

MDS Alert

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The Centers for Medicare & Medicaid Services (CMS) is touting a proposed net market basket increase of 3.9 percent, but stakeholders have been quick to note the accompanying parity adjustment that would decrease payments by 4.6 percent.

"Any reduction in government resources could deepen the economic crisis currently within the long term and post-acute care sector. Many nursing homes already face imminent closure, and this Medicare cut could

force more seniors across the country to relocate and find alternative care farther away from family and loved ones," said **Mark Parkinson**, president and CEO of the American Health Care Association (AHCA), in response to the proposed rule.

Stakeholders have until June 10 to submit public comments. Read on for more aspects of the proposed rule.



Understand the Context for the Adjustments

When CMS implemented the Patient-Driven Payment Model (PDPM) case-mix classification model in 2019, it expected the costs to be budget neutral. Instead, CMS has seen an unintended 5 percent increase in payments, resulting in roughly \$1.7 billion. Although CMS acknowledges that the public health emergency (PHE) related to the COVID-19 pandemic may have skewed payments and analyses thereof, the agency is still proposing a 4.6 parity adjustment that would equal \$1.7 billion for fiscal year 2023. CMS expects to spend approximately \$35 billion in payments to nursing homes in 2023.

However, these figures do not include the SNF value-based purchasing (VBP) reductions, which are estimated to be around \$186 million, notes **Catherine Howden**, director of CMS News and Media Group, in a press release.

Overall, if the payment policies in this proposed rule are finalized, the estimated aggregate impact is to the tune of a \$320 million decrease in Medicare Part A payments to SNFs in FY 2023, compared to FY 2022.

"It is critical that Medicare remain a reliable funding source and reflect the increasing costs providers are facing to ensure our vulnerable residents can access the care they need. We look forward to submitting constructive comments to CMS on this proposed rule," Parkinson said.

Note These Proposed New VBP Measures

The value-based purchasing (VBP) program is designed to reward SNFs with incentive payments depending on how they fare with readmissions of their residents to hospitals. The initial rollout of the SNF VBP program called for up to nine more measures to be utilized, one of which, Skilled Nursing Facility 30-Day All-Cause Readmission Measure (SNFRM), will be delayed and not go into effect in FY 2023, as planned.

CMS is proposing a special scoring policy in hopes of mitigating effects of the PHE on the facilities' performance, as well as reducing the federal per diem rate for each SNF by 2 percent and awarding SNFs 60 percent of that, which would result in a 1.2 percent payback. CMS is putting forward that SNFs that don't meet the proposed care minimum for FY

2023 will be excluded from the VBP program for that year.

CMS is proposing two new claims-based reporting measures under the umbrella of the VBP program, including an outcome-based measure on healthcare-associated infections requiring hospitalization and another on the rate of successful discharges of residents to their respective communities.

CMS (and the Biden administration at large) is increasingly focused on nursing home staffing, and CMS is suggesting a VBP measure looking at total nursing hours per resident day, which would be based on data available from payroll-based journal (PBR) reporting, as well as asking stakeholders for comment on implementing a measure evaluating nursing home staff turnover.

"The COVID-19 pandemic has highlighted serious problems at some of the nation's nursing homes that have persisted for too long. And we have seen the tragic impact that inadequate staff resources can have on residents and staff," said **Chiquita Brooks-LaSure**, CMS Administrator, in a release. "The Biden-Harris Administration has promised that we will work with all stakeholders to do better for nursing home residents, and today's proposed rule includes important steps toward our goal to promote safety and quality of care for all residents and staff."

CMS says it will release proposed rules on minimum nursing home staffing level requirements for registered nurses, licensed nurses, and nurse aides within one year.

Know These QRP Updates

Although COVID-19 vaccinations have taken up a lot of airtime, CMS proposes adding a quality reporting program (QRP) measure based on the Influenza Vaccination Coverage Among Healthcare Personnel, which would look at how many healthcare personnel receive a flu vaccine from availability until March 31 of the following year; the new measure would begin in FY 2025 and the data would be pulled from facility reports to the Centers for Disease Control and Prevention (CDC)'s National Healthcare Safety Network.

Remember, CMS delayed the implementation of the revised MDS, which was initially set to go into effect Oct. 1, 2020, until Oct. 1 of the year that is at least two full years after the end of the PHE. This revised MDS would be used to collect data, via assessments, on race, ethnicity, preferred language, and health literacy, and thus, the at time of publication, CMS is proposing that the QRP reporting requirements associated with these data are being delayed until Oct. 1, 2023.



Don't Miss ICD-10 Changes

CMS is shaking up the case-mix categorization for some diagnoses. CMS is proposing some diagnosis codes map "Return to Provider" instead of their current categorization, in hopes of increasing the accuracy of the diagnoses submitted, and that some gastrointestinal tract ulcer diagnoses should be categorized as "Medical Management" instead of "Return to Provider," notes **Deborah Lake**, senior managing consultant at BKD, in online analysis of the proposed rule.

You can find more information about ICD-10 and PDPM here www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/PDPM.

Prepare Your Comments

Remember, you have until June 10 to submit public comments on the FY 2023 proposed rule.

CMS is looking for stakeholder input on the specific measures the agency proposed, as well as some other, general information, including addressing health inequities.

"To advance health equity and address the health disparities that underlie the U.S. health care system, CMS is requesting stakeholder feedback on the role health equity plays in improving health outcomes and the quality of care in nursing homes. Specifically, CMS is seeking comment on how to arrange or classify measures in nursing home quality reporting programs by indicators of social risk to better identify and reduce disparities," Howden says.



CMS is also requesting stakeholder input on evaluating the requirements and criteria for coding resident isolation due to infection, including whether and how the criteria for isolation should be expanded to include residents who are cohorted in isolation due to infection.

Resource: Read the FY 2023 proposed rule at www.federalregister.gov/documents/2022/04/15/2022-07906/medicare-program-prospective-payment-system-and-consolidated-billing-for-skilled-nursing-facilities.