




**American Hospital
Association**

SNF PPS
FY 2021 Proposed Rule
Conference Call: May 20, 2020

SNF PPS

Proposed Payment Update



American Hospital Association
Advancing Health in America

Regulatory Advisory

April 21, 2020

SNF PPS Proposed Rule for FY 2021

At A Glance

On April 10, the Centers for Medicare & Medicaid Services (CMS) issued its fiscal year (FY) 2021 [proposed rule](#) for the skilled nursing facility (SNF) prospective payment system (PPS). Comments on the proposed rule are due to CMS by June 9. The final rule is expected around Aug. 1, and would take effect Oct. 1, 2020.

AHA Take
This brief rule sets forth required payment updates and minimal changes to the SNF value-based purchasing (VBP) program. With regard to the redesigned SNF PPS payment model implemented last October, we are pleased that the agency made no material changes at this early stage of implementation. However, CMS did report that it is closely monitoring the patient driven payment model's implementation.

What You Can Do

- ✓ Review with your senior management team the attached advisory – prepared for the AHA by Health Policy Alternatives – to examine the impact of these proposed changes on your organization for FY 2021 and beyond.
- ✓ Participate in AHA's upcoming call to discuss this proposed rule and help develop key messages for our comment letter to CMS. A separate invite will be sent to AHA members.
- ✓ Submit a comment letter to CMS by June 9 to explain your concerns with the rule and its impact on your patients and organization. Submission details are included in this advisory.

Further Questions
Please contact Rochelle Archuleta, director of policy, at rarchuleta@aha.org with any questions.

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Key Takeaways

For FY 2021, the proposed rule would:

- Increase SNF payments by 2.3% (\$740 million), relative to FY 2020.
- Not make material changes to the payment-driven patient model case-mix system, originally implemented in October 2019.
- Not make any proposals or updates related to the SNF quality reporting program.
- Propose no changes to the measures, scoring or payment policies for the SNF value-based purchasing program.

FY 2021 Proposed Rule – PAYMENT

FY 2021

- Comments due by June 9
- Very brief rule
- No PDPM structural changes
- Payment update, relative to FY 2020
 - 2.7% market basket update
 - -0.4% for productivity
 - Net 2.3%

Proposed Payment Update

- 2.3% payment increase
 - \$740 million increase over FY 2020 payments (does not include VBP)
 - (No M.B. forecast error adjustment)

Proposed Wage Index Change

- OMB announced new wage area boundaries in Sept. 2018;
 - Further boundary updates issued in Mar 2020 – in process for FY 2022;
- Proposed FY 2021 changes
 - Budget neutral overall
 - Lower wage index for 42%
 - Higher wage index for 54%
 - 5% cap on each SNFs change (no cap in FY 2022)
 - 34 urban counties change to rural
 - 47 rural counties change to urban

PDPM ICD-10 Technical Updates

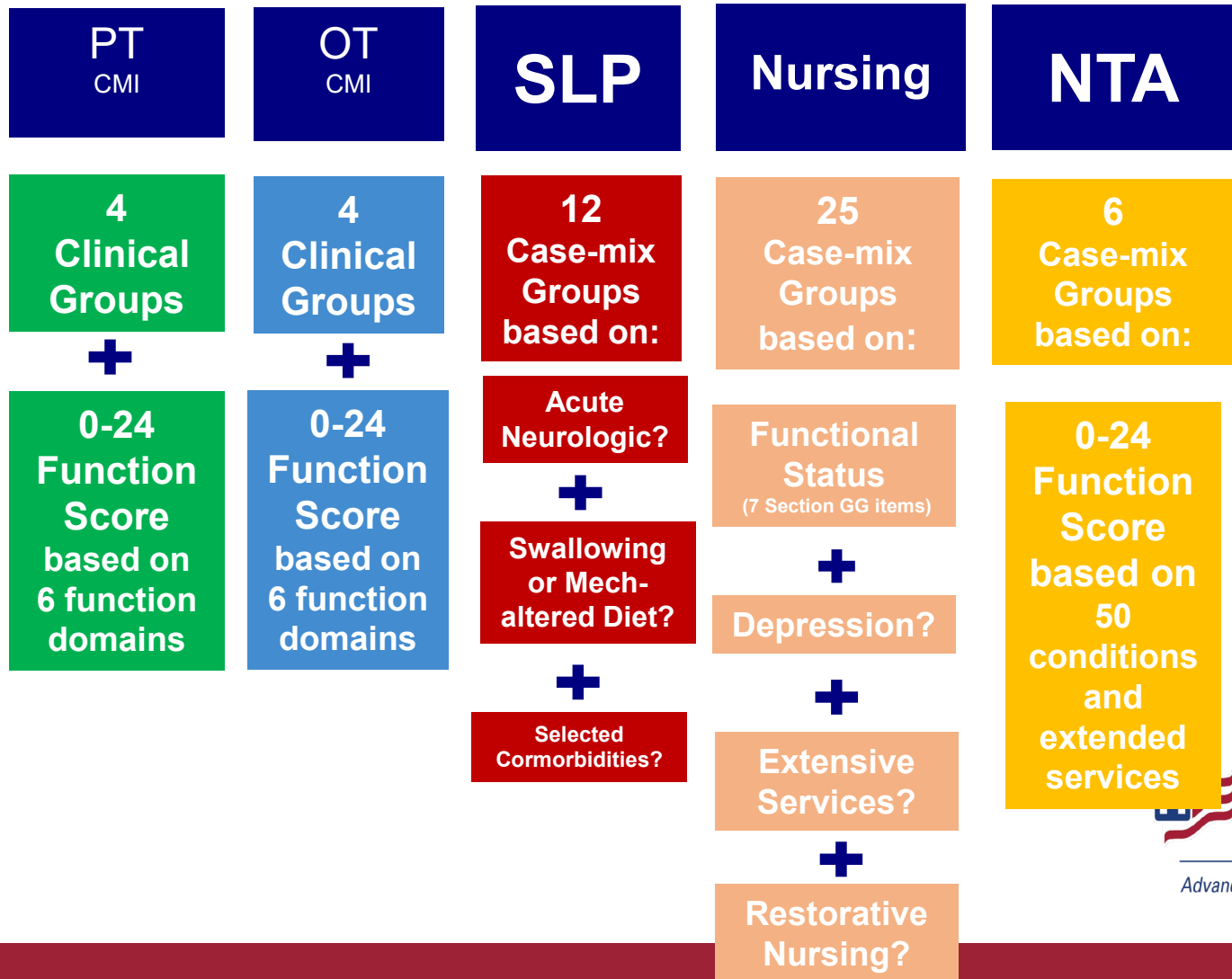
- PDPM: To set SNF PPS payment, ICD-10 codes are used to assign patients to clinical categories and certain comorbidities;
- Non-substantive changes made through sub-regulatory process.
- FY 2021 substantive changes in proposed rule:
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 - Pertain to cancer; glucose-6-phosphate dehydrogenase; non-surgical orthopedic; return to provider fracture codes; orthopedic surgery; non-orthopedic surgery; not adding 7th code for certain NTA.

SNF Value-based Purchasing

- SNF VBP:
 - No policy changes;
 - No methodology changes;
 - No changes to numerical performance standards (benchmarks)
 - FY 2021: projected reduction in aggregate Medicare spending of \$200 million

Reference: SNF PPS PDPM

Per Diem Rates Based On a Compilation of 5 Elements:



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MATERIALS:

www.aha.org/postacute