Skilled Nursing Facility Value-Based Purchasing Program

Included in the Protecting Access to Medicare Act of 2014 is a value-based purchasing (VBP) program for skilled nursing facilities (SNFs). This program establishes a hospital readmissions reduction program for 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

- 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 to rate SNFs annually.
- 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.
- 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.

Our Ask

In early 2012, AHCA launched a bold, national effort to improve quality in our skilled nursing facilities. The profession’s ongoing efforts have improved the lives of the individuals AHCA members serve while also reducing health care costs.

- AHCA members have reduced 30-day readmissions by 14.2% since 2011.
- 3,856 member centers achieved a 15% reduction in their hospital readmission rates since the launch of the AHCA Quality Initiative
- 40,424 readmissions in AHCA member centers were prevented, saving the health care system approximately $418 million.

AHCA is working with CMS to ensure that the maximum amount of withheld funds from these facilities are returned to our providers so they can continue advancing improvement in the reduction of rehospitalization rates and continue delivering high quality care.