

# **FY 2023 Proposed Payment Rule**

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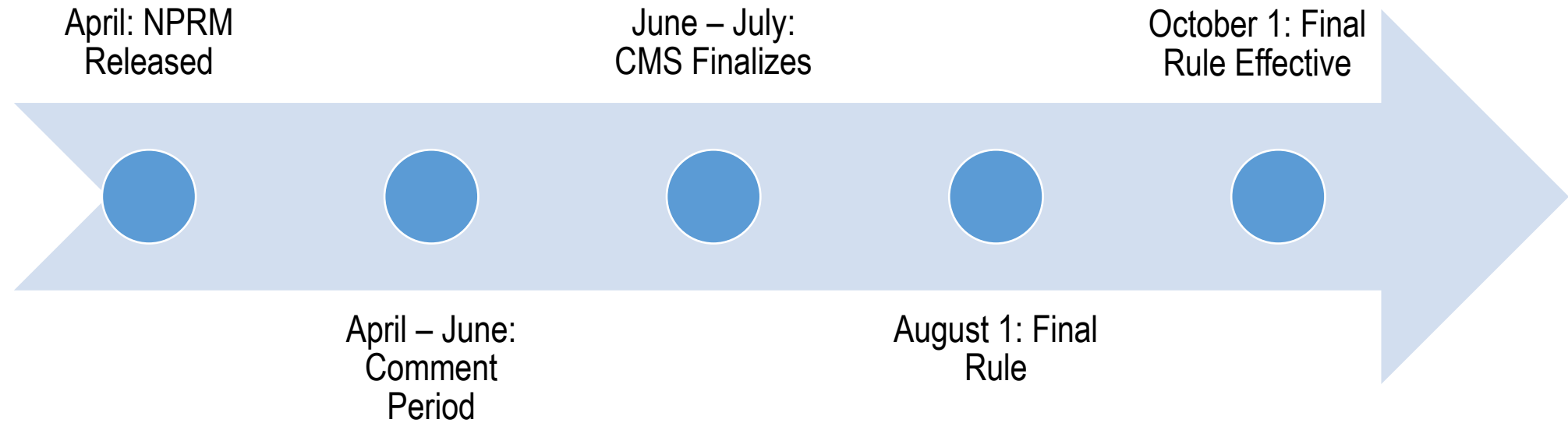
April 14, 2022

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# Annual Timeframe





# Understanding Parity Adjustment

- CMS Transitions from a Previous SNF Payment System to a New System in a **Budget Neutral** Manner
- **Budget Neutral** Means no More Medicare Dollars are Spent under the New System Than Spend Under the Old System
- **Parity Adjustment** is Payment Reduction Used When CMS Believes the Transition was not Budget Neutral

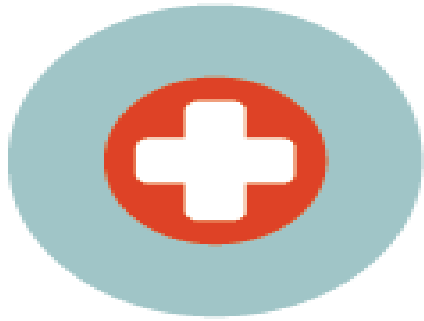
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**RUG Spending** < **PDPM Spending**



# FY 2022 Final Rule Refresher

- CMS proposed a parity adjustment of 5%
- CMS paused parity adjustment due to commenter concern about data adequacy and continued PHE impacts
- Noted would be revisited in FY 2023



# Market Basket Higher Than Normal but Proposed Parity Offsets

Market Basket Term	Figure
Unadjusted Market Basket	2.8%
Forecast Error	1.5%
Total Productivity Factor*	(0.4%)
<b>Adjusted Market Basket Before Proposed Parity Adjustment</b>	<b>3.9%</b>
Proposed Parity Adjustment	4.6%
<b>Possible Final Market Basket Update</b>	<b>(0.7%)</b>

*\*Bureau of Labor Statistics (BLS) moved to “Total Productivity Adjustment Factor” from “Multifactor Productivity Adjustment” – change in name, only*



# New Approach to Parity Adjustment

## Last year CMS estimated need for a 5% parity adjustment

- CMS excluded COVID and Waiver patients from analysis
- AHCA requested further refinements to account for
  - Patient acuity differences compared to 2019
  - COVID spillover impacts on all patients – especially during surges

## This year CMS revised the parity adjustment approach

- Excluded additional COVID patients
- Analyzed months prior to COVID or with low COVID



# CMS Revised Approach Findings – Using AHCA Recommended Approach

Data Period and Population	Adjustment Factor	Budget Impact (Reduction)
FY 2020 Data, Subset Population	4.9%	\$1.8 billion
FY 2021 Data, Subset Population	5.3%	\$1.9 billion
<b>Control Period Data, Subset Population</b>	<b>4.6%</b>	<b>\$1.7 billion</b>

- Reduced the proposed parity adjustment cut from 5% to 4.6%
- Resulted in a \$100-200 million smaller adjustment amount than using full-year FY 2020 or FY 2021 data



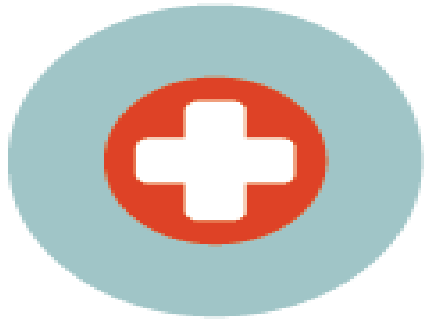
# SNF VBP Measures & Quality Reporting Program





# SNF VBP Proposed Changes

- Continue to suspend calculating a Rehospitalization Adjustment Factor due to PHE
- Adding three measures
  - Hospitalizations due to potentially avoidable infections (Oct 2025)
  - Total nursing Hours Per Resident Day (HPRD) (Oct 2025)
  - Discharge to Community (Oct 2026)
- Exclude SNFs with <25 Medicare FFS admissions per year



## SNF QRP Revisions

- Adding New Measure Oct 2024
  - Influenza Vaccination rates among Healthcare Personnel (HCP) using NHSN reporting
  - Applies to all Post acute providers
- Consider adding Customer Satisfaction for short stays using CoreQ satisfaction measure



# Request For Information: Establishing Mandatory Minimum Staffing Levels



## CMS is Seeking Input on...

- Which individuals should be considered direct care staff
- 17 specific questions as well as invite other aspects of staffing related considerations
- Comments from NH residents/caretakers, nursing staff, CNAs, physicians, NH admins, owners/operators, & researchers



AHCA Advocacy



# FY23 NPRM Action Plan – Started Before Release and Ongoing

NPRM Timeline	AHCA Advocacy
March – OMB Review	<ul style="list-style-type: none"><li>• Aggressive Hill Advocacy at All Levels</li><li>• OMB Meeting</li></ul>
April – NPRM Release	<ul style="list-style-type: none"><li>• Comment Development Begins</li><li>• Hill Advocacy Increases</li><li>• CLA State-by-State &amp; Phase 2 Report Released</li></ul>
May – Early June	<ul style="list-style-type: none"><li>• Early &amp; Final Comment Letters Submitted</li><li>• Ongoing Hill &amp; Administration Advocacy</li></ul>
June – Late July	<ul style="list-style-type: none"><li>• Ongoing Hill &amp; Administration Advocacy</li><li>• Final Rule Released</li></ul>



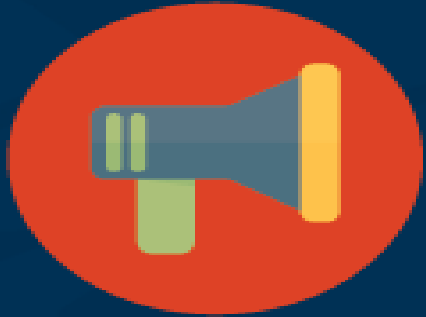
# Political Advocacy Detail – Asks Made Pre-Release and Will Continue Liaison

## Hill

Category 1	Champions and Allies – Particularly Those with Strong Ties to Administration
Category 2	Chamber and Committee Leadership

## Administration

- HHS Leadership
- Office of Management and Budget Leadership
- White House Domestic Policy Council



# CMS Requests Comments on Parity Adjustment





# Provider Comments

- Ask for the parity adjustment to be phased-in
- Explain from your own perspective how a reduction will impact patient care
- Explain the impacts of the workforce shortage; include details on how your residents are impacted

# Webinar on Tips for Commenting

Thursday, April 21 at 3:00 Eastern

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[Registration](#) now open for our webinar on how to draft and submit comments





# Comment Deadline is June 10

- Send through **Voter Voice**  
<https://www.votervoice.net/AHCA/Campaigns/93978/Respond>
- Or submit to **Regulations.gov**
  - <https://www.regulations.gov/document/CMS-2022-0069-0001>
  - Subject: FY 2023 Skilled Nursing Facility (SNFs) Prospective Payment System Rate Update and Quality Reporting Requirements (CMS-1765)
  - Please send copy to ACHA at [ahcaadvocacy@ahca.org](mailto:ahcaadvocacy@ahca.org)

**Post your questions in the chat**

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