

The Issue

Hospital readmissions not only have the potential for negative physical, emotional, and psychological impacts on individuals in skilled nursing care, but also cost the Medicare program billions of dollars.

Although significant progress has been made in the safe reduction of 30-day hospital readmissions, more must be done. Preventing these events whenever possible is beneficial to patients and has been identified as an opportunity to reduce overall health care system costs by improving quality. The issue has become a top priority for the Centers for Medicare & Medicaid Services (CMS) and managed care programs.

The Program

The Protecting Access to Medicare Act of 2014 (PAMA) required CMS to implement the [Skilled Nursing Facility \(SNF\) Value Based Purchasing \(VBP\) Program](#), an effort that links Medicare Part A payments to a SNF's rehospitalization rate.

Starting October 1, 2018, all SNF Medicare Part A rates will receive a payment adjustment to its SNF Part A claims ranging from a 2 percent cut to potentially a 1 percent increase based on rehospitalization rates in prior years. CMS will recalculate the payment adjustment annually every fiscal year (FY) thereafter for the next ten years.

Act Now

Data collected for the first year of the program, which will impact payment starting October 1, 2018, has already been collected by CMS, but there are still reasons providers should continue to focus on the program and their SNF RM rehospitalization rates:

- In August of 2018, CMS will be posting Annual Confidential Feedback reports that contain SNF RM rates for CY 2017 and the corresponding performance scores. Providers have 30 days from the posting of their annual report on the QIES reporting application to alert CMS of any issues.
- While the performance window for the first year of SNF VBP (CY 2017) has passed, the performance window for the second year (FY 2018) has already begun. Now is the time to improve rehospitalization rates that will impact payment starting on October 1, 2019.

So what can be done now? Providers should know how they are trending and put plans in place to improve their scores by:

- Tracking quality metrics to understand their performance.
- Comparing rates to state and national benchmarks to have a better understanding of performance relative to others.
- Improving performance through implementation of quality improvement programs (e.g., INTERACT).
- Reviewing [confidential feedback](#) quarterly reports using the CMS QIES System.