

CAPITOL STREET

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SNF Rates 2025: +4.1%

Staffing Rules This Summer; Phase-In or Relaxed Rules Likely

Relevant Companies



The 211-page proposal can be found [here](#).

»» Our Take & Next Up

The proposed 2025 Medicare pay rule would provide +4.1% pay to skilled nursing facilities (SNFs). This reflects a \$1.3 B increase from the update to the payment rates. Urban and rural facilities to see +4.0% and +4.9%, respectively. For-profit facilities to see +4.0% as a whole. We anticipate staffing requirements in nursing homes to be released over the next few months with a likely phase-in or relaxation of rules given the workforce shortages and other challenges in the industry as a whole.

»» Key Points

The proposed FY 2025 SNF market basket percentage update is +4.1%, which includes a -0.4% productivity adjustment and a +1.7% market basket forecast error adjustment.

The proposal also includes two RFIs (Request for Information):

- **CMS proposes changes to [PDPM ICD-10 code mappings](#) for more accurate and appropriate primary diagnoses.** The proposed changes aim to enhance skilled intervention criteria during Part A SNF stays. The RFI is included for potential future updates to the Non-Therapy Ancillary (NTA) component.
- **CMS proposes changes to the Quality Reporting Program (QRP)**, including adding four new social determinants of health (SDOH) items and modifying one for SNF QRP. SNFs must also validate data submitted under SNF QRP starting FY 2027. The RFI is open for future quality measure concepts under consideration.

CMS proposes revisions to enhance nursing home enforcement authority for better safety and care quality to expand financial penalties for sustained correction of health and safety deficiencies. Proposed revisions allow CMS more flexibility in imposing per instance and per day penalties, reflecting health and safety impacts. CMS is seeking comments on how to better hold nursing homes accountable for failing to uphold care standards.

The Value-Based Purchasing Program (VBP) is being updated with operational and administrative updates. This includes updates to the measure retention and removal policy to better align with the policy in place in the SNF QRP. Administrative policy updates include updating the Review and Correction policy for Payroll-Based Journal (PBJ) and MDS data. CMS is additionally proposing an update to the case-mix methodology utilized as part of the Total Nurse Staffing measure.

Biden staffing ratio rules are likely coming out this summer. We anticipate that the rules will be softened or phased in due to a lack of staff and resources from beleaguered nursing homes, as well as other industry dynamics. See the 78-page [proposed rule here](#).

- **The administration is facing pressure to finalize regulations on minimum staffing ratio rules in preparation for a possible Republican Congress.** Included is the rule mandating minimum staffing levels at nursing homes. On April 18, 2023, Biden signed an [executive order](#) to create higher standards for staffing ratios for nursing homes. The implementation of the final rule is as follows. Note that the timelines for each phase differ between urban and rural facilities.
 - **Phase 1:** Enhanced facility assessment requirements, which go into effect 60 days after the publication date of the final rule for both urban and rural
 - **Phase 2:** RN must be onsite 24 hours and seven days/week two years after final rule release for urban facilities, three years for rural
 - **Phase 3:** Minimum staffing requirement of 0.55 and 2.45 HPRD for RNs and NAs, respectively, three years after publication for urban, five years for rural.

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