

# 2024 SNF Payment Outlook and Market Trends

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## Executive Summary

- Medicare Fee-for-Service Likely Stable – AHCA Taking Proactive Steps
- Medicare Advantage Will Continue to Expand but Federal Government Finally Acting
- Major Year for State Medicaid Agencies Including Transition to PDPM
- Exploring Population Health Management an Important Step to Prepare for Federal Government focus on Elimination of Fee-for-Service



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## Medicare Part A FY24 Payment Rule Outlook

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## Making Sense of FY23 Market Basket

The Numbers	Proposed Rule	Final Rule	Explanation In-Short
Unadjusted Market Basket	2.8%	3.9%	Updated Using New Cost and Inflation Data
Forecast Error – Inflation Driven	1.5%	1.5%	Accounts for Projected Increases and Decreases
Multifactor Productivity	(0.4%)	(0.3%)	ACA Required Adjustment
SUBTOTAL	3.9%	5.1%	Standard Adjusted Market Basket
Parity Adjustment	4.6%	2.3%	First of Two-Part Budget Neutrality Phase-In
FINAL MARKET BASKET	(0.7%)	2.7%	Applied to Base Rates

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## POSSIBLE Market Basket Update

The Numbers	Proposed Rule	Final Rule	Explanation In-Short
Unadjusted Market Basket	Estimated 3.2%	Final Numbers Change Between Proposed and Final	Updated Using New Cost and Inflation Data
Forecast Error – <b>Inflation Driven</b>	Estimated 1.5%		Inflation Projected Increases and Decreases
Multifactor Productivity	Estimated (0.4%)		ACA Required Adjustment
SUBTOTAL	4.3%		Standard Adjusted Market Basket
Parity Adjustment	2.3%		Second of Two-Part Budget Neutrality Phase-In
<b>FINAL MARKET BASKET</b>	<b>ESTIMATED 2.0%</b>		Applied to Base Rates

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## FY24 NPRM – No Serious Risks at This Point

Challenge	Proactive Strategies
Upcoding/Inappropriate Coding (Depression, Swallowing)	<ul style="list-style-type: none"> <li>- 36 States are Case Mix</li> <li>- Demonstrate Alignment with Services</li> </ul>
QRP Declines (Mobility, Self-Care, Function)	<ul style="list-style-type: none"> <li>- Demonstrate COVID/PHE Impacts</li> <li>- Highlight 3-Day Waiver Impacts</li> <li>- Compare 5-Day Assessment with End of Medicare Stay Assessment</li> </ul>
Market Basket Adequacy	<ul style="list-style-type: none"> <li>- Milliman Study on Data Used and Calculation Approach</li> <li>- Partnering with Other Associations</li> </ul>



### Meetings with Three CMS Divisions Underway

- Prospective Payment System
- Clinical Standards and Quality
- Office of the Actuary



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## Market Basket Advocacy

- Labor Data Lags by Two Years
- Assumptions About Mix of Labor Categories and Type of Labor Over 10 Years Old
  - RN, LPN, CNA Mix
  - Use of Contract Labor

Milliman Study Will Examine Market Basket Construction, including Impacts of Forecast Error, with the Goal of Arriving at a More Accurate Labor Update

- CMS Struggling with Solutions
- Medicare Advisory Commission to Congress Recognizes Challenge

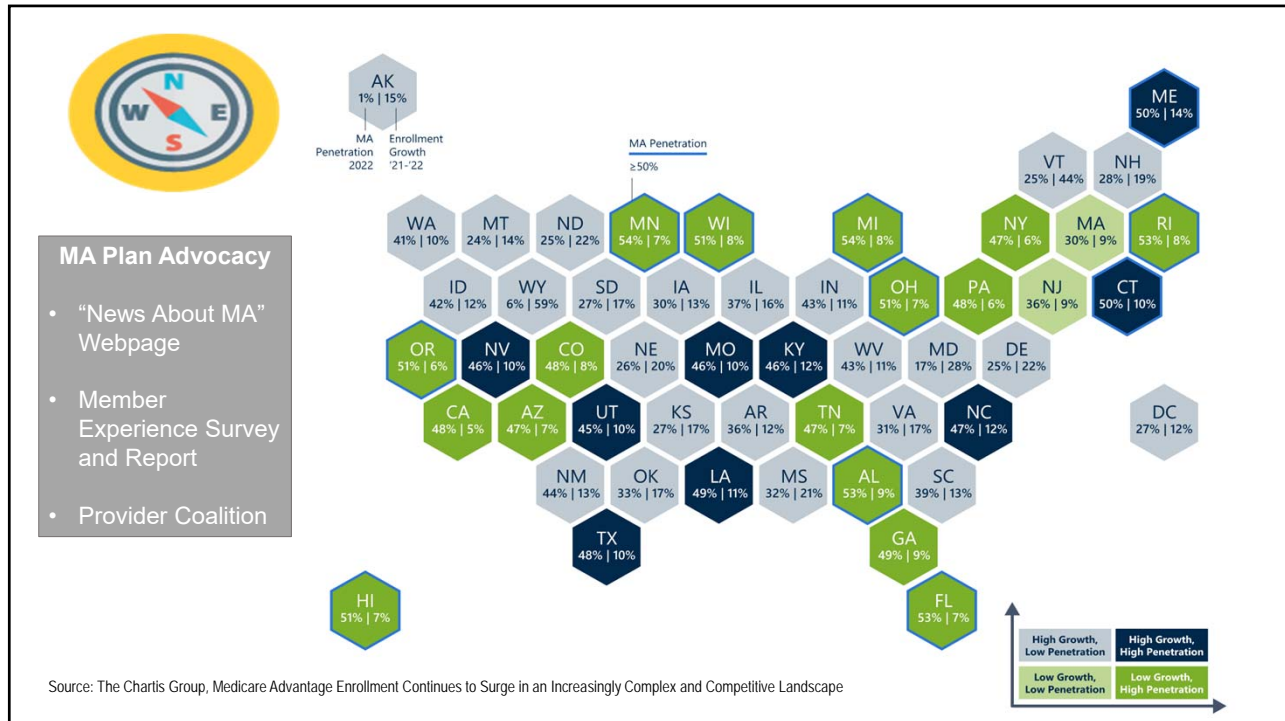


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## Medicare Advantage

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## Congress and CMS Beginning to Recognize Issues

- Congressional Request that CMS Update MA Plan Marketing Practice Guidelines
- Preliminary CMS Action on Plan Payment Issues – 12/14/22 Proposed Rule
  - Prior Authorizations
  - Denials
  - Public Reporting
  - Data Exchange

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## Medicaid – Major Year

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## State Changes Impacting Reimbursement

Medicaid Policy/Program Effort	Outlook
<ul style="list-style-type: none"> <li>Section 1902(a)(30)(A) – Payment &amp; Access</li> </ul>	<ul style="list-style-type: none"> <li>In Development and Probable</li> <li>Help Only if Access to NF a Problem</li> </ul>
<ul style="list-style-type: none"> <li>Upper Payment Limit (UPL) Demonstration</li> </ul>	<ul style="list-style-type: none"> <li>New Guidance Released</li> <li>Mixed but Could Limit Rate Increases</li> </ul>
<ul style="list-style-type: none"> <li>Medicaid Unwinding &amp; Redeterminations</li> </ul>	<ul style="list-style-type: none"> <li>CMS working with States, Now</li> </ul>
<ul style="list-style-type: none"> <li>Medicaid/Medicare Eligibility Proposed Rule</li> </ul>	<ul style="list-style-type: none"> <li>Helpful but at Challenging Time</li> </ul>
<ul style="list-style-type: none"> <li>Section 1115 Waiver Budget Neutrality Review</li> </ul>	<ul style="list-style-type: none"> <li>Big Picture CMS and State Dialogue</li> <li>Could Limit Rate Increases</li> </ul>
<ul style="list-style-type: none"> <li>Push to Convert to PDPM-Based Medicaid Rates</li> </ul>	<ul style="list-style-type: none"> <li>Driven by UPL Issues</li> <li>Mixed Impacts – State Specific</li> <li>Work Group with Myers and Stauffer</li> </ul>
<ul style="list-style-type: none"> <li>Medicaid Cash Cliff and Unwinding</li> </ul>	<ul style="list-style-type: none"> <li>Mixed Impacts</li> </ul>

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## So, What to Provider do About All of This Confusing Stuff?

### Medicaid Unwinding

- Support VHCA with Medicaid Unwinding Advocacy Efforts
- Begin Local and In-Building Work, Now
  - What is your Local Department of Social Services Eligibility Determination Unit Doing Now?
  - What is Your Process for Educating Residents and Families about Upcoming Medicaid Redetermination? CMS Resources:



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## Resources for States, Providers and Beneficiaries

- In March, CMS launched a new webpage that serves as a **one-stop-shop for resources and tools as states and partners** prepare for unwinding.
- All resources and tools can be found at: [Medicaid.gov/unwinding](https://www.Medicaid.gov/unwinding).
- The page will be updated with new tools as they are released.

The screenshot shows the Medicaid.gov website with the following content:

**Medicaid.gov**  
Keeping America Healthy

Navigation: Federal Policy Guidance | Resources for States | Medicaid | CHIP | Basic Health Program | State Overviews | About Us

Home » Resources for States » Coronavirus Disease 2019 (COVID-19) » Unwinding and Returning to Regular Operations after COVID-19

**Unwinding and Returning to Regular Operations after COVID-19**

The expiration of the continuous coverage requirement authorized by the Families First Coronavirus Response Act (FFCRA) presents the single largest health coverage transition event since the first open enrollment period of the Affordable Care Act. As a condition of receiving a temporary 6.2 percentage point Federal Medical Assistance Percentage (FMAP) increase under the FFCRA, states have been required to maintain enrollment of nearly all Medicaid enrollees. When the continuous coverage requirement expires, states will have up to 12 months to return to normal eligibility and enrollment operations.

Additionally, many other temporary authorities adopted by states during the COVID-19 public health emergency (PHE), including Section 1135 waivers and disaster relief state plan amendments (SRAs), will expire at the end of the PHE, and states will need to plan for a return to regular operations across their programs. CMS will continue to update this page as additional tools and resources are released.

**Unwinding Guidance**

- [Promoting Continuity of Coverage and Distributing Eligibility and Enrollment Workload in Medicaid, the Children's Health Insurance Program \(CHIP\), and Basic Health Program \(BHP\) Upon Conclusion of the COVID-19 Public Health Emergency \(PDF, 815.14 KB\) \(Posted 3/3/2022\)](#)



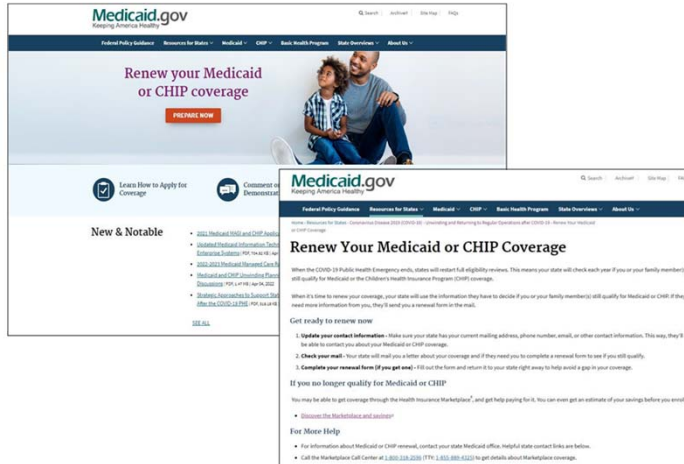
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## Resource Page for Medicaid & CHIP Beneficiaries

- In May, CMS made unwinding-related updates to the Medicaid.gov homepage and launched a new website that serves as a **one-stop-shop for Medicaid and CHIP enrollees to learn about unwinding, get connected to their state agency, and find help.**
- The enrollee resource page is available at: [Medicaid.gov/renewals](https://www.Medicaid.gov/renewals).



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## Bigger Picture, What Else Can We Work on, Now?

### Revenue Cycle Management

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## REVENUE CYCLE MANAGEMENT ACADEMY

Successful Admissions and Discharges

Interdisciplinary Documentation and Coding

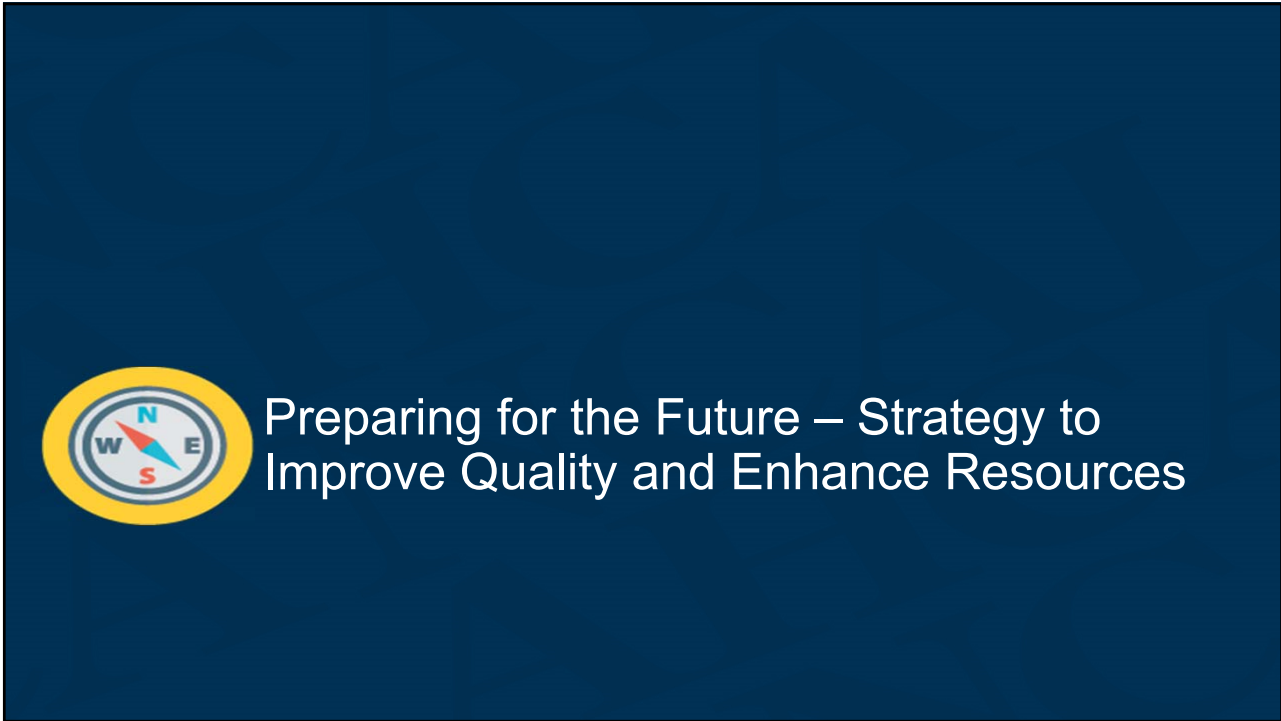
Billing, Corrections, and Compliance

Securing Payment for Quality Patient Care

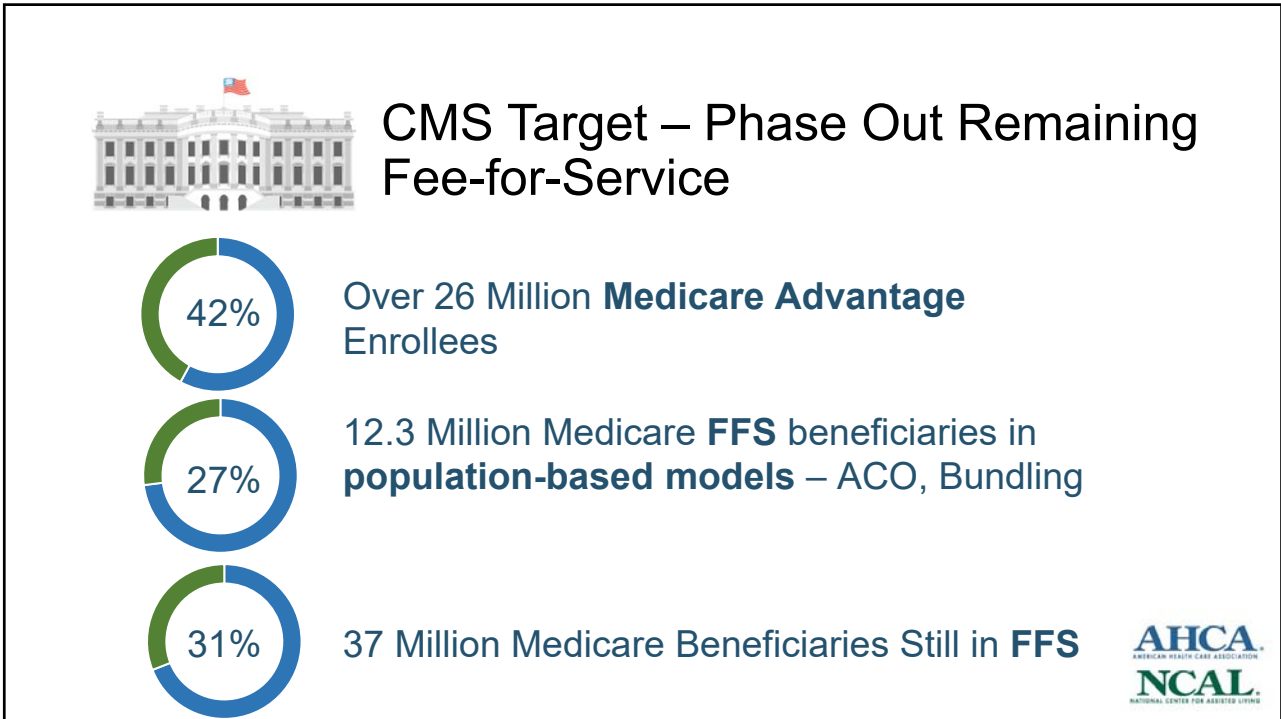


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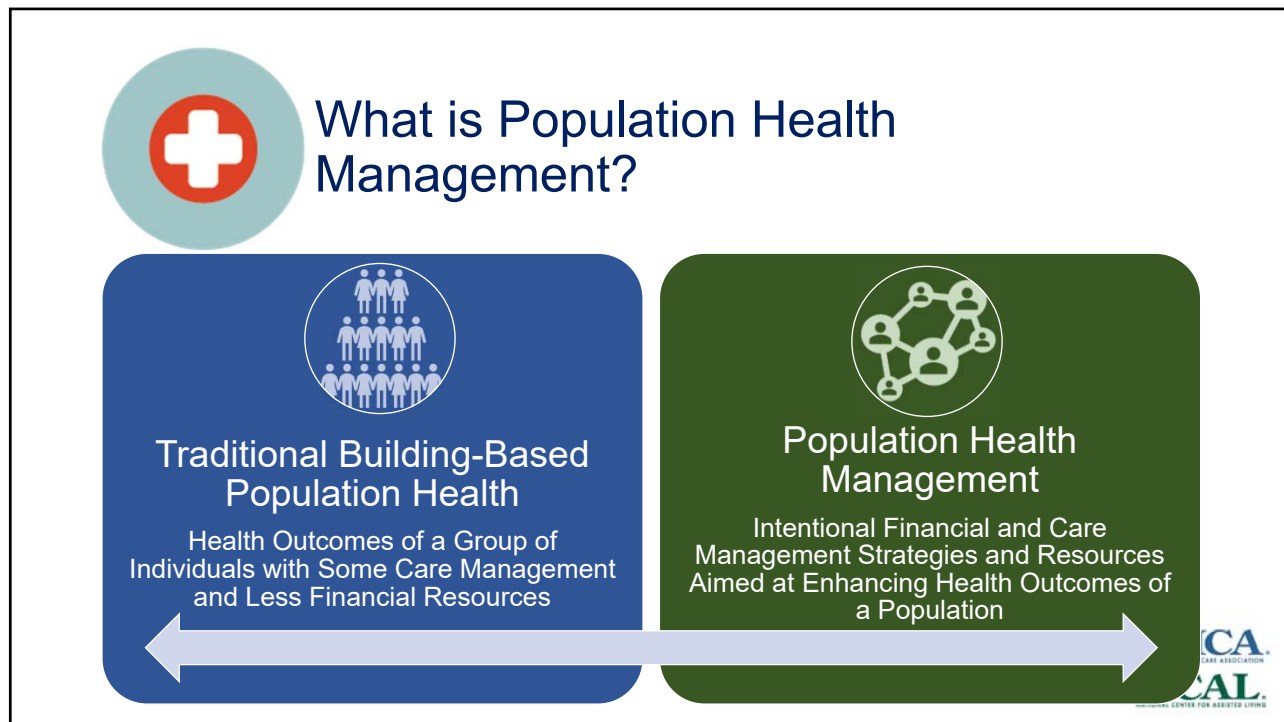




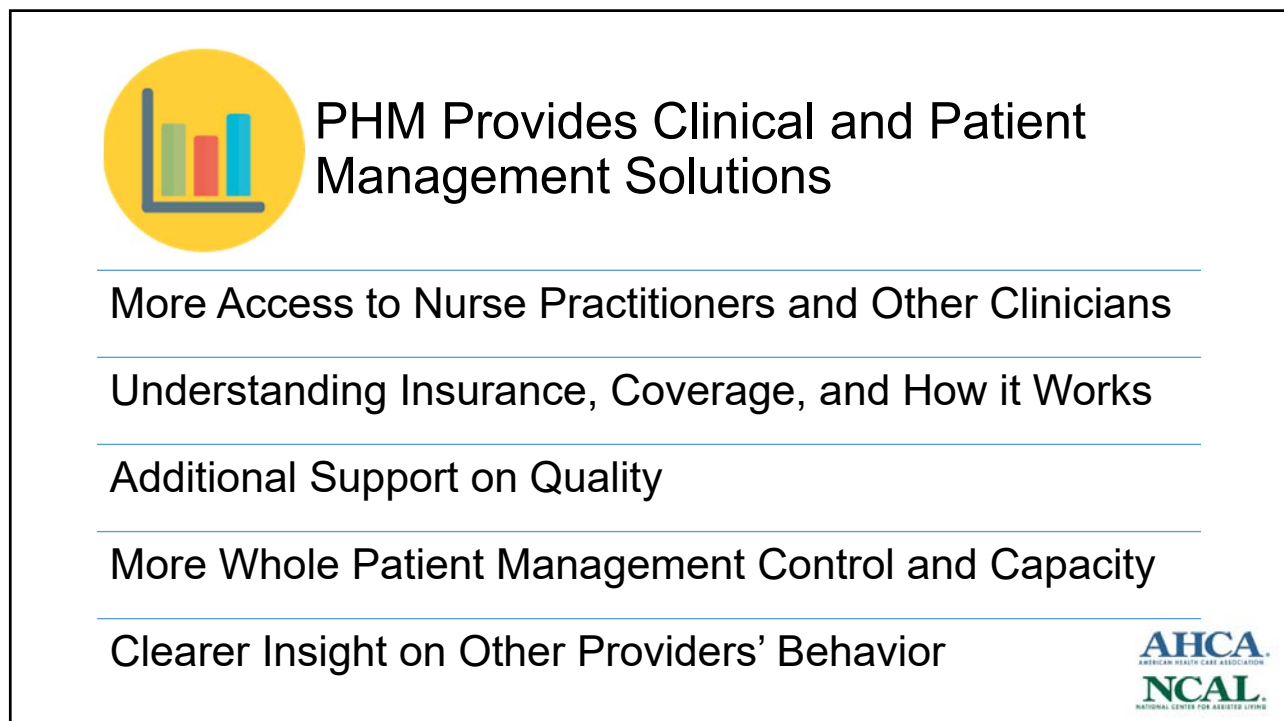
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# PHM Models – Solutions for Changing Population and Payers

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## How to Participate in Population Health


*Outlining your goals will help clarify the best approach for you*

No or minimal financial risk	Lower financial risk		Higher financial risk	
	<p>Network</p>  <p>PHM Innovation Center &amp; PHM Summit</p> 	<p>Partner with a traditional insurer or ACO (Non-owner/ delegated entity)</p> 	<p>Partner with Provider-Owned Health Plan or LTC ACO (Owner/Non-owner/ delegated entity)</p> 	<p>Partner with TPA/Investor/existing plan (Owner/delegated entity)</p> 

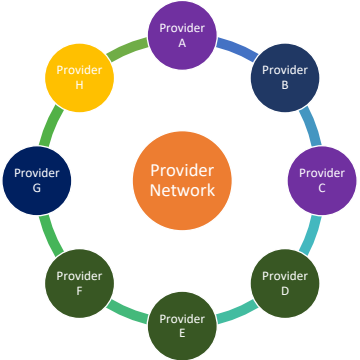
Key Differences: Ownership of plan, ownership of care management, risk



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## What Are Provider Networks?




**Provider Networks Are:**


- Joint venture of independent providers to work together on plan contracting – like an IPA (Independent Physician Association)
- Focus on enhancing quality outcomes and creating value-based reimbursement opportunities
- Rate negotiation under very specific circumstances

**Provider Networks Are NOT:**

- Broker solely for access to payer contracts
- Institutional Special Needs Plan (I-SNP)
- Automatically a payer's exclusive network for achieving network adequacy
- Automatically a preferred provider network






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## Network Owned and Directed by Network Membership

**State Provider Network, LLC**

-  Board of Network Members
-  Membership Criteria Developed by Board
-  Funding from Member Dues

**State Affiliate** -----

**AHCA/NCAL Delivers Consultation and Pre-Development Work at No Cost to the Association and No Commitment to Act on Study**



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## Value to Typical Non-SNF Providers

Provider Types	Network Value
<ul style="list-style-type: none"> <li>• Medicaid Assisted Living</li> <li>• Assisted Living with Medicare Lines of Business</li> <li>• Private Pay-Only Assisted Living</li> </ul>	<ul style="list-style-type: none"> <li>• Medicaid MCO – Referrals, Quality, Rates</li> <li>• AL with Medicare Lines of Business                             <ul style="list-style-type: none"> <li>• Short-Term ACO and Institutional Equivalent SNPs and MA Plan Negotiations in the Long-Term</li> <li>• Potential New Revenue Stream</li> </ul> </li> <li>• Private Pay                             <ul style="list-style-type: none"> <li>• Insights into MA Plan Views, Referrals</li> <li>• Example: MA Plan Monitor Beneficiary Costs in AL</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Medicaid HCBS/Personal Care</li> <li>• Medicare Home Health and Hospice</li> <li>• Private Pay Home Health, Hospice, Personal Care</li> </ul>	<ul style="list-style-type: none"> <li>• Medicaid MCO – Referrals, Quality, Rates</li> <li>• Medicare Home Health and Hospice                             <ul style="list-style-type: none"> <li>• Short-Term ACO and Institutional Equivalent SNPs and MA Plan Negotiations in the Long-Term</li> </ul> </li> <li>• Non-Medicaid                             <ul style="list-style-type: none"> <li>• Insights into Plan Views, Referrals</li> <li>• Example: MA Plan Monitor Beneficiary Costs</li> </ul> </li> </ul>

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## Provider-Owned Networks Opportunities

### Immediate

- Partnership with Medicare Advantage organizations on ISNP/IESNP/CSNP
- Referrals from other network SNF providers
- Data collection

### Short Term


- Long Term Care ACO
- Other ACO/MSSP relationships

### Long Term

- Participation in bundled payments
- Ownership/Leadership in PHM models ISNPs/ACOs




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# Provider-Led Special Needs Plans

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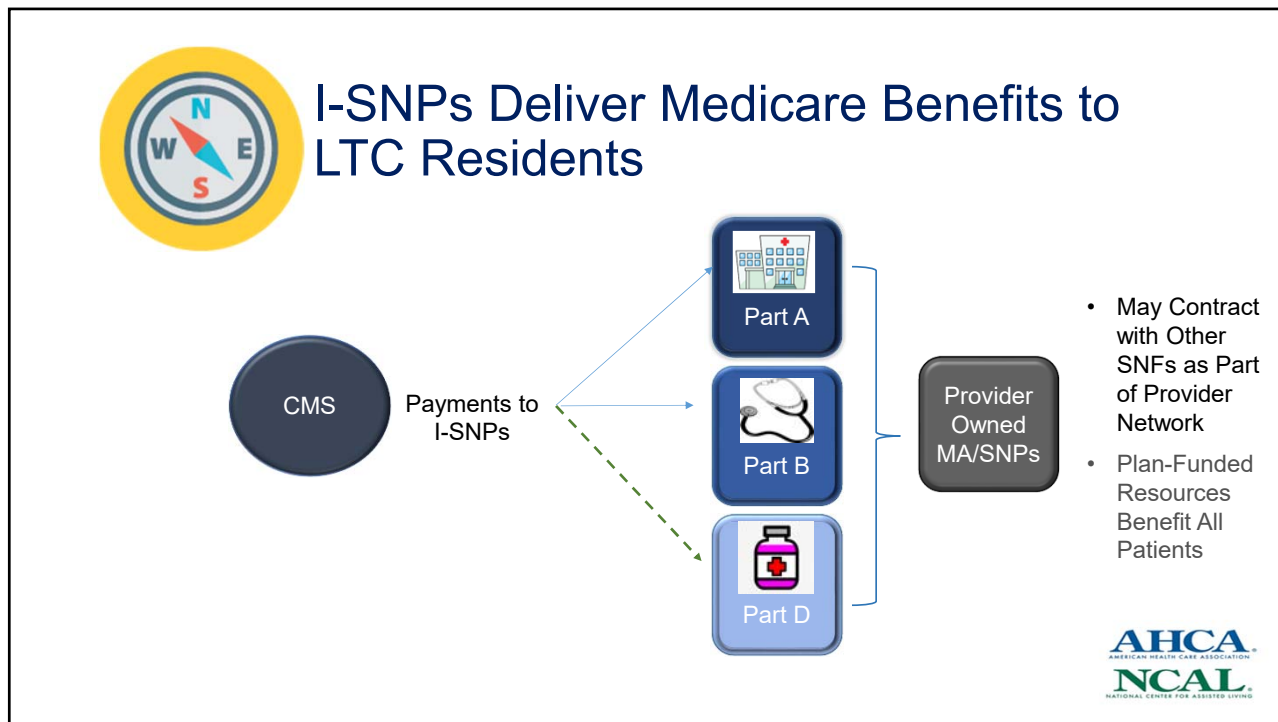


## Special Needs Plans are a Type of Medicare Advantage Plan

Institutional/ Institutional Equivalent SNPs	Chronic Condition SNPs	Dual Eligible SNPs
<p>❖ <b>Eligible Beneficiaries:</b></p> <ul style="list-style-type: none"> <li>✓ Reside in a nursing facility or expected to for at least 90 days</li> <li>✓ Meet a nursing facility level of care but live in AL or general community</li> </ul> <p>❖ <b>Covered Services:</b></p> <ul style="list-style-type: none"> <li>✓ Medicare Part A, Part B and Part D</li> </ul>	<p>❖ <b>Eligible Beneficiaries:</b></p> <ul style="list-style-type: none"> <li>✓ Must have a diagnosis of one of the 15 CMS approved chronic conditions (e.g. Alzheimer's disease, COPD, CHF, Diabetes, etc.)</li> </ul> <p>❖ <b>Covered Services:</b></p> <ul style="list-style-type: none"> <li>✓ Medicare Part A, Part B and Part D</li> </ul>	<p>❖ <b>Eligible Beneficiaries;</b></p> <ul style="list-style-type: none"> <li>✓ Qualify for both Medicare and Medicaid</li> </ul> <p>❖ <b>Covered Services:</b></p> <ul style="list-style-type: none"> <li>✓ Medicare Part A, Part B, Part D and Medicaid</li> </ul>



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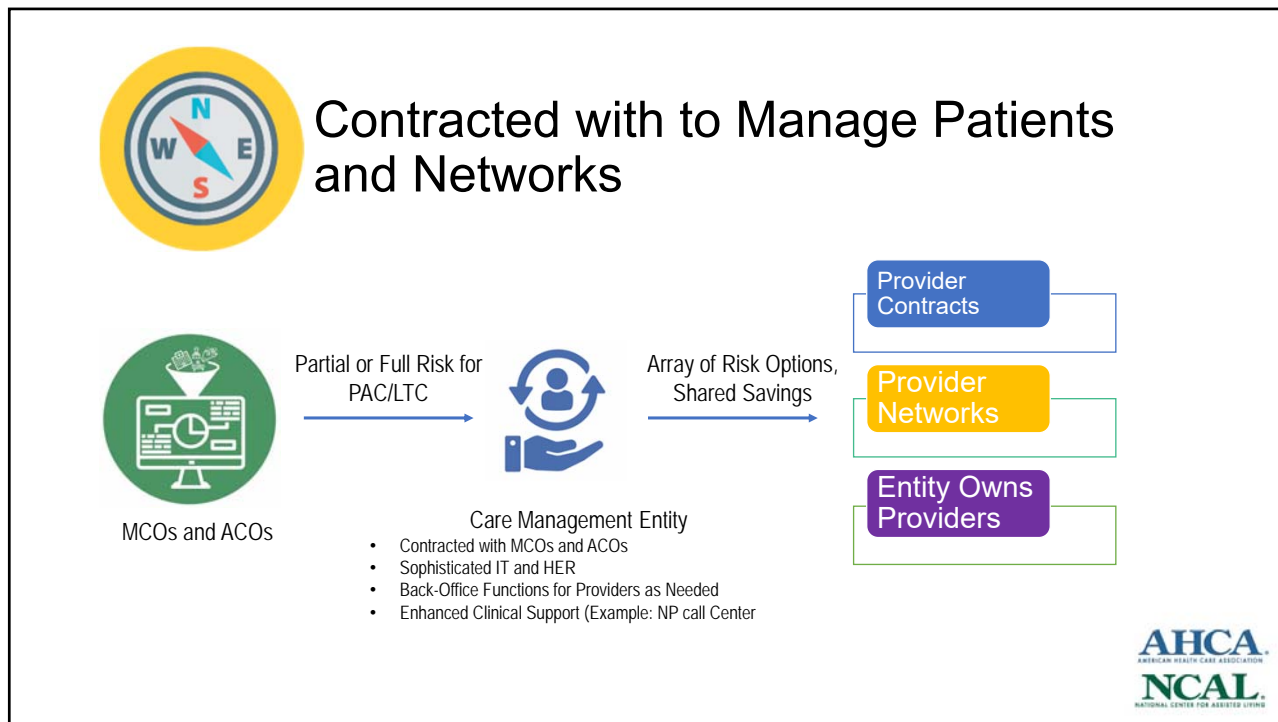


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**Risk-Bearing Care Management**

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**This is a Lot to Absorb – What do We do with All of This When Staffing is All we Can Tackle?**

**Population Health Management Innovation Lab**

- 20 Minute Pre-Recorded Webinars and Issue Briefs
- AHCA/NCAL Technical Assistance Available Upon Request

Incremental Education and Exploration at Your Own Pace

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