

## INTRODUCTION TO THE CMS SKILLED NURSING FACILITY VALUE-BASED PURCHASING PROGRAM

[Louise Bryde, Principal](#)

### What Is the CMS Skilled Nursing Facility Value-Based Purchasing Program (SNF VBP Program)?

The CMS (Centers for Medicare and Medicaid Services) SNF VBP Program rewards skilled nursing facilities (SNFs) with incentive payments linked to the quality of care they provide to their fee-for-service Medicare patients. The initial focus of the program is on **reducing hospital readmissions**. The SNF VBP Program is yet another step by CMS in the movement from volume-based to value-based Medicare reimbursement.

### What Measures Will Be Used in the SNF VBP Program?

The initial measure selected by CMS is a **risk-adjusted Skilled Nursing Facility 30-Day All-Cause Readmission Measure**.

### When Will This Program Take Effect?

SNFs began receiving VBP incentive payments as of **October 1, 2018**, the start of federal fiscal year (FY) 2019. The 2018 incentive payment amounts are calculated based on SNFs' performance on the VBP Program's hospital readmissions measure during the *performance period*, January 1, 2017 - December 31, 2017, and during the *baseline period*, January 1, 2015 - December 31, 2015.

### How Does the SNF VBP Program Work?

- The readmission measure assesses the rate of **unplanned readmissions of fee-for-service Medicare SNF patients** to an IPPS hospital or Critical Access Hospital, either before or after discharge from the SNF, within 30 days of discharge from a prior hospitalization.
- SNFs receive a performance improvement score based on their individual performance period rate compared to their baseline period rate and a performance achievement score based on their rate compared to the national performance rate during the baseline period. The higher of the two scores is the SNF's overall Performance Score.
- All SNFs paid under the SNF Prospective Payment System (PPS) are included in the SNF VBP Program and are eligible for payment incentives based on their performance on the program's Readmission Measure.
- The adjusted federal per diem rate applicable to each SNF in a Fiscal Year will be reduced by two percent to fund incentive payments for that fiscal year.

- The total amount of incentive payments distributed to SNFs will be 60 percent of the total amount withheld from SNFs' Medicare payments for that FY. **Facilities with SNF VBP Program performance scores ranked in the lowest 40 percent nationally will receive a payment rate lower than they would otherwise receive without the SNF VBP Program.**
- SNFs began receiving confidential quarterly and annual reports about their performance on the program's Readmission Measure in October 2016.

### **Why Is This Important?**

For the first time, skilled nursing facilities will experience a direct financial impact due to hospital readmission rates of their FFS Medicare patients, further aligning incentives for the SNFs to collaborate with area hospitals and providers to improve transitions of care and to identify and address root causes driving hospital readmissions.

By exceeding national benchmarks, SNFs can gain higher VBP incentive payments, which can be reinvested to further improve quality of care, strengthening the organizations' value proposition in the market and preparing the SNFs for other CMS quality-based programs in the future. At the same time, collaborating hospital systems have opportunity to reduce their risk of readmission penalties and to reduce total cost of care. **In an increasingly value-based reimbursement environment, hospitals and SNFs must work together to improve patient care across the care continuum and to reduce total cost of care.**

### **Sources:**

[www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Value-Based-Programs/Other-VBPs/SNF-VBP.html](http://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Value-Based-Programs/Other-VBPs/SNF-VBP.html). Accessed September 7, 2018.

CMS.gov "MLN MATTERS: Skilled Nursing Facility Value-Based Purchasing Program Updated"; March 28, 2018. Accessed September 7, 2018

CMS.gov "Skilled Nursing Facility Value-Based Purchasing Program: Frequently Asked Questions"; June 2018. Accessed September 7, 2018.

CMS.gov. "Top 10 Things You Should Know About the Skilled Nursing Facilities Readmission Measure (SNFRM)". Accessed September 7, 2018.