

CMS Publishes SNF Final Rule for FY2024

August 10, 2023

On July 31, 2023, the Centers for Medicare & Medicaid Services (CMS) issued a final rule (CMS-1779-F) that provides updates to the fiscal year (FY) 2024 Skilled Nursing Facility Quality Reporting Program (SNF QRP). Below are some of the highlights from the final rule impacting rehabilitation providers:

Payment Update

CMS estimates the aggregate impact of the payment policies would result in a net increase of 4.0%, or approximately \$1.4 billion, in Medicare Part A payments to SNFs in FY 2024. This estimate reflects a \$2.2 billion increase from the 6.4% net market basket update to the payment rates. The net 4.0% increase includes the following factors:

- Increase: 3.0% SNF market basket
- Increase: 3.6% market basket forecast error adjustment
- Decrease: 0.2% productivity adjustment
- Decrease: 2.3% resulting from the second phase of the PDPM parity adjustment recalibration

Note that these impact figures do not incorporate the SNF VBP reductions for certain SNFs subject to the net reduction in payments under the SNF VBP; those adjustments are estimated to total \$184.85 million in FY 2024.

PDPM ICD-10 Code Mappings

- Reassignment of codes to Return to Provider: CMS proposed to reassign 95 codes from the current default clinical category on the PDPM ICD-10 code mappings to Return to Provider. These codes were identified from the MCE Unacceptable Principal Diagnosis edit code list.
- Alignment with MCE edit code lists: CMS proposed to align the PDPM ICD-10 code mappings with the MCE Manifestation codes not allowed as principal diagnosis edit code list and the Questionable admission codes edit code list. These lists contain diagnosis codes that are not usually sufficient justification for admission to an acute care hospital or are manifestations of underlying diseases.
- Clinical category changes for new ICD-10 codes: CMS proposed clinical category changes for new ICD-10 codes for FY 2023. These changes were made to ensure accurate mapping of diagnoses under the PDPM.
- Clinical category changes for Unspecified Substance Use Disorder (SUD) codes: CMS proposed clinical category changes for Unspecified SUD

codes to improve the accuracy of mapping these codes under the PDPM. A total of 168 codes were included in this proposal.

The ICD-10 code mappings and lists used under PDPM are available on the PDPM [website](#).

Changes to the Skilled Nursing Facility Quality Reporting Program (SNF QRP)

CMS is adopting two measures in the SNF QRP

Discharge Function Score measure beginning FY2025 SNF QRP. This measure assesses functional status by assessing the percentage of SNF residents who meet or exceed an expected discharge function score and uses mobility and self-care items already collected on the Minimum Data Set (MDS). This measure will replace the topped-out process measure – the Application of Percent of Long-Term Care Hospital Patients with an Admission and Discharge Functional Assessment/a Care Plan That Addresses Function (Application of Functional Assessment/Care Plan) measure.

1. COVID-19 Vaccine measure Percent of Patients/Residents Who Are Up to Date (Patient/Resident COVID-19 Vaccine) beginning with the FY 2026 SNF QRP. This measure reports the percentage of stays in which residents in an SNF are up to date with recommended COVID-19 vaccinations in accordance with the Centers for Disease Control and Prevention's (CDC's) most recent guidance. Data will be collected using a new standardized item on the MDS.

Removing three measures from the SNF QRP beginning with the FY2025 SNF QRP

Application of Percent of Long-Term Care Hospital (LTCH) Patients with an Admission and Discharge Functional Assessment and a Care Plan That Addresses Function (Application of Functional Assessment/Care Plan) measure

1. Application of the IRF Functional Outcome Measures: Change in Self-Care Score for Medical Rehabilitation Patients (Change in Self-Care Score) measure
2. Application of the IRF Functional Outcome Measures: Change in Mobility Score for Medical Rehabilitation Patients (Change in Mobility Score) measure

Modifying one measure in the SNF QRP

COVID-19 Vaccination Coverage among Healthcare Personnel (HCP COVID-19 Vaccine) measure beginning with the FY 2025 SNFQRP. The prior version of this measure reported only on whether HCP had received the primary vaccination series for COVID-19, while the modified measure requires SNFs to report the cumulative number of HCP who are up to date with recommended COVID-19 vaccinations in accordance with the CDC's most recent guidance.

Reporting Thresholds for MDS Items

CMS is increasing the SNF QRP Data Completion thresholds for the Minimum Data Set (MDS) Data Items beginning with the FY 2026 SNF QRP. SNFs must report 100% of the required quality measure data and standardized resident assessment data collected using the MDS on at least 90% of the assessments they submit to CMS. Any SNF that does not meet the requirement will be subject to a reduction of 2 percentage points to the applicable FY annual payment update beginning with FY 2026. We are codifying this requirement at § 413.360(f)(1)(ii).

Public Reporting

CMS is beginning the public reporting of the Transfer of Health Information to the Provider—PAC Measure and the Transfer of Health Information to the Patient—PAC Measure with the October 2025 Care Compare refresh or as soon as technically feasible. These measures report the percentage of patient stays with a discharge assessment indicating that a current reconciled medication list was provided to the subsequent provider or the patient/family/caregiver at discharge or transfer. Data collection will begin on these measures with patients discharged on or after October 1, 2023.

CoreQ Short Stay Discharge measure is not being adopted in the SNFQRP with this final rule.

Skilled Nursing Facility Value-Based Purchasing (SNF VBP) Program

CMS is adopting four new quality measures, replacing one quality measure, and finalizing several policy changes in the SNF VBP Program. The new quality measures are as follows:

- Adopting the Nursing Staff Turnover Measure for the SNF VBP program beginning with the FY 2026 program year. This is a structural measure that has been collected and publicly reported on Care Compare and assesses the stability of the staffing within an SNF using nursing staff turnover. This is part of the Administration's focus to ensure adequate staffing in long-term care settings and delivers on a commitment included in the President's Executive Order 14070, Increasing Access to High-Quality Care and Supporting Caregivers. Facilities would begin reporting for this measure in FY 2024, with payment effects beginning in FY 2026.
- Adopting the Discharge Function Score Measure beginning with the FY 2027 program year. This measure is also being adopted for the SNF QRP and assesses functional status by assessing the percentage of SNF residents who meet or exceed an expected discharge function score and use mobility and self-care items already collected on the MDS.
- Adopting the Long Stay Hospitalization Measure per 1,000 Resident Days beginning with the FY 2027 program year. This measure assesses the hospitalization rate of long-stay residents.

- Adopting the Percent of Residents Experiencing One or More Falls with Major Injury (Long Stay) beginning with the FY 2027 program year. This measure assesses the falls with major injury rates of long-stay residents.
- Replacing the Skilled Nursing Facility 30-Day All-Cause Readmission Measure (SNFRM) with the Skilled Nursing Facility Within Stay Potentially Preventable Readmissions (SNF WS PPR) measure beginning with the FY 2028 program year.

Health Equity Adjustment

CMS is adopting a Health Equity Adjustment in the SNF VBP Program. This adjustment rewards SNFs that perform well and whose resident population during the applicable performance period include at least 20% of residents with dual eligibility status. This adjustment will begin with the FY 2027 program year. CMS is adjusting the scoring methodology to provide bonus points to high-performing facilities that provide care to a higher proportion of duals. This approach of rewarding excellent care for underserved populations is consistent with other approaches in other quality and value-based programs, including the Medicare Shared Savings Program, Medicare Advantage and Part D Star Ratings, and the policy changes in the Hospital VBP program.

In addition, CMS is increasing the pay back percentage policy under the SNF VBP program from the current 60% to a level such that the bonuses provided to the high-performing, high duals SNFs do not come at the expense of the other SNFs. The estimated payback percentage for the FY 2027 program year is 66%.

Additionally, CMS is adopting the audit portion of the validation process for MDS-based measures beginning with the FY2027 program year.

Special note: This final rule does not include the minimum staffing rule.

[CMS Fact Sheet](#)

[Final Rule](#)