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Medicare Agency Moves to Value-Based Care for Skilled Nursing

Medicare's payments for skilled nursing facilities will increase by 2.4 percent in fiscal year 2019, which will result in a \$820 million increase in payments.

The final rule (RIN:0938-AT24), released by the Centers for Medicare & Medicaid Services July 31, will also revamp the way that these facilities are paid, moving to paying based on condition and care needs of patients instead of volume of service.

This is part of a trend from the Medicare agency toward value-based care.

The move from the resident classification system to the new Patient-Driven Payment Model will also include reduced reporting requirements that are expected to save \$2 billion for providers over the next decade.

The new payment model will adjust skilled nursing facility payments to reflect varying costs throughout the stay for patients and will be based on aspects of care, including for drugs and medical supplies.

The agency will also encourage individual therapy by limiting group or concurrent therapy to 25 percent of all therapy.

The CMS believes "individual therapy is generally the best way of providing therapy to a resident because it is most tailored to that specific resident's care needs," according to the rule.

The move to the new payment model will go into effect Oct. 1, 2019.

The Medicare agency also said it is going to weigh the costs associated with a quality reporting measure against its benefits to determine whether the measure should continue to be used. This is a way the agency has been cutting quality reporting measures for other types of facilities. The agency did not cut any quality reporting measures in this rule.

The agency's rule will also apply incentive payments to these facilities based on their readmission rate starting Oct. 1.

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