

Last week on April 27, CMS issued proposed rules for Fiscal Year 2018 (FY 2018) to increase Medicare payment rates for skilled nursing facilities (SNFs), inpatient rehabilitation facilities (IRFs) and hospice facilities. In addition to the proposed rules, CMS released a request for information and an Advance Notice of Proposed Rulemaking ([CMS-1686-ANPRM](#)), described as a “pre-rule,” in order to solicit feedback on possible revisions to the SNF payment system, based on research conducted under the [SNF Payment Models Research Project](#).

Skilled nursing facilities proposed rule

Based on CMS’ projection, the proposed [rule](#) (CMS-1679-P) outlines provisions which include a net market basket increase of 1 percent as called for under MACRA, or an additional \$390 million, in aggregate payments than were made in 2017. The draft rule also addresses several parts of the SNF Value-based Purchasing (VBP) program, set to begin in FY 2019, such as updated performance standards, a proposed logistical exchange function for SNF performance and incentive payments, and details on publishing SNF performance to the public. For example, for the SNF VBP, CMS proposed limiting the program to one readmission measure per year and reducing the total amount of Medicare payments to a SNF by 2 percent to fund the value-based incentive payments.

Other proposed [changes](#) include:

- Implementing a 2 percentage point reduction to net SNF payment increase percentages for SNFs that fail to meet reporting requirements under the FY 2018 SNF Quality Reporting Program (QRP).
- Adding standardized patient assessment data to the SNF QRP beginning in FY 2019. For FY 2020, SNFs must begin reporting standardized patient assessment data under five specific patient assessment categories:
 - functional status
 - cognitive function
 - special services, treatments and interventions
 - medical conditions and co-morbidities
 - impairments

Inpatient rehabilitation facilities proposed rule

The proposed rule (CMS-1671-P) for IRFs outlines proposed payment and policy changes for the IRF Prospective Payment System (PPS) and the IRF Quality Reporting Program (QRP) for FY 2018. Under the draft provisions, payments to IRFs would increase by 1 percent, about \$80 million, for FY 2018 — an increase also called for under MACRA. CMS proposed to maintain facility-level adjustments at their current levels for FY 2018. They also

proposed to phase out the 14.9 percent rural adjustment for the 20 IRF providers designated as rural in FY 2015 and then changed to urban in FY 2016.

Other proposed [changes](#) include:

- Eliminating a 25 percent payment penalty on late IRF patient assessment instrument submissions
- Requiring standardized patient assessment data to the IRF QRP beginning in FY 2020 under five specific patient assessment categories:
 - functional status
 - cognitive function
 - special services, treatments and interventions
 - medical conditions and co-morbidities
 - impairments

Hospice facilities proposed rule

The proposed [rule](#) (CMS-1675-P) for hospice facilities outlines proposed payment rates and changes to the wage index and cap amount for FY 2018. Under the draft provisions, payments to hospices would increase by 1 percent, about \$180 million, for FY 2018. CMS also proposed a 1 percent increase to the statutory aggregate cap, which limits the overall payments made to hospices as mandated under the IMPACT Act of 2014, to \$28,404.99 as compared to \$28,689.04 in FY 2017.

Other proposed [changes](#) include:

- Two future additional measure concepts under consideration for the Hospice Quality Reporting Program:
 - Potentially avoidable hospice care transitions
 - Access to levels of hospice care
- New data collection tools under consideration: Hospice Evaluation & Assessment Reporting Tool (HEART)
 - The HEART tool would be a patient assessment tool rather than the current chart abstraction tool in order to enable more accurate quality reporting, alleviate provider burden, help ensure hospices meet the Conditions of Participation, provide high quality patient care and down the line, serve to refine evolving payment efforts.
- Updated requirements for the [Hospice CAHPS Survey](#) for FY 2020, FY 2021 and FY 2022 annual payment updates
- Publishing the Hospice Compare website in summer 2017 to “help customers make

informed choices”

- Publishing Hospice CAHPS Survey data in CY 2018

The draft rules are scheduled to be officially published in the Federal Register today, May 4. CMS will accept comments on all three proposed rules until June 26.

[Provider](#) (4/28); [Advisory Board](#) (5/1); [CMS Fact Sheet on proposed hospice updates](#) (4/27) [CMS Fact Sheet on proposed SNF updates](#) (4/27); [CMS Fact Sheet on proposed IRF updates](#) (4/27); the CMS Medicare Learning Network subscription (4/28)