CMS Proposes Rate Changes and New Nursing Staffing Rules That Will Significantly Impact Skilled Nursing Facilities

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- CMS estimates its proposal will result in a decrease of $320 million in Medicare Part A payments to skilled nursing facilities.

- CMS is seeking stakeholder input on the effects of direct-care staffing requirements for long-term care facilities.

On April 11, 2022, the Centers for Medicare & Medicaid Services (CMS) issued a Proposed Rule to update Medicare payment rates for skilled nursing facilities (SNF) under the Skilled Nursing Facility Prospective Payment System (SNF PPS) for fiscal year 2023. The Proposed Rule also includes proposals for the SNF Quality Reporting Program and the SNF Value-Based Program (SNF VBP), and seeks stakeholder comment on various items. The SNF PPS Proposed Rule aims to realize the Biden-Harris Administration's goal to improve the quality of nursing homes.

With a combined proposed update to the payment rates of 3.9%, or $1.4 billion, and a 4.6%, or $1.7 billion, decrease in the SNF PPS rates as a result of unintentional overpayments that were made during the transition to the Patient Driven Payment Model, CMS estimates the payment policies of the proposed rule will, in the aggregate, result in a decrease of $320 million in Medicare Part A payments to SNFs in 2023.

For the SNF QRP, CMS proposes to adopt the Influenza Vaccination Coverage among Healthcare Personnel (HCP) measure as a new measure, to revise the compliance date for certain requirements to October 1, 2023, and to revise regulation text to include a new paragraph containing the data completion thresholds required for SNFs to meet the compliance threshold for the annual payment update.

CMS is also proposing to adopt three new measures into the SNF VBP for the FY 2026 and FY 2027 Program Years, including two claims-based measures and one payroll-based journal staffing measure. For FY 2026, CMS is proposing the adoption of the Total Nursing Hours per Resident Day measure, a structural measure that uses auditable electronic data to calculate the total nursing hours provided per resident day.

Finally, CMS is seeking input from stakeholders on additional items, including:

- The effects of direct care staffing requirements for Long-Term Care (LTC) facilities, and

- The implementation of a Nursing Home Staff Turnover measure in the SNF VBP, which is comprised of the total nurse staff that have left an SNF over the last year.

Comments on the proposals are due by June 10, 2022.

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