



Fiscal Year 2024 Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities

On July 31, the Centers for Medicare and Medicaid Services (CMS) released its fiscal year (FY) 2024 Skilled Nursing Facility (SNF) Prospective Payment System (PPS) [final rule](#). Please find CMS' fact sheet [here](#).

Overall, NRHA is pleased to see that CMS finalized a higher payment rate for SNFs than proposed. For reference, please find our comment on the proposed rule [here](#). If you have any questions or concerns, contact NRHA's Regulatory Affairs Manager Alexa McKinley (amckinley@ruralhealth.us).

Key provisions include:

Payment rate. CMS finalized a **SNF PPS payment increase of 4%** compared to FY 2023, totaling about \$1.4 billion more in payments to SNFs for FY 2024. The 4% increase reflects a 6.4% market basket increase adjusted by a -0.2% productivity adjustment and -2.3% Patient Driven Payment Model (PDPM) parity adjustment recalibration.

This is a slight increase from the 3.7% increase in the proposed rule. **This increase is a win for NRHA and facilities as we advocated for boosting the payment rate due to the current inflationary environment and rural SNF closure crisis.**

Marriage and family therapists (MFTs) and mental health counselors (MHCs). Pursuant to the Consolidated Appropriations Act of 2023, CMS is finalizing regulatory changes to exclude these two provider types from SNF consolidated billing. Accordingly, MFTs and MHCs will bill for their services separately rather than being included in the Medicare Part A SNF payment.

Quality reporting. CMS finalized almost all reporting proposals for the SNF Quality Reporting Program (SNF QRP). This includes revising the COVID-19 Vaccination Coverage among Healthcare Personnel measure to include booster shots.

SNF Value Based Purchasing (VBP). Several VBP-related proposals are finalized, including:

- Adopting a Health Equity Adjustment that rewards top tier performing SNFs that serve higher proportions of SNF residents with dual eligibility status, effective in FY 2027.
- Adopting a variable payback percentage to 66% to ensure bonuses provided to high-performing, high dual eligible SNFs do not come at the expense of other SNFs.
- Adopting four new quality measures with one taking effect in FY 2026 and three taking effect in FY 2027.

Civil monetary penalties. CMS is eliminating the requirement for facilities facing a civil monetary penalty to actively waive their right to a hearing in writing in order to receive a penalty reduction. Instead, facilities can take advantage of a constructive waiver process that will operate by default when CMS does not receive a timely request for a hearing from a SNF.