HHS Takes Actions to Promote Safety and Quality in Nursing Homes

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Today, the Centers for Medicare & Medicaid Services (CMS) issued its fiscal year (FY) 2023 Skilled Nursing Facilities Prospective Payment System (SNF PPS) proposed rule, which includes asking for public feedback on how staffing in nursing homes and health equity improvements could lead to better health outcomes.

The proposed rule builds upon the Biden-Harris Administration's commitment to advance health equity, drive high-quality person-centered care, and promote sustainability of its programs. The rule is an important step in fulfilling its goal to protect Medicare skilled nursing facility (SNF) residents and staff by improving the safety and quality of care of the nation's SNFs (commonly referred to as nursing homes). The SNF PPS provides Medicare payments to over 15,000 nursing homes, serving more than 1.5 million people. Medicare spending to nursing homes is projected to be approximately $35 billion in FY 2022. Through the SNF PPS proposed rule, CMS is continuing its work to transform the SNF payment system to a more patient-centered model by making payments based on the needs of the whole patient, rather than focusing on the volume of certain services the patient receives.

"Everyone deserves to receive safe, dignified, and high-quality care, no matter where they live," said Health and Human Services Secretary Xavier Becerra. "Today we are starting the necessary work to ensure our loved ones living in nursing homes receive the best care at the staffing levels they need. We are working hard to deliver on President Biden's commitment to protecting seniors and improving the quality of our nation's nursing homes."

The SNF PPS proposed rule aims to realize the President's vision for the nation's nursing homes as outlined in his State of the Union Address, with a focus on providing safe, dignified, and appropriate care for residents. As part of this vision, the Biden-Harris Administration recently set a goal to improve the quality of nursing homes so that seniors, people with disabilities, and others living in nursing homes get the reliable, high-quality care they deserve. A key part of reaching this goal is addressing staffing levels in nursing homes, which have a substantial impact on the quality of care and outcomes residents experience.

"The COVID-19 pandemic has highlighted serious problems at some of the nation's nursing homes that have persisted for too long. And we have seen the tragic impact that inadequate staff resources can have on residents and staff," said CMS Administrator Chiquita Brooks-LaSure. "The Biden-Harris Administration has promised that we will work with all stakeholders to do better for nursing home residents, and today's proposed rule includes important steps toward our goal to promote safety and quality of care for all

residents and staff."

In the SNF PPS proposed rule, CMS is soliciting input to help the agency establish minimum staffing requirements that nursing homes will need to meet to ensure all residents are provided safe, high-quality care, and nursing home workers have the support they need. This input will be used in conjunction with a new research study being conducted by CMS to determine the optimal level and type of nursing home staffing needs. The agency intends to issue proposed rules on a minimum staffing level requirement for nursing homes within one year.

CMS is also requesting stakeholder input on a measure that would examine staff turnover levels in nursing homes for possible inclusion in CMS' SNF Value-Based Purchasing (VBP) Program, which rewards facilities with incentive payments based on the quality of care they provide to people with Medicare. Looking at the relationship between staff turnover and quality of care, preliminary analysis by CMS has shown that as the average staff turnover decreases, a facility's overall rating on CMS' Nursing Home Five Star Quality Rating System increases, which suggests that lower turnover is associated with higher overall quality. CMS will use the stakeholder feedback to inform a proposal of this measure to include in the SNF VBP Program in the future.

In January, CMS began posting nursing home staff turnover rates (as well as weekend staff levels) on the Medicare.gov Care Compare website, and CMS will be including this information in the star rating system starting in July 2022. This information helps consumers better understand each nursing home facility's staffing environment and also helps providers to improve the quality of care and services they deliver to residents.

 The proposed rule also proposes the adoption of 3 new measures into the SNF VBP Program:

- The Skilled Nursing Facility Healthcare Associated Infections Requiring Hospitalization (SNF HAI) is an outcome measure that assesses SNF performance on infection prevention and management.
- The Total Nursing Hours per Resident Day is a structural measure that uses auditable electronic data to calculate total nursing hours per resident each day.
- The Adoption of the Discharge to Community – Post Acute Care Measure for SNFs (DTC) is an outcome measure that assesses the rate of successful discharges to community from a SNF setting.

 To advance health equity and address the health disparities that underlie the U.S. health care system, CMS is requesting stakeholder feedback on the role health equity plays in improving health outcomes and the quality of care in nursing homes. Specifically, CMS is seeking comment on how to arrange or classify measures in nursing home quality reporting programs by indicators of social risk to better identify and reduce disparities.

CMS is proposing a 3.9%, or $1.4 billion, update to the payment rates for nursing homes, which is based on a 2.8% SNF market basket update plus a 1.5 percentage point market basket forecast error adjustment and less a 0.4 percentage point productivity adjustment. The proposed rule also contains a proposed adjustment to payment rates as the result of

the transition to the SNF payment case-mix classification model – the Patient Driven Payment Model (PDPM) that went into effect on October 1, 2019. When finalizing the PDPM, CMS also stated that the transition to PDPM would not result in an increase or decrease in aggregate SNF spending. Since PDPM implementation, CMS' data analysis has shown an unintended increase in payments. Therefore, CMS is proposing to adjust SNF payment rates downward by 4.6%, or $1.7 billion, in FY 2023 to achieve budget neutrality with the previous payment system. As a result, the estimated aggregate impact of the payment policies in this proposed rule would be a decrease of approximately $320 million in Medicare Part A payments to SNFs in FY 2023 compared to FY 2022.

For a fact sheet on President Biden's remarks during the State of the Union Address on improving nursing home safety and quality, please visit: https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/28/fact-sheet-protecting-seniors-and-people-with-disabilities-by-improving-safety-and-quality-of-care-in-the-nations-nursing-homes/

For a fact sheet on the FY 2023 SNF PPS proposed rule, please visit: https://www.cms.gov/newsroom/fact-sheets/fiscal-year-fy-2023-skilled-nursing-facility-prospective-payment-system-proposed-rule-cms-1765-p

To view the FY 2023 SNF PPS proposed rule, please visit: https://www.federalregister.gov/public-inspection/2022-07906/medicare-program-prospective-payment-system-and-consolidated-billing-for-skilled-nursing-facilities

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