

May 3, 2018

The Centers for Medicare & Medicaid Services (CMS) issued on Friday, April 27, 2018 its proposed federal fiscal year 2019 (FFY 2019) Medicare SNF PPS rule and Pre-Rule on Possible New Payment System. AHCA has created a [summary document](#) with a highlights section and preliminary overview of the payment updates, the SNF value-based purchasing (VBP) program proposed new components, the IMPACT Act quality reporting additions, and an overview of the payment reform discussion.

Highlights of CMS's proposed actions include:

Market Basket Update and SNF Value Based Purchasing Program (SNF VBP) – establishes a market basket increase of 2.4% percent. This figure is statutorily mandated by Congress. Based on proposed changes contained within this proposed rule, CMS indicates aggregate payments to SNFs will increase in FY 2019 by \$850 million, or 2.4 percent, from payments in FFY 2018. At the same time, CMS notes that the overall economic impact of the SNF Value-Based Purchasing Program (VBP) is an estimated reduction of \$211 million in aggregate payment to SNFs during FFY19.

Proposed New Payment System for FFY 2020 (October 1, 2019) – With a proposed effective date of October 1, 2019 (FFY 2020) CMS has proposed a new payment system, titled SNF Patient-Driven Payment Model that would replace the current RUGS-IV. Based on extensive stakeholder feedback, the PDPM proposal is a departure from last year's CMS's payment reform proposal (Resident Classification System Version 1 concept (RCS-1), though it maintains the same overall concept of nursing home payment reform.