

“A Knowledgeable and Compassionate partner”



BRR Insiders

SNF PPS FY 2023

Final Rule: Rate setting

Joel VanEaton, BSN, RN, RAC-CTA, Master Teacher:
Executive Vice President of Compliance and Regulatory Affairs

Renee Kinder, MS, CCC-SLP, RAC-CT:
Executive Vice President of Clinical Services



APPROVAL STATEMENT DISCLOSURE

- This nursing continuing professional development activity was approved by Broad River Rehab, an accredited approver by the American Nurses Credentialing Center's Commission on Accreditation.
- This course has been approved for 1.5 contact hours.

CONFLICT OF INTEREST DISCLOSURE

- Broad River Rehab is not charging for this educational offering and has no financial or other conflicts of interest regarding this program.

SUCCESSFUL COMPLETION REQUIREMENTS

- **Live, in-person**
 - In order to obtain nursing contact hours, you must attend the entire activity, participate in case study analysis, and complete the evaluation.
- **Live, virtual**
 - In order to obtain nursing contact hours, you must participate in the entire program, participate in audience polling and/or Q&A and complete the evaluation.
- **Web-Based/On-Demand**
 - In order to obtain nursing contact hours, you must view the entire program, and complete the evaluation.

DISCLOSURE OF THE EXPIRATION DATE FOR AWARDING CONTACT HOURS FOR ENDURING PROGRAMS

- Contact hours for this program will not be awarded after September 25, 2022



Agenda

FY 2023 SNF PPS Final Rule

- FY 2023 Updates to the SNF Payment Rates
- Wage Index Adjustments
- Methodology for Recalibrating the PDPM Parity Adjustment
- Rate Calculation specifics
- Financial impact

FY 2023 Updates to the SNF Payment Rates

- **Market Basket Update**

- Every year CMS updates the PPS rate based on changes in the Market Basket (the overall cost of goods and services that contribute to expenditures required to run and maintain a nursing facility). This is then adjusted by a forecast error adjustment and multi-factor productivity adjustment as applicable. For the FY 2023 market basket updates, CMS will use second quarter 2022 forecast (with historical data through the first quarter of 2022) of the 2018-based SNF market basket
- For FY 2023, CMS determined an update to the Market Basket of 3.9%.
- This has been adjusted upward to 5.4% due to a 1.5% forecast error adjustment (0.5% threshold).

TABLE 2: Difference Between the Actual and Forecasted Market Basket Increases for FY 2021

Index	Forecasted FY 2021 Increase*	Actual FY 2021 Increase**	FY 2021 Difference
SNF	2.2	3.7	1.5

*Published in Federal Register; based on second quarter 2020 IGI forecast (2014-based index).

** Based on the second quarter 2022 IGI forecast.

- Finally, the FY 2023 Market Basket update has been adjusted to 5.1% due to a 0.3% Productivity Adjustment (the 10-year moving average of changes in annual economy-wide private nonfarm business multi-factor productivity).

FY 2023 Updates to the SNF Payment Rates

FY 2022 Base Rates

TABLE 4: FY 2022 Unadjusted Federal Rate Per Diem—URBAN

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	\$62.82	\$58.48	\$23.45	\$109.51	\$82.62	\$98.07

TABLE 5: FY 2022 Unadjusted Federal Rate Per Diem—RURAL

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	\$71.61	\$65.77	\$29.55	\$104.63	\$78.93	\$99.88

FY 2023 Base Rates

TABLE 3: FY 2023 Unadjusted Federal Rate Per Diem—URBAN

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	\$66.06	\$61.49	\$24.66	\$115.15	\$86.88	\$103.12

TABLE 4: FY 2023 Unadjusted Federal Rate Per Diem—RURAL

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	\$75.30	\$69.16	\$31.07	\$110.02	\$83.00	\$105.03

FY 2023 Updates to the SNF Payment Rates

- **Parity Adjustment**

- CMS has finalized a 4.6% parity adjustment based on the difference in expected expenditures under PDPM vs. RUG IV, producing essentially a 4.6% reduction to the PDPM category CMI phased in over 2 Fiscal Years with a 2.3% reduction in both FY 2023 and 2024.
- CMS indicates the overall economic impact will be -\$780 million in aggregate payments to SNFs for FY 2023.
- **This does not include** wage index adjustments, VBP incentive payments, QRP non-compliance APU adjustments or Sequestration.

- **Overall Impact**

- As a result, CMS estimates that the aggregate impact of the provisions in this final rule will result in an estimated net increase in SNF payments of 2.7 percent, or \$904 million, for FY 2023.
- This reflects a 5.1 percent increase from the final update to the payment rates and a 2.3 percent decrease from the reduction to the SNF payment rates to account for the recalibrated parity adjustment.

FY 2023 Updates to the SNF Payment Rates

Urban Case Mix Adjusted Rates and Associated indexes

**TABLE 5: PDPM Case-Mix Adjusted Federal Rates and Associated Indexes—URBAN
(Including the Parity Adjustment Recalibration)**

PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
A	1.49	\$98.43	1.45	\$89.16	0.66	\$16.28	ES3	3.95	\$454.84	3.15	\$273.67
B	1.65	\$109.00	1.59	\$97.77	1.77	\$43.65	ES2	2.99	\$344.30	2.46	\$213.72
C	1.83	\$120.89	1.64	\$100.84	2.60	\$64.12	ES1	2.85	\$328.18	1.79	\$155.52
D	1.87	\$123.53	1.49	\$91.62	1.42	\$35.02	HDE2	2.33	\$268.30	1.29	\$112.08
E	1.38	\$91.16	1.37	\$84.24	2.28	\$56.22	HDE1	1.94	\$223.39	0.93	\$80.80
F	1.57	\$103.71	1.56	\$95.92	2.90	\$71.51	HBC2	2.18	\$251.03	0.70	\$60.82
G	1.62	\$107.02	1.60	\$98.38	1.98	\$48.83	HBC1	1.81	\$208.42	-	-
H	1.13	\$74.65	1.12	\$68.87	2.78	\$68.55	LDE2	2.02	\$232.60	-	-
I	1.10	\$72.67	1.15	\$70.71	3.43	\$84.58	LDE1	1.68	\$193.45	-	-
J	1.38	\$91.16	1.41	\$86.70	2.91	\$71.76	LBC2	1.67	\$192.30	-	-
K	1.48	\$97.77	1.50	\$92.24	3.60	\$88.78	LBC1	1.39	\$160.06	-	-
L	1.06	\$70.02	1.08	\$66.41	4.10	\$101.11	CDE2	1.82	\$209.57	-	-
M	1.24	\$81.91	1.26	\$77.48	-	-	CDE1	1.58	\$181.94	-	-
N	1.44	\$95.13	1.46	\$89.78	-	-	CBC2	1.51	\$173.88	-	-
O	1.51	\$99.75	1.51	\$92.85	-	-	CA2	1.06	\$122.06	-	-
P	1.05	\$69.36	1.06	\$65.18	-	-	CBC1	1.30	\$149.70	-	-
Q	-	-	-	-	-	-	CA1	0.91	\$104.79	-	-
R	-	-	-	-	-	-	BAB2	1.01	\$116.30	-	-
S	-	-	-	-	-	-	BAB1	0.96	\$110.54	-	-
T	-	-	-	-	-	-	PDE2	1.53	\$176.18	-	-
U	-	-	-	-	-	-	PDE1	1.43	\$164.66	-	-
V	-	-	-	-	-	-	PBC2	1.19	\$137.03	-	-
W	-	-	-	-	-	-	PA2	0.69	\$79.45	-	-
X	-	-	-	-	-	-	PBC1	1.10	\$126.67	-	-
Y	-	-	-	-	-	-	PA1	0.64	\$73.70	-	-

FY 2023 Updates to the SNF Payment Rates

Rural Case Mix Adjusted Rates and Associated indexes

TABLE 6: PDPM Case-Mix Adjusted Federal Rates and Associated Indexes—RURAL (Including the Parity Adjustment Recalibration)

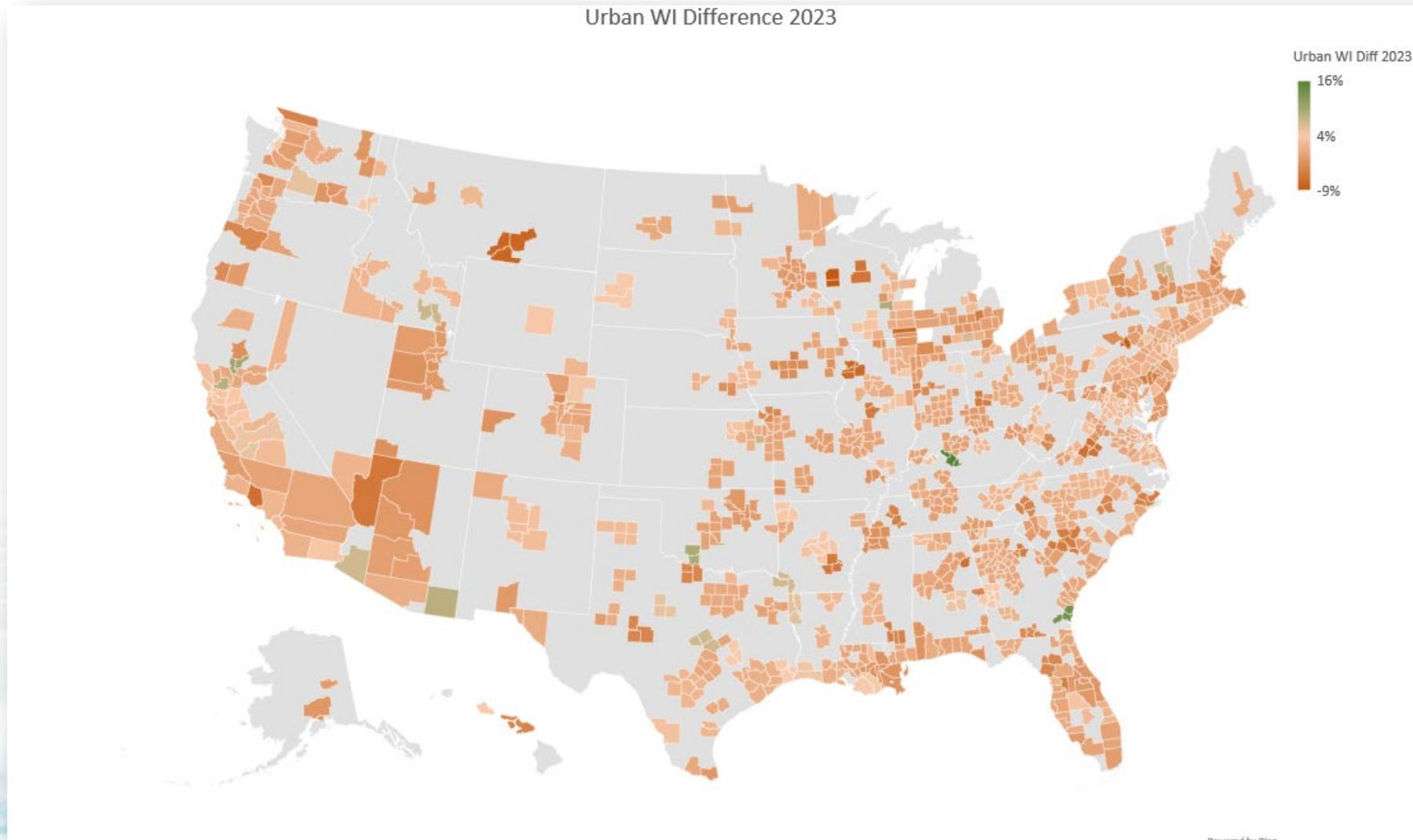
PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
A	1.49	\$112.20	1.45	\$100.28	0.66	\$20.51	ES3	3.95	\$434.58	3.15	\$261.45
B	1.65	\$124.25	1.59	\$109.96	1.77	\$54.99	ES2	2.99	\$328.96	2.46	\$204.18
C	1.83	\$137.80	1.64	\$113.42	2.60	\$80.78	ES1	2.85	\$313.56	1.79	\$148.57
D	1.87	\$140.81	1.49	\$103.05	1.42	\$44.12	HDE2	2.33	\$256.35	1.29	\$107.07
E	1.38	\$103.91	1.37	\$94.75	2.28	\$70.84	HDE1	1.94	\$213.44	0.93	\$77.19
F	1.57	\$118.22	1.56	\$107.89	2.90	\$90.10	HBC2	2.18	\$239.84	0.70	\$58.10
G	1.62	\$121.99	1.60	\$110.66	1.98	\$61.52	HBC1	1.81	\$199.14	-	-
H	1.13	\$85.09	1.12	\$77.46	2.78	\$86.37	LDE2	2.02	\$222.24	-	-
I	1.10	\$82.83	1.15	\$79.53	3.43	\$106.57	LDE1	1.68	\$184.83	-	-
J	1.38	\$103.91	1.41	\$97.52	2.91	\$90.41	LBC2	1.67	\$183.73	-	-
K	1.48	\$111.44	1.50	\$103.74	3.60	\$111.85	LBC1	1.39	\$152.93	-	-
L	1.06	\$79.82	1.08	\$74.69	4.10	\$127.39	CDE2	1.82	\$200.24	-	-
M	1.24	\$93.37	1.26	\$87.14	-	-	CDE1	1.58	\$173.83	-	-
N	1.44	\$108.43	1.46	\$100.97	-	-	CBC2	1.51	\$166.13	-	-
O	1.51	\$113.70	1.51	\$104.43	-	-	CA2	1.06	\$116.62	-	-
P	1.05	\$79.07	1.06	\$73.31	-	-	CBC1	1.30	\$143.03	-	-
Q	-	-	-	-	-	-	CA1	0.91	\$100.12	-	-
R	-	-	-	-	-	-	BAB2	1.01	\$111.12	-	-
S	-	-	-	-	-	-	BAB1	0.96	\$105.62	-	-
T	-	-	-	-	-	-	PDE2	1.53	\$168.33	-	-
U	-	-	-	-	-	-	PDE1	1.43	\$157.33	-	-
V	-	-	-	-	-	-	PBC2	1.19	\$130.92	-	-
W	-	-	-	-	-	-	PA2	0.69	\$75.91	-	-
X	-	-	-	-	-	-	PBC1	1.10	\$121.02	-	-
Y	-	-	-	-	-	-	PA1	0.64	\$70.41	-	-

Wage Index Adjustments

- **Wage Index**

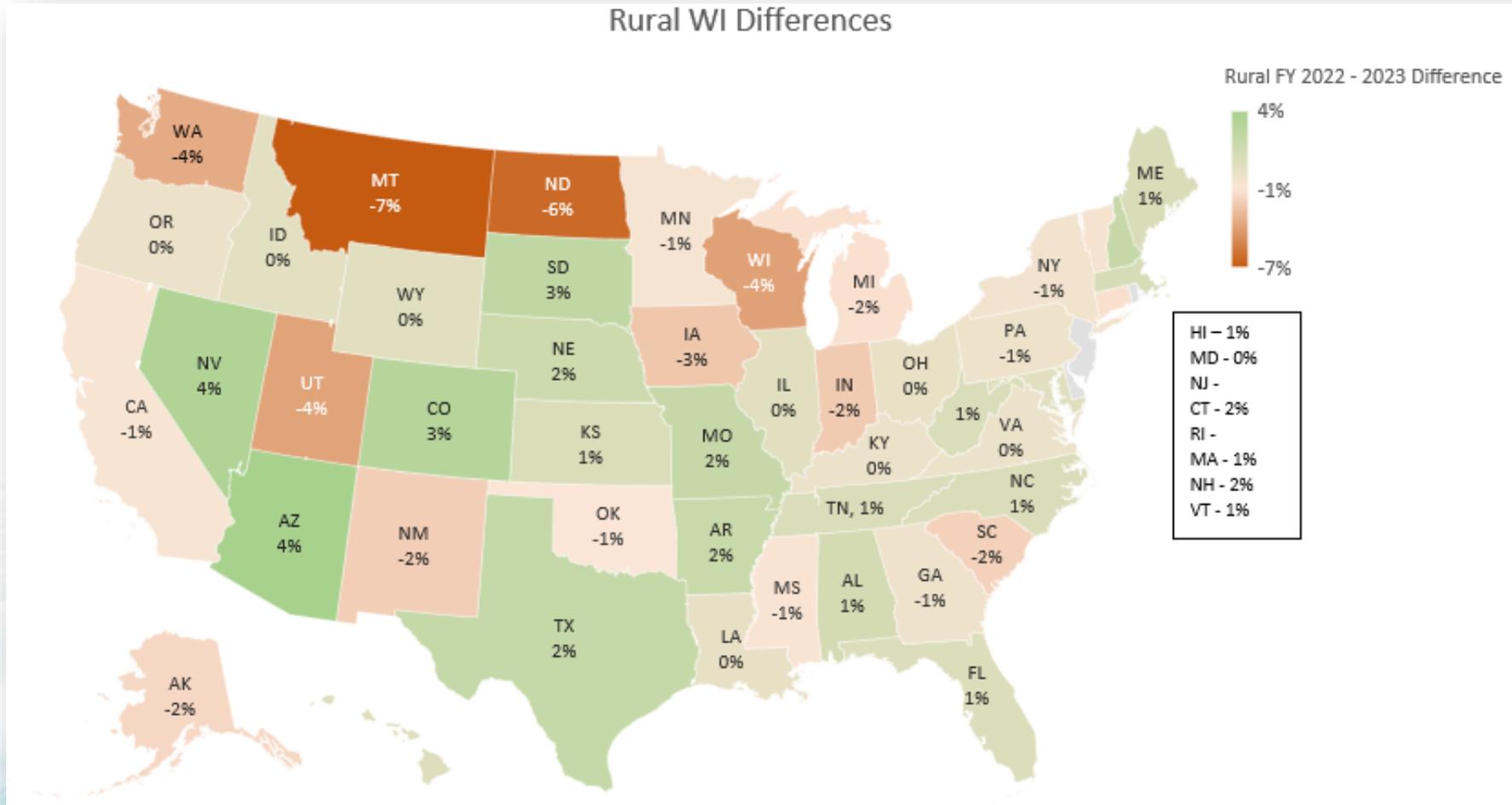
- CMS is required to adjust the Federal rates to account for differences in area wage levels, using a wage index that the Secretary determines appropriate.
- Since the inception of the SNF PPS, CMS has used hospital inpatient wage data in developing a wage index to be applied to SNFs. CMS will continue this practice for FY 2023,
- CMS continues to believe that in the absence of SNF-specific wage data, using the hospital inpatient wage index data is appropriate and reasonable for the SNF PPS.
- The final wage index data for FY 2023 can be found at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/WageIndex>
- CMS recognizes that changes to the wage index have the potential to create instability and significant negative impacts on certain providers even when labor market areas do not change. In addition, year-to-year fluctuations in an area's wage index can occur due to external factors beyond a provider's control, such as the COVID–19 public health emergency (PHE).
- For FY 2023 and subsequent years, CMS is finalizing a permanent 5 percent cap on any decreases to a provider's wage index from its wage index in the prior year, regardless of the circumstances causing the decline. **Subsequent year adjustments will be based on any applicable 5% cap from the prior year.**
- The wage index adjusts the labor related portion of the case mix adjusted base rate.

FY 2022 to 2023 WI Changes (Urban)



45% of counties will experience a reduction in their wage index. 5% of counties will be capped at 5%.

FY 2022 to 2023 WI Changes (Rural)



40% of states will have a negative WI adjustment. And 4% will be capped at 5%

Wage Index Adjustments

- **Labor Related Share of the Rate**

- CMS defines the labor-related share (LRS) as those expenses that are labor-intensive and vary with, or are influenced by, the local labor market. Each year, CMS calculates a revised labor related share based on the relative importance of labor-related cost categories in the input price index. Effective for FY 2023, CMS is will revise and update the labor-related share to reflect the relative importance of the 2018-based SNF market basket cost categories that they believe are labor-intensive and vary with, or are influenced by, the local labor market.

These are:

- (1) Wages and Salaries (including allocated contract labor costs as described above);
- (2) Employee Benefits (including allocated contract labor costs as described above);
- (3) Professional fees: Labor-related;
- (4) Administrative and Facilities Support Services;
- (5) Installation, Maintenance, and Repair Services;
- (6) All Other: Labor-Related Services; and
- (7) a proportion of capital-related expenses.

Labor Related Portion of the Rate (Cont.)

For this final rule, CMS is basing the labor-related share for FY 2023, based on IGI's second quarter 2022 forecast of the 2018-based SNF market basket

Wage Index Adjustments

TABLE 7: Labor-Related Share, FY 2022 and FY 2023

	Relative importance, labor-related share, FY 2022 21:2 forecast ¹	Relative importance, labor-related share, FY 2023 22:2 forecast ²
Wages and salaries	51.4	51.9
Employee benefits	9.5	9.5
Professional fees: Labor-related	3.5	3.5
Administrative & facilities support services	0.6	0.6
Installation, maintenance & repair services	0.4	0.4
All other: Labor-related services	2.0	2.0
Capital-related (.391)	3.0	2.9
Total	70.4	70.8

¹ Published in the Federal Register; Based on the second quarter 2021 IHS Global Inc. forecast of the 2018-based SNF market basket.

² Based on the second quarter 2022 IHS Global Inc. forecast of the 2018-based SNF market basket.

County		State		2023 WI				2022 WI				2022/2023 WI % Change		
Urban	MD, Frederick C	Rural		0.9577				0.9755				-1.82%		
Non-CM	Labor	N-Labor	U Rate	WI Rate	ADR	Total \$\$	WI Rate	ADR	Total \$\$	2023-2022 WI Daily Rate Diff:	2023-2022 Avg. DR Diff:	2023-2022 Daily Tot. \$\$ Diff:	2023-2022 % Rate Change	
\$ 103.12	\$ 705.89	\$ 291.13	\$ 997.02	\$ 967.16	\$ 967.16	\$ 967.16	\$ 954.87	\$ 954.87	\$ 954.87	\$ 12.29	\$ 12.29	\$ 12.29	1.29%	
\$ 103.12	\$ 705.89	\$ 291.13	\$ 997.02	\$ 967.16	\$ 967.16	\$ 1,934.32	\$ 954.87	\$ 954.87	\$ 1,909.74	\$ 12.29	\$ 12.29	\$ 24.58	1.29%	
\$ 103.12	\$ 705.89	\$ 291.13	\$ 997.02	\$ 967.16	\$ 967.16	\$ 2,901.48	\$ 954.87	\$ 954.87	\$ 2,864.61	\$ 12.29	\$ 12.29	\$ 36.87	1.29%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 891.73	\$ 3,566.92	\$ 656.08	\$ 880.17	\$ 3,520.69	\$ 9.36	\$ 11.56	\$ 46.23	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 846.47	\$ 4,232.36	\$ 656.08	\$ 835.35	\$ 4,176.77	\$ 9.36	\$ 11.12	\$ 55.59	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 816.30	\$ 4,897.80	\$ 656.08	\$ 805.48	\$ 4,832.85	\$ 9.36	\$ 10.83	\$ 64.95	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 794.75	\$ 5,563.24	\$ 656.08	\$ 784.13	\$ 5,488.93	\$ 9.36	\$ 10.62	\$ 74.31	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 778.59	\$ 6,228.68	\$ 656.08	\$ 768.13	\$ 6,145.01	\$ 9.36	\$ 10.46	\$ 83.67	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 766.01	\$ 6,894.12	\$ 656.08	\$ 755.68	\$ 6,801.09	\$ 9.36	\$ 10.34	\$ 93.03	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 755.96	\$ 7,559.56	\$ 656.08	\$ 745.72	\$ 7,457.17	\$ 9.36	\$ 10.24	\$ 102.39	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 747.73	\$ 8,225.00	\$ 656.08	\$ 737.57	\$ 8,113.25	\$ 9.36	\$ 10.16	\$ 111.75	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 740.87	\$ 8,890.44	\$ 656.08	\$ 730.78	\$ 8,769.33	\$ 9.36	\$ 10.09	\$ 121.11	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 735.07	\$ 9,555.88	\$ 656.08	\$ 725.03	\$ 9,425.41	\$ 9.36	\$ 10.04	\$ 130.47	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 730.09	\$ 10,221.32	\$ 656.08	\$ 720.11	\$ 10,081.49	\$ 9.36	\$ 9.99	\$ 139.83	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 725.78	\$ 10,886.76	\$ 656.08	\$ 715.84	\$ 10,737.57	\$ 9.36	\$ 9.95	\$ 149.19	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 722.01	\$ 11,552.20	\$ 656.08	\$ 712.10	\$ 11,393.65	\$ 9.36	\$ 9.91	\$ 158.55	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 718.68	\$ 12,217.64	\$ 656.08	\$ 708.81	\$ 12,049.73	\$ 9.36	\$ 9.88	\$ 167.91	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 715.73	\$ 12,883.08	\$ 656.08	\$ 705.88	\$ 12,705.81	\$ 9.36	\$ 9.85	\$ 177.27	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 713.08	\$ 13,548.52	\$ 656.08	\$ 703.26	\$ 13,361.89	\$ 9.36	\$ 9.82	\$ 186.63	1.43%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 710.70	\$ 14,213.96	\$ 656.08	\$ 700.90	\$ 14,017.97	\$ 9.36	\$ 9.80	\$ 195.99	1.43%	

County		State		2023 WI Capped -5%				2022 WI				2022/2023 WI % Change		
Urban	AL, Calhoun Cou	Rural		0.6647				0.6997				-6.33%		
Non-CM	Labor	N-Labor	U Rate	WI Rate	ADR	Total \$\$	WI Rate	ADR	Total \$\$	2023-2022 WI Daily Rate Diff:	2023-2022 Avg. DR Diff:	2023-2022 Daily Tot. \$\$ Diff:	2023-2022 % Rate Change	
\$ 103.12	\$ 705.89	\$ 291.13	\$ 997.02	\$ 760.35	\$ 760.35	\$ 760.35	\$ 766.22	\$ 766.22	\$ 766.22	\$ (5.87)	\$ (5.87)	\$ (5.87)	-0.77%	
\$ 103.12	\$ 705.89	\$ 291.13	\$ 997.02	\$ 760.35	\$ 760.35	\$ 1,520.70	\$ 766.22	\$ 766.22	\$ 1,532.44	\$ (5.87)	\$ (5.87)	\$ (11.74)	-0.77%	
\$ 103.12	\$ 705.89	\$ 291.13	\$ 997.02	\$ 760.35	\$ 760.35	\$ 2,281.05	\$ 766.22	\$ 766.22	\$ 2,298.66	\$ (5.87)	\$ (5.87)	\$ (17.61)	-0.77%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 701.05	\$ 2,804.19	\$ 526.45	\$ 706.28	\$ 2,825.11	\$ (3.31)	\$ (5.23)	\$ (20.92)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 665.47	\$ 3,327.33	\$ 526.45	\$ 670.31	\$ 3,351.56	\$ (3.31)	\$ (4.85)	\$ (24.23)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 641.75	\$ 3,850.47	\$ 526.45	\$ 646.34	\$ 3,878.01	\$ (3.31)	\$ (4.59)	\$ (27.54)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 624.80	\$ 4,373.61	\$ 526.45	\$ 629.21	\$ 4,404.46	\$ (3.31)	\$ (4.41)	\$ (30.85)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 612.09	\$ 4,896.75	\$ 526.45	\$ 616.36	\$ 4,930.91	\$ (3.31)	\$ (4.27)	\$ (34.16)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 602.21	\$ 5,419.89	\$ 526.45	\$ 606.37	\$ 5,457.36	\$ (3.31)	\$ (4.16)	\$ (37.47)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 594.30	\$ 5,943.03	\$ 526.45	\$ 598.38	\$ 5,983.81	\$ (3.31)	\$ (4.08)	\$ (40.78)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 587.83	\$ 6,466.17	\$ 526.45	\$ 591.84	\$ 6,510.26	\$ (3.31)	\$ (4.01)	\$ (44.09)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 582.44	\$ 6,989.31	\$ 526.45	\$ 586.39	\$ 7,036.71	\$ (3.31)	\$ (3.95)	\$ (47.40)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 577.88	\$ 7,512.45	\$ 526.45	\$ 581.78	\$ 7,563.16	\$ (3.31)	\$ (3.90)	\$ (50.71)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 573.97	\$ 8,035.59	\$ 526.45	\$ 577.83	\$ 8,089.61	\$ (3.31)	\$ (3.86)	\$ (54.02)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 570.58	\$ 8,558.73	\$ 526.45	\$ 574.40	\$ 8,616.06	\$ (3.31)	\$ (3.82)	\$ (57.33)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 567.62	\$ 9,081.87	\$ 526.45	\$ 571.41	\$ 9,142.51	\$ (3.31)	\$ (3.79)	\$ (60.64)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 565.00	\$ 9,605.01	\$ 526.45	\$ 568.76	\$ 9,668.96	\$ (3.31)	\$ (3.76)	\$ (63.95)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 562.68	\$ 10,128.15	\$ 526.45	\$ 566.41	\$ 10,195.41	\$ (3.31)	\$ (3.74)	\$ (67.26)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 560.59	\$ 10,651.29	\$ 526.45	\$ 564.31	\$ 10,721.86	\$ (3.31)	\$ (3.71)	\$ (70.57)	-0.63%	
\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 523.14	\$ 558.72	\$ 11,174.43	\$ 526.45	\$ 562.42	\$ 11,248.31	\$ (3.31)	\$ (3.69)	\$ (73.88)	-0.63%	

Methodology for Recalibrating the PDPM / Parity Adjustment

- **Parity Adjustment**

- **In the FY 2022 Final Rule**, CMS determined, through budget neutrality analysis, that even absent COVID related cases in 2020, i.e., active COVID dx. and or use of the 3-day stay waiver, there was a 5.0% increase in aggregate spending under the PDPM for FY 2020 due to the shift in case mix utilization, compared to FY 2019.
- **For the FY 2022 SNF proposed rule**, CMS defined the COVID-19 population to include:
 - stays that have either the interim COVID-19 code B97.29 recorded as a primary or secondary diagnosis in addition to one of the symptom codes J12.89, J20.8, J22, or J80, or the new COVID-19 code U07.1 recorded as a primary or secondary diagnosis on their SNF claims or MDS 5-day admission assessments.
- **For the FY 2023 SNF proposed/final rule**, CMS defines the COVID-19 population to include:
 - stays that have the interim COVID-19 code B97.29 from January 1, 2020 to March 31, 2020 or the new COVID-19 code U07.1 from April 1, 2020 onward recorded as a primary or secondary diagnosis on their SNF claims, MDS 5-day admission assessments, or MDS interim payment assessments.
- Both FY 2022 and FY 2023 definitions of the COVID-19 population also exclude stays that used a section 1812(f) of the Act modification (DR), as well as transitional stays.

Methodology for Recalibrating the PDPM / Parity Adjustment

- Due to concerns that there were other factors complicating the data in the previous and revised COVID-19 definitions, CMS has introduced a 1-year “control period” derived from both FY 2020 and FY 2021 data. Specifically, 6 months of FY 2020 data from October 2019 through March 2020 and 6 months of FY 2021 data from April 2021 through September 2021 (which our data suggests were periods with relatively low COVID-19 prevalence) to create a full 1-year period with no repeated months to account for seasonality effects.
- CMS believes that this combined approach provides the most accurate representation of what the SNF case-mix distribution would look like under PDPM outside of a COVID-19 PHE environment.

TABLE 11: Adjustment Factors Based on Population and Data Period

Data Period	Full SNF Population	Subset SNF Population	Difference
FY 2020-based Adjustment Factor	5.21%	4.90%	-0.31%
FY 2021-based Adjustment Factor	5.65%	5.25%	-0.40%
Control Period-based Adjustment Factor	4.58%	4.60%	0.02%

Methodology for Recalibrating the PDPM / Parity Adjustment

- CMS considered whether to apply the parity adjustment equally across all 5 PDPM case mix categories or use a targeted approach that focuses the parity adjustment on the SLP, Nursing, and NTA components in proportion to how they are driving the unintended increase observed under PDPM.

TABLE 13: Average Case-Mix Index, Expected and Actual, by PDPM Component

Component	Expected Average CMI (FY 2019 Estimate, Subset Population)	Actual CMI per Stay (Control Period, Subset Population)	Percentage Difference
PT	1.51	1.52	0.4%
OT	1.51	1.52	0.4%
SLP	1.40	1.66	18.6%
Nursing	1.45	1.60	10.8%
NTA	1.16	1.20	3.0%

Methodology for Recalibrating the PDPM / Parity Adjustment

TABLE 14: PDPM Case-Mix Adjusted Federal Rates and Associated Indexes

PDPM Group	PT CMI	OT CMI	SLP CMI	Nursing CMG	Nursing CMI	NTA CMI
A	1.53	1.49	0.62	ES3	3.72	2.97
B	1.70	1.63	1.67	ES2	2.81	2.32
C	1.88	1.69	2.45	ES1	2.68	1.69
D	1.92	1.53	1.34	HDE2	2.20	1.22
E	1.42	1.41	2.14	HDE1	1.82	0.88
F	1.61	1.60	2.73	HBC2	2.05	0.66
G	1.67	1.64	1.87	HBC1	1.70	-
H	1.16	1.15	2.62	LDE2	1.90	-
I	1.13	1.18	3.23	LDE1	1.58	-
J	1.42	1.45	2.74	LBC2	1.58	-
K	1.52	1.54	3.39	LBC1	1.31	-
L	1.09	1.11	3.86	CDE2	1.71	-
M	1.27	1.30	-	CDE1	1.48	-
N	1.48	1.50	-	CBC2	1.42	-
O	1.55	1.55	-	CA2	1.00	-
P	1.08	1.09	-	CBC1	1.23	-
Q	-	-	-	CA1	0.86	-
R	-	-	-	BAB2	0.95	-
S	-	-	-	BAB1	0.91	-
T	-	-	-	PDE2	1.44	-
U	-	-	-	PDE1	1.35	-
V	-	-	-	PBC2	1.12	-
W	-	-	-	PA2	0.65	-
X	-	-	-	PBC1	1.03	-
Y	-	-	-	PA1	0.60	-

Targeted Approach
to CMI Parity
Adjustment

Methodology for Recalibrating the PDPM / Parity Adjustment

- **Parity Adjustment (Cont.)**

- CMS considered 3 potential pathways to achieve parity in the PDPM rates.

- **Delayed**

- A delayed implementation strategy would mean that we would implement the reduction in payment in a later year than the year the reduction is finalized. For example, considering the 4.6 percent reduction discussed previously, if this reduction is finalized in FY 2023 with a 1-year delayed implementation, this would mean that the full 4.6 percent reduction will be applied prospectively applied to the PDPM CMI's in FY 2024

- **Phased**

- A phased implementation strategy would mean that the amount of the reduction would be spread out over some number of years. For example, if we were to use a 2-year phased implementation approach to the 4.6 percent reduction discussed previously in this proposed rule with no delayed implementation, this would mean that the PDPM CMI's would be reduced by 2.3 percent in the first year of implementation in FY 2023 and then reduced by the remaining 2.3 percent in the second and final year of implementation in FY 2024.

- **Combined Delayed/Phased**

- CMS could also use a combination of both mitigation strategies, such as a 1-year delayed implementation with a 2-year phased approach, would mean that the PDPM CMI's would be reduced by 2.3 percent in the first year of implementation in FY 2024 and then reduced by the remaining 2.3 percent in the second and final year of implementation in FY 2025.

Methodology for Recalibrating the PDPM / Parity Adjustment

- **Parity Adjustment (Cont.)**

- CMS considered whether the delayed and phased implementation approaches were warranted to mitigate potential negative impacts on providers resulting from implementation of such a reduction in the SNF PPS rates entirely within a single year.
- After considering comments and all options, CMS is finalizing a recalibration of the PDPM parity adjustment with a 2-year phase-in period, resulting in a 2.3 percent reduction in FY 2023 (\$780 million) and a 2.3 percent reduction in FY 2024.

- **Overall Impact**

- As a result, CMS estimates that the aggregate impact of the provisions in this final rule will result in an estimated net increase in SNF payments of 2.7 percent, or \$904 million, for FY 2023.
- This reflects a 5.1 percent increase from the final update to the payment rates and a 2.3 percent decrease from the reduction to the SNF payment rates to account for the recalibrated parity adjustment.

Methodology for Recalibrating the PDPM / Parity Adjustment

- **Parity Adjustment (Cont.)**

- It is also important to note that the parity adjustment recalibration would serve to remove an unintended increase in payments from moving to a new case mix classification system, rather than decreasing an otherwise appropriate payment amount. CMS does not believe that the recalibration should negatively affect facilities, beneficiaries, and quality of care, or create an undue hardship on providers.
- CMS continues to believe that in implementing PDPM, it is essential to stabilize the baseline as quickly as possible without creating a significant adverse effect on the industry or to beneficiaries.

Administrative Level of Care Presumption of Coverage

- **Presumption of Coverage**

- Annually CMS designates those specific classifiers under the case-mix classification system that represent the required SNF level of care. This designation reflects an administrative presumption that those beneficiaries who are correctly assigned one of the designated case-mix classifiers on the initial Medicare assessment are automatically classified as meeting the SNF level of care definition up to and including the assessment reference date (ARD) for that assessment.
- This presumption recognizes the strong likelihood that those beneficiaries who are assigned one of the designated case-mix classifiers during the immediate post-hospital period would require a covered level of care, which would be less likely for other beneficiaries.
- This administrative presumption policy does not supersede the SNF's responsibility to ensure that its decisions relating to level of care are appropriate and timely, including a review to confirm that any services prompting the assignment of one of the designated case-mix classifiers (which, in turn, serves to trigger the administrative presumption) are themselves medically necessary.
- See [CMS Pub 100-2 Ch. 8](#) for detailed explanation of the Administrative level of Care Presumption of Coverage.
- See the [CMS PDPM website](#) for a detailed Administrative Level of Care Presumption of Coverage FAQ.

Administrative Level of Care Presumption of Coverage

- **Presumption of Coverage (Cont.)**

- For services furnished on or after October 1, 2019, the following are the designated case-mix classifiers under the Patient Driven Payment Model (PDPM) relative to the administrative presumption of coverage:
 - **Nursing** groups encompassed by the Extensive Services, Special Care High, Special Care Low, and Clinically Complex nursing categories;
 - **PT and OT** groups TA, TB, TC, TD, TE, TF, TG, TJ, TK, TN, and TO;
 - **SLP** groups SC, SE, SF, SH, SI, SJ, SK, and SL; and
 - **NTA** component's uppermost (12+) comorbidity group.

Final FY 2023 PDPM

Variable Perdiem Adjustment Rate Table

						County		State		2023 WI		
Day	PT	OT	SLP	NSG	NTA	Urban	MD, Frederick Co	Rural		0.9577		
HIPPS	TN/N		SH/H	CBC2/N	NC/C	Non-CM	Labor	N-Labor	U Rate	WI Rate	ADR	Total \$\$
1	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 466.56	\$ 103.12	\$ 705.89	\$ 291.13	\$ 997.02	\$ 967.16	\$ 967.16	\$ 967.16
2	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 466.56	\$ 103.12	\$ 705.89	\$ 291.13	\$ 997.02	\$ 967.16	\$ 967.16	\$ 1,934.32
3	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 466.56	\$ 103.12	\$ 705.89	\$ 291.13	\$ 997.02	\$ 967.16	\$ 967.16	\$ 2,901.48
4	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 891.73	\$ 3,566.92
5	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 846.47	\$ 4,232.36
6	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 816.30	\$ 4,897.80
7	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 794.75	\$ 5,563.24
8	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 778.59	\$ 6,228.68
9	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 766.01	\$ 6,894.12
10	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 755.96	\$ 7,559.56
11	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 747.73	\$ 8,225.00
12	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 740.87	\$ 8,890.44
13	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 735.07	\$ 9,555.88
14	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 730.09	\$ 10,221.32
15	\$ 95.13	\$ 89.78	\$ 68.55	\$ 173.88	\$ 155.52	\$ 103.12	\$ 485.67	\$ 200.31	\$ 685.98	\$ 665.44	\$ 725.78	\$ 10,886.76

Financial Impact SNF PPS FY 2023

TABLE 19: Impact to the SNF PPS for FY 2023

Impact Categories	Number of Facilities	Parity Adjustment Recalibration	Update Wage Data	Total Change
Group				
Total	15,541	-2.3%	0.0%	2.7%
Urban	11,216	-2.3%	0.0%	2.7%
Rural	4,325	-2.2%	-0.3%	2.5%
Hospital-based urban	378	-2.3%	0.3%	3.0%
Freestanding urban	10,847	-2.3%	0.0%	2.7%
Hospital-based rural	410	-2.2%	-0.5%	2.3%
Freestanding rural	3,906	-2.2%	-0.3%	2.5%
Urban by region				
New England	753	-2.3%	-0.7%	2.0%
Middle Atlantic	1,492	-2.4%	0.3%	2.9%
South Atlantic	1,948	-2.3%	-0.4%	2.3%
East North Central	2,155	-2.3%	-0.3%	2.4%
East South Central	556	-2.2%	-0.4%	2.3%
West North Central	957	-2.3%	-0.5%	2.2%
West South Central	1,413	-2.3%	0.3%	3.1%
Mountain	552	-2.3%	-0.1%	2.5%
Pacific	1,393	-2.4%	1.0%	3.6%
Outlying	6	-2.0%	-1.5%	1.4%
Rural by region				
New England	115	-2.3%	0.3%	3.0%
Middle Atlantic	210	-2.2%	-0.5%	2.2%
South Atlantic	499	-2.2%	-0.2%	2.6%
East North Central	935	-2.2%	-0.9%	1.8%
East South Central	489	-2.2%	-0.3%	2.5%
West North Central	1,038	-2.2%	0.0%	2.7%
West South Central	723	-2.2%	0.6%	3.4%
Mountain	211	-2.3%	-0.3%	2.4%
Pacific	95	-2.4%	-1.0%	1.6%
Outlying	1	-2.3%	0.0%	2.7%
Ownership				
For profit	10,901	-2.3%	0.1%	2.7%
Non-profit	3,638	-2.3%	-0.2%	2.5%
Government	1,002	-2.3%	-0.1%	2.6%

Note: The Total column includes the FY 2023 5.1 percent market basket update factor. The values presented in this table may not sum due to rounding.

Financial
Impact
Influenza
Vaccination
Data
Gathering
FY 2023

TABLE 20: U.S. Bureau of Labor and Statistics' May 2020 National Occupational Employment and Wage Estimates

Occupation title	Occupation code	Mean Hourly Wage (\$/hr)	Overhead and Fringe Benefit (\$/hr)	Adjusted Hourly Wage (\$/hr)
Administrative Assistant	43-6013	\$18.75	\$18.75	\$37.50

Financial
Impact
TOH
Data
Gathering
starting
FY 2024

TABLE 21: U.S. Bureau of Labor and Statistics' May 2020 National Occupational Employment and Wage Estimates

Occupation title	Occupation code	Mean Hourly Wage (\$/hr)	Overhead and Fringe Benefit (\$/hr)	Adjusted Hourly Wage (\$/hr)
Registered Nurse	29-1141	\$38.47	\$38.47	\$76.94
Licensed Vocational Nurse (LVN)	29-2061	\$24.08	\$24.08	\$48.16

Financial Impact Payment Update, VBP, QRP

TABLE 1: Cost and Benefits

Provision Description	Total Transfers/Costs
FY 2023 SNF PPS payment rate update	The overall economic impact of this final rule is an estimated increase of \$904 million in aggregate payments to SNFs during FY 2023.
FY 2023 SNF QRP changes	The overall economic impact of this final rule is an estimated increase in aggregate cost to SNFs of \$30,949,079.36.
FY 2023 SNF VBP changes	The overall economic impact of the SNF VBP Program is an estimated reduction of \$185.55 million in aggregate payments to SNFs during FY 2023.

Financial Impact VBP 2023

TABLE 22: Estimated SNF VBP Program Impacts for FY 2023

Characteristic	Number of facilities	Mean Risk-Standardized Readmission Rate (SNFRM) (%)	Mean performance score	Mean incentive multiplier	Percent of total payment
Group					
Total*	10,707	19.74	0.0000	0.99200	100.00
Urban	8,352	19.77	0.0000	0.99200	87.09
Rural	2,355	19.64	0.0000	0.99200	12.91
Hospital-based urban**	208	19.45	0.0000	0.99200	1.79
Freestanding urban**	8,132	19.78	0.0000	0.99200	85.28
Hospital-based rural**	88	19.19	0.0000	0.99200	0.35
Freestanding rural**	2,197	19.65	0.0000	0.99200	12.42
Urban by region					
New England	617	19.83	0.0000	0.99200	5.46
Middle Atlantic	1,246	19.56	0.0000	0.99200	17.97
South Atlantic	1,626	19.86	0.0000	0.99200	17.71
East North Central	1,486	19.95	0.0000	0.99200	12.62
East South Central	446	19.91	0.0000	0.99200	3.52
West North Central	544	19.79	0.0000	0.99200	3.74
West South Central	874	20.05	0.0000	0.99200	6.82
Mountain	379	19.30	0.0000	0.99200	3.84
Pacific	1,131	19.48	0.0000	0.99200	15.42
Outlying	3	21.41	0.0000	0.99200	0.00
Rural by region					
New England	81	18.99	0.0000	0.99200	0.58
Middle Atlantic	161	19.42	0.0000	0.99200	0.92
South Atlantic	342	19.81	0.0000	0.99200	2.09
East North Central	568	19.50	0.0000	0.99200	3.02
East South Central	388	19.86	0.0000	0.99200	2.19
West North Central	298	19.55	0.0000	0.99200	1.19
West South Central	350	20.14	0.0000	0.99200	1.76
Mountain	101	19.11	0.0000	0.99200	0.55
Pacific	66	18.54	0.0000	0.99200	0.63
Outlying	0	-	-	-	-
Ownership					
Government	453	19.50	0.0000	0.99200	2.89
Profit	7,738	19.79	0.0000	0.99200	75.02
Non-Profit	2,516	19.62	0.0000	0.99200	22.08

* The total group category excludes 4,213 SNFs who failed to meet the proposed measure minimum policy.

** The group category which includes hospital-based/freestanding by urban/rural excludes 82 swing bed SNFs which satisfied the proposed case minimum policy.

Financial Impact VBP 2026

TABLE 23: Estimated SNF VBP Program Impacts for FY 2026

Characteristic	Number of facilities	Mean Risk-Standardized Rate of Hospital-Acquired Infections (SNF HAI) (%)	Mean Total Nursing Hours per Resident Day (Total Nurse Staffing)	Mean Risk-Standardized Readmission Rate (SNFRM) (%)	Mean performance score	Mean incentive payment multiplier	Percent of total payment
Group							
Total*	13,188	5.93	3.83	19.97	35.4559	0.99144	100.00
Urban	9,851	5.88	3.85	20.02	35.7219	0.99158	85.97
Rural	3,337	6.09	3.77	19.83	34.6706	0.99102	14.03
Hospital-based urban**	250	4.50	5.25	19.68	57.6328	1.00449	1.85
Freestanding urban**	9,582	5.92	3.81	20.03	35.1215	0.99122	84.09
Hospital-based rural**	126	4.94	4.88	19.30	53.2646	1.00219	0.41
Freestanding rural**	3,106	6.20	3.72	19.85	33.2724	0.99020	13.46
Urban by region							
New England	697	5.48	3.89	20.27	37.2305	0.99201	5.31
Middle Atlantic	1,385	5.77	3.63	19.76	35.5796	0.99174	17.26
South Atlantic	1,795	5.90	3.96	20.11	36.1595	0.99164	17.12
East North Central	1,803	5.85	3.64	20.19	32.7999	0.99002	12.64
East South Central	522	5.98	3.87	20.24	33.6477	0.99035	3.48
West North Central	740	5.79	4.18	20.01	39.3962	0.99374	3.94
West South Central	1,182	6.21	3.61	20.33	29.2867	0.98803	7.32
Mountain	460	5.32	4.00	19.43	44.0399	0.99642	3.85
Pacific	1,262	6.15	4.19	19.63	40.2634	0.99407	15.04
Outlying	5	4.84	4.83	21.00	44.0008	0.99456	0.00
Rural by region							
New England	106	5.30	4.13	19.02	48.9337	0.99981	0.61
Middle Atlantic	191	5.71	3.45	19.27	36.2703	0.99190	0.91
South Atlantic	425	6.06	3.61	19.97	31.9994	0.98959	2.11
East North Central	752	5.94	3.59	19.68	34.0636	0.99061	3.20
East South Central	455	6.34	3.84	20.20	34.1364	0.99085	2.18
West North Central	637	6.15	4.04	19.77	36.7251	0.99187	1.69
West South Central	546	6.57	3.68	20.35	28.4586	0.98762	2.09
Mountain	148	5.60	3.93	19.21	41.2598	0.99468	0.63
Pacific	77	5.50	4.22	18.71	49.2824	0.99987	0.62
Outlying	0	-	-	-	-	-	-
Ownership							
Government	617	5.75	4.07	19.79	40.2540	0.99434	3.05
Profit	9,507	6.13	3.66	20.04	31.9439	0.98935	74.88
Non-Profit	3,064	5.38	4.32	19.81	45.3868	0.99731	22.06

* The total group category excludes 2,144 SNFs who failed to meet the proposed measure minimum policy.

** The group category which includes hospital-based/freestanding by urban/rural excludes 124 swing bed SNFs which satisfied the proposed measure minimum policy.

Financial Impact VBP 2027

TABLE 24: Estimated SNF VBP Program Impacts for FY 2027

Characteristic	Number of facilities	Mean Risk-Standardized Rate of Hospital-Acquired Infections (SNF HAI) (%)	Mean Total Nursing Hours per Resident Day (Total Nurse Staffing)	Mean Risk-Standardized Discharge to Community Rate (DTC PAC) (%)	Mean Risk-Standardized Readmission Rate (SNFRM) (%)	Mean performance score	Mean incentive multiplier	Percent of total payment
Total*	12,929	5.94	3.82	53.39	19.97	36.3098	0.99067	100.00
Urban	9,675	5.89	3.84	54.02	20.02	37.0070	0.99107	86.03
Rural	3,254	6.10	3.76	51.54	19.83	34.2368	0.98950	13.97
Hospital-based urban**	222	4.54	5.13	64.29	19.69	61.4924	1.00497	1.74
Freestanding urban**	9,436	5.92	3.81	53.75	20.03	36.3859	0.99072	84.27
Hospital-based rural**	117	4.98	4.75	57.06	19.30	52.2485	0.99924	0.40
Freestanding rural**	3,035	6.20	3.72	50.71	19.84	32.5035	0.98851	13.41
Urban by region								
New England	690	5.47	3.89	57.59	20.27	40.3491	0.99250	5.34
Middle Atlantic	1,365	5.78	3.61	51.75	19.75	35.1747	0.99015	17.30
South Atlantic	1,781	5.90	3.94	54.31	20.11	37.5012	0.99120	17.19
East North Central	1,776	5.86	3.63	54.87	20.20	35.2015	0.99021	12.64
East South Central	516	5.99	3.86	52.97	20.24	34.6611	0.98973	3.49
West North Central	720	5.79	4.18	53.70	20.01	39.3350	0.99230	3.93
West South Central	1,125	6.23	3.60	51.21	20.35	30.1480	0.98761	7.22
Mountain	450	5.32	3.98	60.00	19.42	47.5690	0.99682	3.85
Pacific	1,247	6.16	4.18	53.90	19.64	40.9666	0.99318	15.07
Outlying	5	4.84	4.83	65.19	21.00	53.3254	1.00110	0.00
Rural by region								
New England	106	5.30	4.13	56.39	19.02	48.3424	0.99732	0.61
Middle Atlantic	188	5.72	3.45	49.69	19.26	34.0341	0.98928	0.91
South Atlantic	416	6.04	3.61	50.48	19.97	31.8067	0.98829	2.11
East North Central	740	5.94	3.59	53.62	19.68	34.9419	0.98974	3.20
East South Central	450	6.36	3.84	50.57	20.21	33.5263	0.98947	2.18
West North Central	615	6.17	4.05	50.05	19.77	34.4533	0.98918	1.67
West South Central	518	6.57	3.67	50.02	20.35	28.6480	0.98679	2.04
Mountain	144	5.62	3.83	54.57	19.21	40.8260	0.99289	0.63
Pacific	77	5.50	4.22	57.20	18.71	49.3633	0.99804	0.62
Outlying	0	-	-	-	-	-	-	-
Ownership								
Government	591	5.77	4.03	53.36	19.78	40.0316	0.99271	3.01
Profit	9,331	6.13	3.66	52.15	20.04	32.7939	0.98874	74.96
Non-Profit	3,007	5.39	4.30	57.25	19.81	46.4886	0.99629	22.03

* The total group category excludes 2,403 SNFs who failed to meet the proposed measure minimum policy.

** The group category which includes hospital-based/freestanding by urban/rural excludes 119 swing bed SNFs which satisfied the proposed measure minimum policy.

Cumulative Financial Impact 2023

Consider Cumulative Financial Impact (revised for FY 2023)

Quality Reporting: -2% adjustment to the APU for reporting non-compliance **plus** the additional cost of reporting new data **plus** non-compliance enforcement actions related to reporting as well as staff vaccination mandate.

Sequestration: -2% rate adjustment.

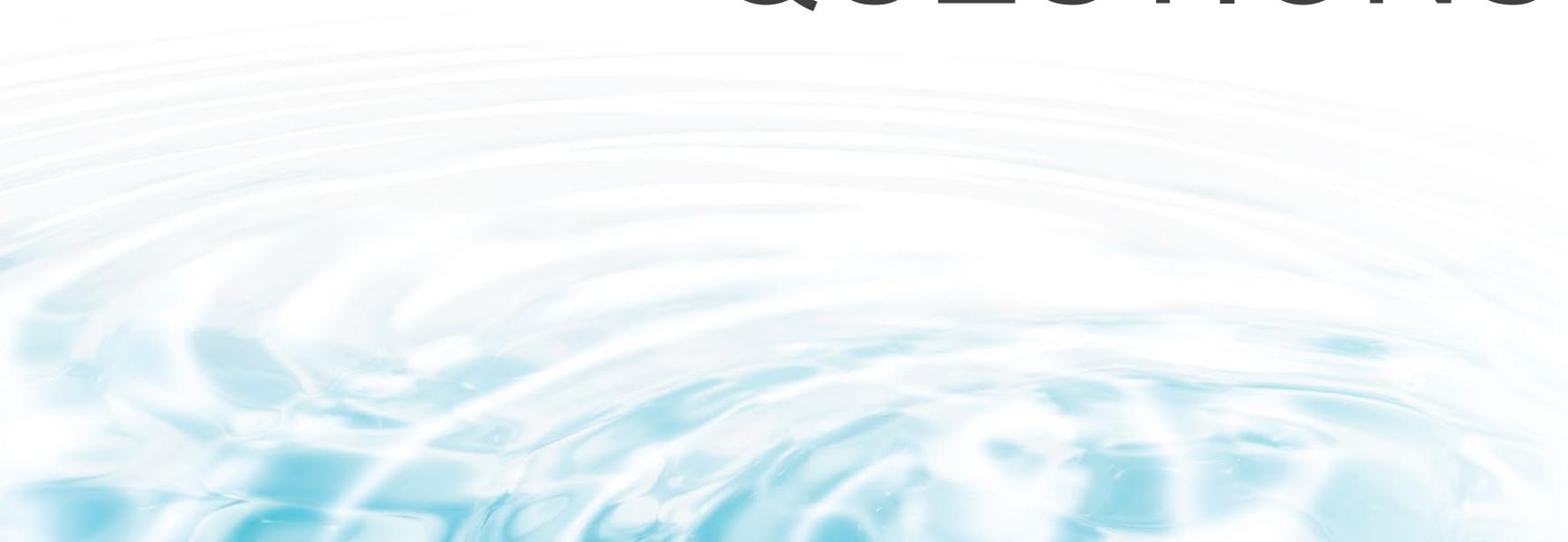
Value Based Purchasing: -2% rate adjustment (-0.8 FY 2023) plus COVID-19 vaccine mandate requirements and reporting requirements with non-compliance survey citations and CMPs. (See staffing)

Parity Adjustment: -2.3% CMI adjustment FY 2023 and 2.3% CMI adjustment for FY 2024.

Wage Index Adjustments: Location Specific FY 2023 ranges
Rural: -0.10% to -7.03% (Capped at 5%). 40% of states negative WI adjustment, 4% capped at 5%.

Urban: -0.01 to -8.69 (Capped at 5%) 45% of counties negative WI adjustment, 5% capped at 5%.

Staffing: 5-star adjustments July 2022, SOM revisions to survey guidance with potential CMP's and possible future staffing mandates.

A decorative graphic of light blue water ripples, centered horizontally and extending across the lower half of the slide. The ripples are concentric and create a sense of movement and depth.

QUESTIONS?