SNF Readmission Penalties Announced
Is your facility prepared?

Skilled Nursing Facility Value-Based Purchasing Program

Included in the "doc fix" passed in April 2014, H.R. 4302, the Protecting Access to Medicare Act of 2014 (PAMA), was a value-based purchasing (VBP) program for skilled nursing facilities (SNFs). PAMA establishes an incentive pool for high performing SNF's as it pertains to preventing unnecessary hospital readmissions. The Congressional Budget Office projects the program will save Medicare $2 billion over the next 10 years.

- Health and Human Services (HHS) will specify a SNF an all-cause, all-condition readmission measure prior to October
1, 2015, and then a risk-adjusted potentially preventable hospital readmission rate by October 1, 2016.

- PAMA requires public reporting of readmission rates for each SNF on Nursing Home Compare beginning on October 1, 2017.

- Based on the SNF readmission measure, the HHS must establish a performance standard for SNFs, along with levels of
achievement and improvement. HHS will then develop a scoring methodology for each SNF in order to create a ranking
system which will rank SNFs annually.

- Medicare reimbursement rates for SNF will be based partially on their performance scores beginning on October 1, 2018.

- SNFs with the highest rankings receive the highest incentive payments and SNFs with a zero or low ranking will receive the lowest incentive payments.

- Effectively, the lowest 40 percent of SNFs will be reimbursed less than they otherwise would in the absence of this program.

- To fund the payment pool, CMS will withhold 2% of SNF Medicare payments starting October 1, 2018. CMS will then redistribute 50-70% of the withhold back into to SNF's by way of incentive payments

- CMS will keep the balance, 30-50% as savings to Medicare.

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