



ISSUE BRIEF

Skilled Nursing Facility Value-Based Purchasing Program

A Hospital Readmissions Reduction Program for SNFs

Included in H.R. 4302, the **Protecting Access to Medicare Act of 2014**, a one-year patch of the sustainable growth rate (also known as the “doc fix”), was a value-based purchasing (VBP) program for skilled nursing facilities (SNFs). This program establishes a hospital readmissions reduction program for these providers, encouraging SNFs to address potentially avoidable readmissions by establishing an incentive pool for high performers. The Congressional Budget Office scored the program to save Medicare \$2 billion over the next 10 years.

HOW IT WORKS

- The Secretary of Health and Human Services (HHS) must specify a SNF all-cause, all-condition readmission measure by October 1, 2015. The Secretary must then specify an all-condition, risk-adjusted potentially preventable hospital readmission rate by October 1, 2016.
- Based on the SNF readmission measure, the Secretary must establish a performance standard for SNFs, along with levels of achievement and improvement. The Secretary will then develop a scoring methodology for each SNF in order to create a ranking system which will rank SNFs annually.
- SNFs’ Medicare payment rates will be based on (in part) their performance scores beginning on October 1, 2018.
- The Secretary must ensure SNFs with the highest rankings receive the highest incentive payments and SNFs with the lowest rankings receiving the lowest (or zero) incentive payments. The lowest 40 percent of SNFs (by ranking) will be reimbursed less than they otherwise would be reimbursed without the SNF VBP program.
- In order to fund the incentive payment pool, CMS will withhold 2% of SNF Medicare payments starting October 1, 2018.
- CMS will redistribute 50-70% of the withheld payments back into the profession by way of incentive payments to SNFs. CMS will retain the remaining 30-50% of funds as programmatic savings to Medicare.
- The program also requires the Secretary to publicly report the performance on the readmission measure for each SNF on Nursing Home Compare beginning on October 1, 2017.

TIMELINE

