subject to the prior payer classification with no adjustment to the variable per diem rate.
<b>IRF</b> (final rule)	+1.16% (+2.9% MB; -0.8 PPT ACA *0.999713 WI BN 1.0000 BN Case-Mix Group Relative Weight Revisions BN 0.9981)	Removal of the FIM instrument and associated function modifier from the IRF-PAI beginning Oct 1, 2019 (FFY 2020)  CMS will make updates and revise the case-mix for FFY 2020.	Remove 1 measure in FFY 2020 and 1 in FFY 2021. Publically display 4 assessment-based measures.	Post-admission MD evaluation may count as 1 of the 3 face-to-face mtgs, rehab MDs may lead the team mtgs remotely w/o any add'l documentation, and removed requirement to have admission order documentation.



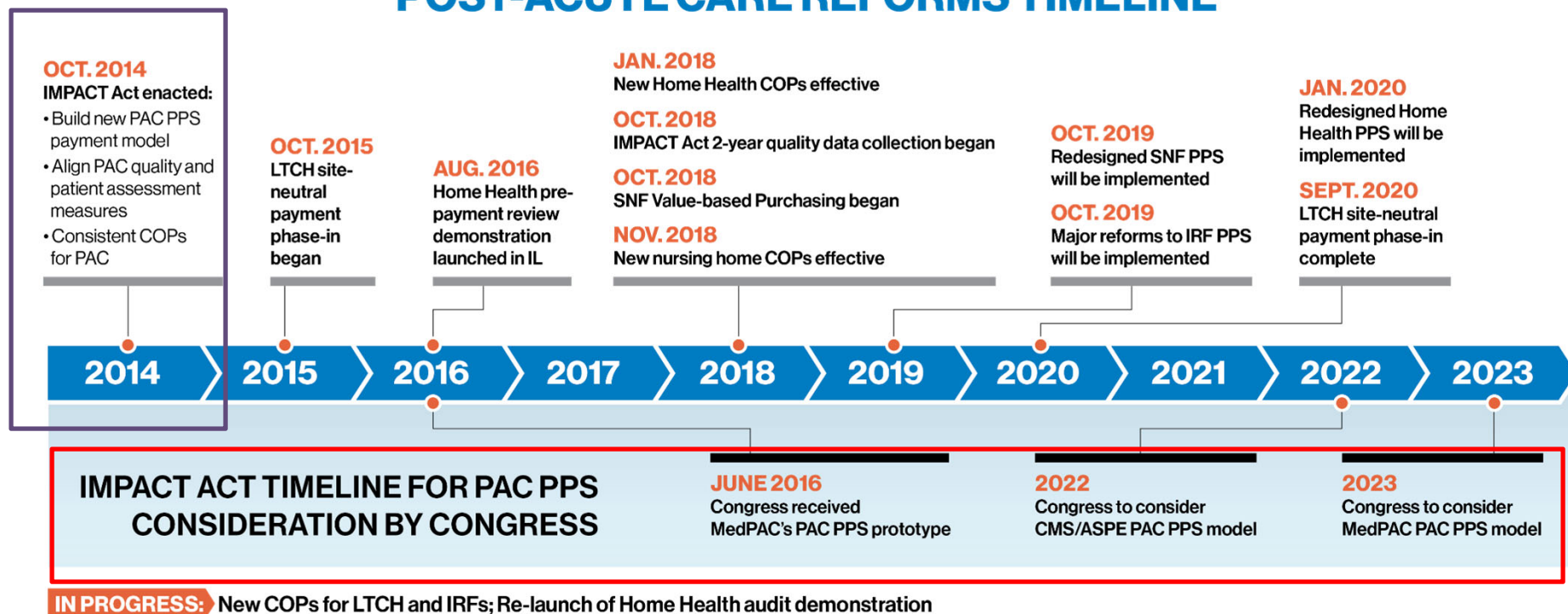
# The Trajectory Played Out in 2019 Rulemaking

Payment Setting	Rate Update	Setting-Specific Payment Adjustments	Pay-For-Reporting Programs	Other Notables
<b>LTCH</b> (final rule)	+0.16% [2.7% MB - 1.55 PPT ACA] *0.999713 WI BN *0.990535 BN as a result of elimination of 25% Threshold	Transitional blended PMT rate over after FY2019; Eliminate the 25% PMT threshold, and apply BN adjustment to the LTCH PPS std fed PMT rate. 4.6% reduction to IPPS comparable amount for SN until FFY 2026	Removes 2 measures in FY2020 and 1 measure in FFY 2021.	
<b>HHA</b> (final rule)	2.2% payment update	<b>New case-mix classification system called the Payment Driven Groupings Model (PDGM) effective FFY 2020</b>  Changes the home health unit of payment from 60 days to 30 days  <b>Includes behavioral adjustment.</b>	Removes seven measures	Permanent home infusion benefit  Implementation of a temporary transitional payment for eligible infusion therapy suppliers



# PAC Payment Reform

## POST-ACUTE CARE REFORMS TIMELINE



Source: Adapted from the AHA PAC Infographic, February 2019

# FFY 2020 Payment Provisions

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# Payment Provisions

- Net Update - **+2.5%** resulting from 3.0% market basket update, offset by ACA-mandated productivity adjustment of 0.5%.
- Proposal reflects implementation of PDPM case-mix classification methodology, as finalized in FFY 2019 final rule.
- Proposes payment rates and modifiers for rate components: PT, OT, SLP, Nursing, NTA, Non-case mix adjusted.
- Wage Adjustment



# Current Use of Medicare's Area Wage Index

- The “adjusted”<sup>\*</sup> Area Wage Index is currently used in:
  - Medicare Inpatient prospective payment system
  - Medicare Outpatient prospective payment system
  - Med-cal FFS (APR-DRG) system<sup>\*\*</sup>
- The “unadjusted” area wage index is used in
  - Medicare skilled nursing facility PPS (70.9% labor share)
  - Medicare inpatient rehabilitation facility PPS (70.9% labor share)<sup>\*\*\*</sup>
  - Medicare inpatient psych facility PPS (70.9% labor share)<sup>\*\*\*</sup>
- Many hospitals factor the “adjusted” AWI into Medicare Advantage and Medi-cal Managed care contracts.

<sup>\*</sup> The “adjusted” AWI accounts for reclassification and rural floor budget neutrality

<sup>\*\*</sup>Any change to Medi-cal FFS in one year will be adjusted the following year to make the change budget neutral.

<sup>\*\*\*</sup> CMS proposes to update IRF and IPF AWI to FFY 2020 (as opposed to a one year delay).



# FFY 2020 CMS Area Wage Index Proposal Overview

## Wage Compression for 4 years

CMS proposes to increase wage index values for low-wage hospitals in the bottom 25<sup>th</sup> percentile and to reduce wage index values for high-wage hospitals in the top 75<sup>th</sup> percentile to make the policy budget neutral

## Recalculation of the Rural Floor

CMS proposes to no longer include wage index data from urban hospitals that reclassify as rural when calculating each state's rural floor and subsequent rural floor budget neutrality adjustment.

## 1 Year Stop Loss for High Wage Hospitals

CMS proposes to phase in its proposal by capping any decrease in a hospital's wage index to 5 percent in FFY 2020 compared to FFY 2019 (e.g. a one year stop loss).

CMS proposes to fund this one year stop loss by a cut to the standardized amount across all hospitals.

\*\*\* Separately, CMS proposes to exclude 81 hospitals from the area wage index for aberrant data. Among the excluded are 7 California hospitals whose data is not accurate, but the AWH is significantly higher than that of other hospitals in the CBSA. CMS notes that it is considering excluding all 38 hospitals in that health system from the data in FFY 2021 and beyond.



# Wage Compression

- CMS proposes to increase wage index values for low-wage hospitals in the bottom 25<sup>th</sup> percentile and to reduce wage index values for high-wage hospitals in the top 75<sup>th</sup> percentile to make the policy budget neutral. This policy would be effective for at least **four years**, beginning in FFY 2020.

## Low-Wage Hospital Increase

- FFY 2020 the 25<sup>th</sup> percentile across all hospitals is 0.8482
- Proposed increase would be **half of the difference between current wage index and the 25th percentile across all hospitals**

### Example:

Alabama Hospital 0.6663

$(0.8482 - 0.6663) / 2 = \text{half the difference } 0.0910$

**$0.6663 + 0.0910 = 0.7573$  New AWI for Alabama Hospital**

## High-Wage Hospital Decrease

- FFY 2020 the 75<sup>th</sup> percentile across all hospitals is 1.0351

### Example:

**Hospital A** – AWI 1.7351

$(1.7351 - 1.0351) = 0.700$

**Hospital B** – AWI 1.2351

$(1.2351 - 1.0351) = 0.200$

CMS proposes a uniform multiplicative BN factor to reduce the distances (0.7 and 0.2) to offset the payments needed to fund the low wage adjustments. CMS estimates BN factor **at 3.4\*\***

### Example: Hospital A

**Step 1**  $(0.7 * 0.034) = 0.0238$  **Step 2**  $(1.7351 - 0.0238) = 1.7113$

**OLD AWI 1.7351 ↓ NEW AWI 1.7113**

**\*\* CMS has confirmed the 3.4 is incorrect, it is 4.3**



## Additional PPS Provisions

Maintains current practice for:

- Administrative presumption
- Consolidated Billing

As in prior years, CMS invites comments on additional HCPCS codes that might meet criteria for exclusion from consolidated billing for” chemotherapy items and services, radioisotope services, and customized prosthetics.



## Group Therapy Definition

CMS proposes modifying definition of group therapy in the SNF Part A setting to allow greater flexibility and align with other PAC settings:

*“a qualified rehabilitation therapist or therapy assistant treating two to six patient at the same time who are performing the same or similar activities.”*

Therapists must document why group therapist is the most appropriate mode of therapy for the patient .



## ICD-10 Code Mappings

PDPM utilizes ICD-10 codes to assign patients to clinical categories and to identify certain co-morbidities.

*Non-substantive changes* are those that are necessary to maintain consistency with the most current ICD-10 data set. These changes will be implemented using a subregulatory process and posted on the PDPM website.

*Substantive changes* are changes that goes beyond the intention of maintaining consistency, and will be addressed through rule-making. .

# Updates to Regulatory Text

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# Changes to Assessment Schedule

CMS proposes to revise regulations to reflect changes in the resident assessment schedule, in association with the implementation of PDPM.

- Change “*the five-day assessment*” to “*initial patient assessment*”
- Revises language re: completion of “*other assessments that are necessary to account for changes in patient care needs*” to clarify that SNFs are responsible for recognizing when completion of an Interim Payment Assessment is necessary.

# SNF Quality Reporting Program

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# SNF Quality Reporting Program

CMS proposes 2 new measures for FFY 2022 QRP, with data collection beginning in October 2020.

- Transfer of health information to the provider
- Transfer of health information to the patient

These proposed measures are based on the transfer of a current reconciled medication list.





# SNF Quality Reporting Program

- CMS proposes to update the Discharge to Community Measure
  - Updated measure will exclude baseline nursing facility residents.
  - Definition: SNF patients who had a long term NF stay in the 180 preceding hospitalization, with no intervening community discharge between NF stay and hospital admission.
  - CMS reports that this change results in increased discharge to community rates for some SNFs.

# Standardized Patient Assessment Data Elements (SPADEs)

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# SPADE

- CMS previously proposed implementation of many SPADEs in FFY 2018, but deferred most based on provider feedback
- CMS now proposes implementation of previously proposed SPADEs as well as several additional new SPADEs.
- Required reporting would begin with the FFY 2022 IRF QRP.



# Newly Proposed SPADEs

- High-Risk Drug Classes: Use and Indications
  - For six identified drug classes
- Pain Interference
  - Effect on Sleep
  - Interference with Therapy Activities
  - Interference with Day-to-Day Activities
- Social Determinants of Health
  - New category
  - 7 items



# SPADEs: Cognitive Function and Mental Status

- Brief Interview for Mental Status
  - Currently reported on admission; proposes addition to discharge assessment
- Confusion Assessment Method (CAM)
  - Currently reported on admission; proposes addition to discharge assessment
- Patient Health Questionnaire (depression screening) –  
Modify current MDS item





## SPADE: Special Services, Treatments and Interventions

- Cancer Treatment: Chemotherapy\*
- Cancer Treatment: Radiation\*
- Respiratory Treatment: oxygen therapy\*
- Respiratory Treatment: suctioning\*
- Respiratory Treatment: tracheostomy\*
- Respiratory Treatment: mechanical ventilation (non-invasive)\*
- Respiratory Treatment: mechanical ventilation (invasive)\*

\* Current MDS items will be modified. Measure will be required at both admission and discharge.



## SPADE: Special Services, Treatments and Interventions (continued)

- IV Medications\*
  - Transfusions\*
  - Dialysis\*
  - Other: IV Access –*New item*
  - Nutritional Approach: parenteral/IV feeding\*
  - Nutritional Approach: feeding tube\*
  - Nutritional Approach: mechanically altered diet\*
  - Nutritional Approach: therapeutic diet \*
- 
- High-Risk Drug Classes - *New item*

\* Current MDS items will be modified. Measure will be required at both admission and discharge.



# SPADE: – Medical Condition and Comorbidity Data, Impairment

## Medical Condition and Comorbidity

- Pain Interference\*

## Impairment

- Hearing, required on admission only
- Vision, required on admission only

\* Current MDS items will be modified. Measure will be required at both admission and discharge.



## SPADE: Social Determinants of Health

- Race\*
- Ethnicity\*
- Preferred Language and Interpreter Services\*
- Health Literacy - *New item*
- Transportation - *New item*
- Social Isolation - *New item*

\*Current MDS items will be modified.



# SPADE

- Data collection via the MDS-PAI would begin for admissions after October 1, 2020.
- A change table for the proposed MDS is available on the CMS website at:  
<https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Post-Acute-Care-Quality-Initiatives/IMPACT-Act-of-2014/IMPACT-Act-Downloads-and-Videos.html>
- CMS estimates cost

## Proposed Standardized Patient Assessment Data Elements (SPADE) Reporting Beginning in FFY 2022

( red – new item for SNF)

Proposed SPADE Categories	Included in National Beta Test	IRF-PAI (IRF)	MDS 3.0 (SNF)	LCDS (LTCH)	Point of Data Collection	Data Collection for FFY 2022
Cognitive Function & Mental Status						Patients admitted and discharged between Oct. 1-Dec. 31, 2020
Brief interview for mental status (BIMS)	x	x	x	x	Admission & Discharge	
Signs and Symptoms of delirium (CAM)	x	x	x	x	Admission & Discharge	
PHQ-2 to 9	x	x	x	x	Admission & Discharge	
Medical Condition & Comorbidity						
Pain Interference	x	x	x	x	Admission & Discharge	
Impairments						
Hearing	x	x	x	x	Admission Only	
Vision	x	x	x	x	Admission Only	
Special Services, Treatments and Interventions (SSTI)						
Nutritional approaches: IV or feeding tube, diet, etc.	x	x	x	x	Admission & Discharge	
Services and Treatments: Cancer, respiratory, other (IV medications, transfusions, dialysis, etc.)	x	x	x	x	Admission & Discharge	
High-Risk Drug Classes (Use and Indication)	x	x	x	x	Admission & Discharge	
Social Determinants of Health (proposed creation of new category)						
Race		x	x	x	Admission Only	
Ethnicity		x	x	x	Admission Only	
Preferred Language		x	x	x	Admission & Discharge	
Interpreter Services		x	x	x	Admission & Discharge	
Health Literacy		x	x	x	Admission & Discharge	
Transportation (PROMISE)		x	x	x	Admission & Discharge	
Social Isolation (PROMISE)		x	x	x	Admission & Discharge	

# SNF Value-Based Purchasing

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CMS plans to transition from the SNF 30-Day All-Cause Readmission Measure (SNFRM) to the SNF 30-Day Potentially Preventable Readmission Measure” (SNFPPR) as soon as is practicable.

In the proposed rule, CMS announces that it is changing the name of the SNFPPR measure to the “SNF Potentially Preventable Readmissions after Hospital Discharge” to differentiate it from the SNF QRP measure:

- SNFPPR - 30-day post-hospital discharge
- SNF QRP – 30-day post-SNF discharge CMS





CMS provides proposed performance standards, which will be updated in the final rule.

CMS also provides updates on estimated payback percentage, and modifies policies addressing public reporting, updates the Phase One review and correction deadline.

# Request for Information on Future SNF QRP Measures

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# RFI on Future Measures

CMS seeks comment on the importance, relevance appropriateness and applicability of the following:

## Assessment-based Quality Measures:

- Functional maintenance outcomes
- Opioid Use and Frequency
- Exchange of electronic health information and interoperability

## Claims- Based

- Health-care associated infections



# RFI on Future Measures

## SPADES:

- Cognitive complexity, (i.e. executive function and memory)
- Dementia
- Bladder and bowel continence, including appliance use and episodes of incontinence
- Care preferences, advance directives, goals of care
- Caregiver status
- Veteran status
- Health disparities and risk factors (education, sex and gender identity, sexual orientation).



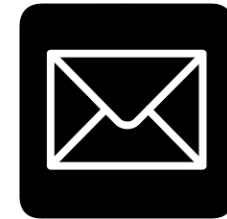
# THANK YOU!

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