What is the Skilled Nursing Facility Value-Based Purchasing (SNF VBP) Program?

The **SNF VBP Program** is a Centers for Medicare & Medicaid Services (CMS) program that awards incentive payments to skilled nursing facilities (SNFs) to encourage SNFs to improve the quality of care they provide to patients.

For the Fiscal Year (FY) 2025 Program year, performance in the **SNF VBP Program** is based on a single measure of all-cause hospital readmissions.

What measure is used?

The **SNF VBP Program** currently uses the **SNF 30-Day All-Cause Readmission Measure (SNFRM)**, which evaluates the annual risk-standardized readmission rate (RSRR) of unplanned, all-cause hospital readmissions.

Each SNF receives a SNFRM result for a baseline period and a performance period.

How is the measure calculated?

What data are used?

The SNFRM is calculated using data extracted from SNF and hospital Medicare fee-for-service (FFS) Part A claims submitted to CMS for payment. The FY 2025 Program uses data from both the baseline period **FY 2019 (10/1/2018–9/30/2019)** and the performance period **FY 2023 (10/1/2022–9/30/2023).**

The SNFRM does not use information from the Minimum Data Set or patient medical records.

Which patients are included?

SNF patients:

✓ Enrolled in Medicare FFS Part A for at least 12 months prior to the SNF admission

✓ With a qualifying SNF admission within one day after discharge from a hospitalization

✓ Enrolled in Medicare FFS Part A for 30 days following a qualifying SNF admission

Does the measure account for differences in patient characteristics?

Yes, the SNFRM is risk adjusted for patient demographics, comorbidities, and other health status variables that affect the probability of a hospital readmission, including diagnoses of COVID-19.

What is the outcome?

The SNFRM counts any hospital readmission if it:

✓ Occurs within 30 days of discharge from a prior hospitalization to a SNF

✓ Is unplanned

For more detailed information about the SNFRM, please see the SNF VBP Program webpage and the SNFRM Technical Reports.

How does the SNF VBP Program affect my SNF's FY 2025 payments?

CMS withholds 2% of SNFs' Medicare FFS Part A payments to fund the Program. CMS redistributes 60% of the withhold to SNFs as incentive payments, and the remaining 40% of the withhold is retained in the Medicare Trust Fund.

CMS calculates an incentive payment multiplier that accounts for both the 2% payment withhold used to fund the Program and any incentive payments earned through performance on the SNFRM.

This incentive payment multiplier is applied to your SNF's adjusted federal per diem rate for services provided during the applicable SNF VBP Program year.

How does CMS determine my incentive payment multiplier for the FY 2025 Program year?

Step 1

CMS calculates each SNF's RSRR for both the baseline and performance period.[a]

$$\left(\frac{\text{Predicted \# of readmissions}}{\text{Expected \# of readmissions}} \right) \times \text{National unadjusted readmission rate} = \text{RSRR}$$

CMS calculates the achievement threshold[b] and benchmark[c] for the Program year.

The performance standards for the FY 2025 Program year were published in the FY 2023 SNF Prospective Payment System (PPS) final rule (page 47584).

[a] An RSRR is calculated using both the predicted and expected number of readmissions. The predicted number of readmissions is the number of unplanned readmissions predicted based on a SNF's performance, given its unique case mix. The expected number of readmissions is the number of unplanned readmissions that would be expected if the residents at a given SNF were treated at the average SNF.
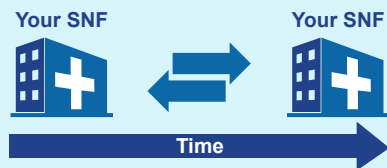
[b] The achievement threshold for a SNF VBP Program year is the 25th percentile of all SNFs' performance on the SNFRM during the baseline period.

[c] The benchmark for a SNF VBP Program year is the mean of the top decile of all SNFs' performance on the SNFRM during the baseline period.

Step 2

CMS determines the performance scores for all SNFs. SNFs' RSRRs in the performance period are compared to two metrics to determine the performance score:

- SNFs' own past performance during the baseline period, used to calculate an improvement score. (Scores range from 0 to 90; higher scores are better.)[a]

Your SNF ⇄ **Your SNF**
Time

- National SNF performance during the baseline period, used to calculate an achievement score. (Scores range from 0 to 100; higher scores are better.)

All SNFs ⇄ **Your SNF**
Time

CMS compares a SNF's achievement and improvement scores; whichever score is higher becomes the SNF's performance score.[b]
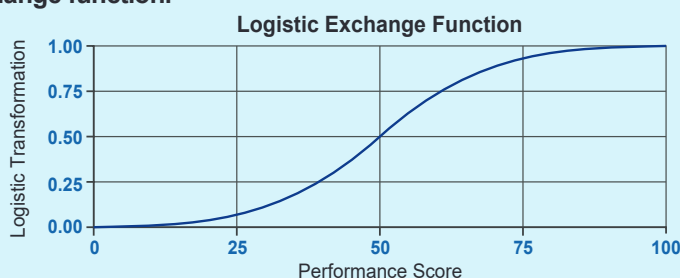
Improvement Score ✓
Achievement Score

[a] SNFs with fewer than 25 eligible stays during the baseline period (FY 2019) are included in the SNF VBP Program for FY 2025 but are scored on achievement only. These SNFs will not receive a baseline period RSRR or improvement score, so their achievement score will equal their performance score.

[b] SNFs that did not meet the SNFRM's case minimum (25 or more eligible stays) in the performance period (FY 2023) are excluded from the SNF VBP Program for FY 2025. Payments to these SNFs in FY 2025 will not be affected by the SNF VBP Program; instead, these SNFs will receive their adjusted federal per diem rate.

Step 3

CMS transforms performance scores for all SNFs using the logistic exchange function.

Logistic Exchange Function

(y-axis: Logistic Transformation, values 0.00, 0.25, 0.50, 0.75, 1.00; x-axis: Performance Score, values 0, 25, 50, 75, 100)

Using the transformed performance scores, CMS calculates each SNF's incentive payment adjustment and incentive payment multiplier. This multiplier is applied to each SNF's adjusted federal per diem rate.

When payments are made for a SNF's Medicare FFS Part A claims in FY 2025, the adjusted federal per diem rate is multiplied by the SNF's incentive payment multiplier.

For more information on the methodology for calculating performance scores and incentive payment multipliers, see the SNF VBP Program: FY 2025 Incentive Payment Multiplier Calculation Infographic on the CMS.gov website, the SNF VBP Program Exchange Function Methodology Report, and the FY 2018 SNF PPS final rule (pages 36616–36621).

How can SNFs review their results?

CMS provides confidential feedback reports to SNFs on a quarterly basis through the Internet Quality Improvement and Evaluation System (iQIES).

- CMS distributes four reports each year: an Interim (Partial-Year) Workbook, two Full-Year Workbooks (one each for the baseline period and performance period), and a Performance Score Report. For more information on the distribution timing of the quarterly confidential feedback reports, see the FY 2025 SNF VBP Program Timeline on the CMS.gov website.

- SNFs that have problems accessing their reports can contact the QIES/iQIES Service Center by phone at (800) 339-9313 or by email at iqies@cms.hhs.gov.

The SNF VBP Program's Review and Correction (R&C) process has two phases. CMS considers Phase 1 and 2 correction requests for up to 30 calendar days after dissemination of the applicable report.

- Phase 1: review and submit corrections to readmission measure rates for the baseline and performance periods (applies to Full-Year Workbooks only)

- Phase 2: review and submit corrections to the performance score and ranking (applies to Performance Score Reports only)

Where does CMS publicly report SNF VBP Program results?

CMS publicly reports facility-level and national, aggregate-level results generally in the fall following distribution of the Performance Score Reports on a CMS-specified website.

Historical SNF VBP Program data are also publicly available on the CMS-specified website.

Where can I go for more information?

For more information about the SNF VBP Program, visit the SNF VBP Program webpage on CMS.gov.

For questions about the SNF VBP Program, email the SNF VBP Program Help Desk at SNFVBP@rti.org.

For help obtaining access to quarterly reports in iQIES, contact the QIES/iQIES Service Center by phone at (800) 339-9313 or by email at iqies@cms.hhs.gov.