

MDS Alert

Reimbursement: Note These Possible Repercussions from FY 2022 Proposed Rule

The numbers are in on PDPM, and CMS is realizing its bets were off.

The 2022 proposed rule for SNFs is out, and few stakeholders are surprised at the meat of the rule.

The FY 2022 proposed rule affects Medicare payment policies and rates under the skilled nursing facility (SNF) prospective payment system (PPS), but also includes proposals for the quality reporting program (QRP) and the SNF value-based program (VBP).

One major takeaway: CMS underestimated the costs to SNFs for providing speech language therapy (SLP), nursing, and non-therapy ancillary (NTA), and are rejigging case mix indices in response. "We overshot SLP by 22.6 percent; Nursing by 16.8 percent and NTA by 5.6 percent. CMS thinks these components are why they underestimated payments. They are quite correct," says **Judy Wilhide Brandt, RN, BA, CPC, QCP, RAC-MTA, DNS-CT**, principal for Wilhide Consulting Inc. in Virginia Beach, Virginia. "When it began to matter, we started digging into those records."

Dig Deeper to Maintain Reimbursement Levels

This is the first full year of the Patient-Driven Payment Model (PDPM), and CMS seems a little surprised by their increase in spending - an underestimate to the tune of over a billion dollars.

"When finalizing PDPM, CMS stated that this new payment model would be implemented in a budget neutral manner, meaning that the transition to this new payment model would not result in an increase or decrease in aggregate SNF spending. Since PDPM implementation, currently available data suggest an unintended increase in payments of approximately 5 percent, or \$1.7 billion in FY 2020," CMS says in a release about the proposed rule.



To aim for achieving budget neutrality, CMS is looking to change their approach to the case mix indices (CMIs).

"They are proposing to recalibrate the case mix indices in an effort to lower their payments to us by 5% or approximately \$1.7 billion. They are proposing delayed and/or phased implementation. Bottom line: They are going to lower our CMIs over the next few to several years," Wilhide Brandt warns.

That means facilities are going to have to put in extra efforts to get paid for providing the same services.

"If you are at/above the national average, it's time to dig deeper, capture more, push harder for records you need to raise your CMIs, because we are going to have to increase our rates by at least 5 percent to stay even when they make these reductions," says Wilhide Brandt.

"Nursing homes across the country continue to dedicate extensive resources to protect their residents and staff from COVID-19. This ongoing work makes government support and robust reimbursement rates more important than ever. With the skilled nursing profession grappling with an economic crisis and hundreds of facilities on the brink of closure due to the pandemic, it is critical that Medicare remain a reliable funding source and reflect the increasing costs providers are facing," says **Mark Parkinson**, president and CEO of the American Health Care Association.

See These Potential Additional Quality Measures

CMS is considering tracking healthcare workers' vaccination status in skilled nursing facilities, beginning in fiscal year (FY) 2023 for the SNF quality reporting program.



"This measure would require SNFs to report on COVID-19 health care personnel (HCP) vaccination in order to assess whether SNFs are taking steps to limit the spread of COVID-19 among their HCP, reduce the risk of transmission within their facilities and help sustain the ability of SNFs to continue serving their communities throughout the COVID-19 PHE and beyond," CMS says.

"We ... recognize the importance of quality measures associated with COVID-19, including a proposed measure of the COVID-19 Vaccination Coverage among health care personnel. We thank Acting Administrator Richter and the Administration for their support through the pandemic," Parkinson says.

Another proposed addition is the adoption of a new claims-based measure, the SNF Healthcare-Associated Infections (HAI) Requiring Hospitalization Measure, which would begin in FY 2023, and extrapolate information from Medicare fee-for-service claims.

"The goal of the measure is to be able to assess those SNFs that have notably higher rates of HAIs that are acquired during SNF care and result in hospitalization, when compared to their peers and to the national average HAI rate," CMS says.

"We are concerned that while CMS' proposed quality measures address important topics, they are inappropriate for use in the SNF Quality Reporting Program at this time," the American Hospital Association says about the adoption of these additional measures.

"It's critical that we understand these measures and work to ensure accuracy," Wilhide Brandt says.