



## AHCA Summary of FY26 Skilled Nursing Center Prospective Payment System Final Rule

The Centers for Medicare and Medicaid Services (CMS) has issued the [final rule](#) for the skilled nursing facility (SNF) prospective payment system (PPS) fiscal year (FY) 2026 update.

In the FY26 NPRM, CMS finalized a net market basket update of 3.2 percent, based on the finalized SNF market basket of 3.3%, plus a 0.6% market basket forecast error adjustment, and a negative 0.7% productivity adjustment. Of note, the final net market basket, and underlying figures, increased from the proposed net update of 2.8 percent.

Additionally, this is AHCA's preliminary analysis of the final rule. Additional information will be provided as AHCA continues its analysis of this rule. The table below shows the components of the FY 26 final rule versus the last two year's final rules.

Market Basket and Adjustments	2024 Final	2025 Final	2026 Final
Unadjusted Market Basket Index	3.0%	3.0%	3.3%
Forecast Error	3.6%	1.7%	0.6%
Productivity Adjustment	-0.2%	-0.5%	-0.7%
Net Market Basket Index in the Final Rule	4.0%	4.2%	3.2%

CMS states that the net market basket update will increase Medicare SNF payments by approximately \$1.16 Billion in FY 2026.

SNF Value-Based Purchasing (VBP) reductions for certain SNFs subject to the net reduction in payments under the SNF VBP adjustments are estimated to total \$208.36 million in FY 2026.

For FY26, there are no geographic reclassifications because OMB has not published revisions since last year's rule. This stability in CBSAs eliminates the need to apply the 5% cap on decreases to a provider's wage index caused by a reclassification.

For comparison purposes, the final FY 2025 and final FY 2026 base rates following standard annual updates are shown in the payment provision highlights.

The Forecast Error Adjustment is shown in the payment provision highlights.

The following pages are preliminary highlights followed by a detailed summary of each section.

## **Other Preliminary Highlights**

### **Administrative Updates**

**PDPM ICD-10 Code Mappings Updates:** CMS finalized several substantive changes to the PDPM ICD-10 code mappings (as proposed).

### **SNF Quality Reporting Program (QRP):**

- CMS finalized removing four items previously adopted as standardized patient assessment data elements under the social determinants of health category beginning with the FY 2027 SNF QRP:
  - a. one item for Living Situation (R0310),
  - b. two items for Food (R0320A and R0320B), and
  - c. one item for Utilities (R0330) beginning with residents admitted on or after October 1, 2025, as previously finalized.
- CMS did not change any quality measures.
- CMS also finalized amending the SNF QRP reconsideration policy and process. CMS will allow SNFs to request an extension to file a request for reconsideration and is updating the bases on which CMS can grant a reconsideration request.

**SNF Value-Based Purchasing (VBP) Program:** There are no changes for the upcoming FY 2026 program year.

- CMS set final performance standards for the FY 2028 and FY 2029 program years to comply with the Program's statutory notice deadline.
- CMS removed the SNF VBP Health Equity Adjustment that was set to begin in the FY 2027 program year.
- CMS adopted a reconsideration process that will allow SNFs to seek reconsideration of a review and correction request if they are not satisfied with CMS's decision on that request, beginning with the FY 2027 program year.

**Request for Information for Streamlining Regulations and Reducing Administrative Burdens:** CMS continues to solicit comments through September 15, 2025, around President Trump's Executive Order "Unleashing Prosperity Through Deregulation." AHCA/NCAL has already submitted extensive comments to CMS and other federal agencies around rationalizing SNF regulations.

## **Final Rule Detail Summary**

### **Introduction**

Section 1888(e) of the Social Security Act established the SNF PPS for Medicare Part A services for cost reporting periods beginning on or after July 1, 1998, using base year cost data from FY 95. The Act requires a detailed formula for calculating base payment rates and does not provide for the use of any alternative methodology. CMS has incorporated a number of elements into the SNF PPS such as case-mix classification methodology, a market basket update, a wage index, and the urban and rural distinction used in the development or adjustment of the Federal rates. In addition, the Act requires CMS to Publish the payment rates for each new FY through the Federal Register, and to do so before August 1 that precedes the start of the new Fiscal Year.

### **A. Payment Provision Highlights**

The final FY25 and final FY26 base rates are shown below.

#### **FY25 Final Rule – Tables 3 & 4**

**TABLE 3: FY 2025 Unadjusted Federal Rate Per Diem—URBAN**

<b>Rate Component</b>	<b>PT</b>	<b>OT</b>	<b>SLP</b>	<b>Nursing</b>	<b>NTA</b>	<b>Non-Case-Mix</b>
<b>Per Diem Amount</b>	\$73.25	\$68.18	\$27.35	\$127.68	\$96.33	\$114.34

**TABLE 4: FY 2025 Unadjusted Federal Rate Per Diem—RURAL**

<b>Rate Component</b>	<b>PT</b>	<b>OT</b>	<b>SLP</b>	<b>Nursing</b>	<b>NTA</b>	<b>Non-Case-Mix</b>
<b>Per Diem Amount</b>	\$83.50	\$76.69	\$34.46	\$121.99	\$92.03	\$116.46

**\*NOTE:** “Unadjusted” means the labor adjustments have not been applied to these rates.

#### **FY26 Final Rule – Tables 4 & 5**

**TABLE 4: FY 2026 Unadjusted Federal Rate Per Diem—URBAN**

<b>Rate Component</b>	<b>PT</b>	<b>OT</b>	<b>SLP</b>	<b>Nursing</b>	<b>NTA</b>	<b>Non-Case-Mix</b>
<b>Per Diem Amount</b>	\$75.73	\$70.49	\$28.28	\$132.00	\$99.59	\$118.21

**TABLE 5: FY 2026 Unadjusted Federal Rate Per Diem—RURAL**

<b>Rate Component</b>	<b>PT</b>	<b>OT</b>	<b>SLP</b>	<b>Nursing</b>	<b>NTA</b>	<b>Non-Case-Mix</b>
<b>Per Diem Amount</b>	\$86.33	\$79.29	\$35.63	\$126.12	\$95.15	\$120.40

**\*NOTE:** “Unadjusted” means the labor adjustments have not been applied to these rates.

## B. Forecast Error

The forecast error statutory provision is only found in the SNF payment system. Under the forecast error statutory provision, CMS compares a projected market basket update with the actual market basket update using prior year data. For this proposed rule, CMS looks at the difference between the actual and forecasted MBI for FY 24.

Intended to account for inflation, the forecast increases the market basket when the projected market basket is 0.5% less than the actual market basket. Conversely, when the forecast decreases the market basket when the projected market basket is 0.5% more than the actual market basket. If the variance in either direction is less than 0.5%, no forecast error is incurred.

For this year, the forecast error had a positive impact on the net market basket figure. Table 3 from the final rule is shown below as an overview.

**TABLE 3: Difference Between the Actual and Forecasted SNF Market Basket Percentage Increases for FY 2024**

Index	Forecasted FY 2024 Percentage Increase*	Actual FY 2024 Percentage Increase**	FY 2024 Difference
SNF	3.0	3.6	0.6

\*Published in **Federal Register**; based on second quarter 2023 IHS Global Inc. forecast (2018-based SNF market basket).

\*\* Based on the second quarter 2025 IHS Global Inc. forecast (2018-based SNF market basket), with historical data through first quarter 2025.

For FY26, the 0.6% difference between forecasted and actual for FY24 was added to the FY26 unadjusted market basket of 3.3%, resulting in 3.9%. This was reduced by the productivity adjustment (described below) of 0.7% to arrive at the Net market basket update factor for FY26 of 3.2%.

## C. Market Basket

The impact of the SNF PPS FY26 rule is 3.2%. However, because of the wage index, the impact will vary based on a provider's classification as Urban or Rural. CMS estimates that impact in Table 19 from the final rule below.

**TABLE 19: Impact to the SNF PPS for FY 2026**

Group	Number of Facilities	Update Wage Data	Total Change
Total	15,288	0.0%	3.2%
Urban	11,079	-0.1%	3.1%
Rural	4,209	0.5%	3.7%

## D. Productivity Adjustment

CMS is required under the Social Security Act to reduce the SNF market basket percentage by the productivity adjustment. This adjustment reflects the 10-year moving average of changes in annual economy-wide private nonfarm business total factor productivity (TFP). The purpose is to ensure that annual updates to SNF payment rates also account for increases in provider productivity. A complete description of the TFP projection methodology is available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareProgramRatesStats/MarketBasketResearch..> For FY 26, the productivity adjustment is 0.7 percent, as compared to the proposed productivity adjustment of 0.8 percent.

## **E. Wage Index**

Since the start of SNF PPS, CMS has used hospital inpatient wage data, without SNF-specific wage data, in developing a wage index to be applied to SNFs. That practice is continued in the FY26 final rule. CMS continues to use hospital data as a surrogate for SNF data and has no plans to use SNF data due to the resources required to collect and audit the information. This is a recurring area of member feedback that AHCA will again highlight in comments to CMS.

Individual providers are assigned a CBSA which impacts the facility specific rate. Changes year-over-year can cause fluctuations. For FY26 there are no CBSA changes as the OMB did not publish an update.

In FY23, CMS instituted a permanent 5% cap on decreases to a provider's wage index from its wage index in the prior year, regardless of the reason for the decline. This would be available to providers in FY26, however, there were no OMB updates to CBSA delineations published.

The wage index applicable to FY26 is set forth in Table A available on the [CMS website](#).

## **F. Labor Related Portion of the PPS Rate**

CMS calculates the labor-related portion of the PPS rate from the SNF market basket, and it approximates this share after considering historical and projected price changes between the base year and FY 2026. The different cost categories in the market basket do not necessarily change at the same rate, and CMS calculations capture these changes. Accordingly, the labor portion of the rate more closely reflects the cost share weights for FY 2026 than the base year weights from the SNF market basket. Then, the Labor Related Portion is multiplied by the wage index to arrive at a location specific labor portion. For FY26, CMS reduced the labor portion from 72% to 71.9%. This means that the labor portion of the rate will closely approximate the FY25 Final Rule.

## **G. Consolidated Billing**

No changes were proposed or finalized; however, CMS continued the practice of soliciting public comments identifying HCPCS codes in any of five service categories (chemotherapy items, chemotherapy administration services, radioisotope services, customized prosthetic devices, and blood clotting factors) that represent recent medical advances that might meet the criteria for exclusion. After consultation with membership, AHCA decided to offer no comment on this area of the proposed rule.

For any questions pertaining to the SNF payment policy information above in sections A-G, please contact John Kane at [jkane@ahca.org](mailto:jkane@ahca.org).

## **H. Technical Updates to PDPM ICD-10 Mapping**

CMS implemented the Patient-Driven Payment Model (PDPM) in FY20 to improve payment accuracy and appropriateness based on patient needs rather than the volume of services provided.

PDPM utilizes the International Classification of Diseases, 10th Revision, Clinical Modification (ICD-10) codes in several ways, including using the person's primary diagnosis to assign patients to clinical categories.

CMS proposed several changes to the PDPM ICD-10 code mappings to allow providers to provide more accurate, consistent, and appropriate primary diagnoses that meet the criteria for skilled intervention during a Part A SNF stay and maintain consistency with the latest ICD-10 coding guidance.

Each year, the clinical categories assigned to new ICD-10 diagnosis codes are reviewed and they are added, removed, or the assignment is changed to another clinical category if warranted. This year, CMS proposed changing the clinical category assignment for 34 new ICD-10 codes that were effective 10/1/2024. The diagnoses categories include:

- a) Diabetes Mellitus
- b) Hypoglycemia
- c) Obesity
- d) Anorexia Nervosa, Restricting Type
- e) Anorexia Nervosa, Binge Eating/Purging Type
- f) Bulimia Nervosa
- g) Binge Eating Disorder
- h) Pica and Rumination Disorder, and
- i) Serotonin Syndrome

All codes in 'a' through 'h' in the list above are being mapped to "Return to Provider" because they are not considered a specific enough diagnosis for Part A covered stay clinical category assignment. The last diagnosis group listed above, 'Serotonin Syndrome' was proposed to be revised from "Acute Neurologic" to the clinical category of "Medical Management".

AHCA submitted comments related to some of the anorexia codes. In the final rule, CMS finalized all of these changes, as proposed.

For any questions pertaining to the PDPM ICD-10 mapping policy information above in section H, please contact Amy Miller at [amiller@ahca.org](mailto:amiller@ahca.org).

## **I. Skilled Nursing Facility (SNF) Quality Reporting Program (QRP)**

The SNF QRP applies to post-acute patients and is part of the IMPACT act requires standardized measures across post-acute providers and levies a two-percentage point reduction in their annual update for SNFs that do not meet reporting requirements.

The SNF QRP is a pay-for-reporting program. SNFs that do not meet reporting requirements are subject to a 2-percentage point reduction in their Annual Payment Update (APU). Additionally, CMS publicly reports each SNF's performance on measures adopted into the SNF QRP on the Care Compare website.

CMS has finalized the following changes that AHCA supported in submitted comments:

- **CMS Finalized a Proposal to Remove Four Standardized Patient Assessment Data Elements Beginning with the FY 2027 SNF QRP**

CMS finalized removing four items previously adopted as standardized patient assessment data elements under the social determinants of health category beginning with the FY 2027 SNF QRP: one item for Living Situation (R0310), two items for Food (R0320A and R0320B), and one item for Utilities (R0330) beginning with residents admitted on or after October 1, 2025, as previously finalized. The rationale is that CMS acknowledges the burden associated with these items and instead is changing focus towards the workflow for these data elements being part of a low burden interoperable electronic system leveraging health information technology (HIT) advances.

- **CMS Finalized Proposals to Amend the Reconsideration Request Policy and Process**

In the FY 2016 SNF PPS final rule CMS finalized (and subsequently updated) the SNF QRP Reconsideration policy and process whereby a SNF may request reconsideration of an initial determination that the SNF did not comply with the SNF QRP reporting requirements, warranting CMS reducing the SNF's annual market basket percentage by 2 percent for the applicable fiscal year as required by the Act. In the FY 2026 proposed rule, CMS noted the Agency has become aware there are inconsistencies in the preamble and regulation text regarding SNF requests for reconsideration. On this basis, in this final rule, CMS modifies the following policy and process.

- **Finalized Allowing SNFs to Request an Extension to File a Request for Reconsideration**

CMS is removing the term "extenuating circumstances" as used currently in the reconsideration policy and is replacing it with "extraordinary circumstances." Specifically, CMS finalized that a SNF may request, and CMS may grant, an extension to file a reconsideration request if the SNF was affected by an extraordinary circumstance beyond the control of the SNF (for example, a natural or man-made disaster). By modifying the basis by which a SNF may request an extension to file a reconsideration request in this manner, CMS is also incorporates their prior explanation regarding the meaning of extraordinary circumstances, as set forth in the FY 2016 SNF PPS final rule as part of the Extraordinary Circumstance Exception and Extension (ECE) policy.

CMS recognized that current policy does not clearly demarcate deadlines and proposes to amend the reconsideration policy as codified at § 413.360(d) to permit a SNF to request, and CMS to grant, an extension to file a request for reconsideration of a noncompliance determination if, during the period to request a reconsideration as set forth in § 413.360(d)(1), the SNF was affected by an extraordinary circumstance beyond the control of the SNF (for example, a natural or man-made disaster). CMS finalized that the SNF must submit its request for an extension to file a reconsideration request to CMS via email to [SNFQRPReconsiderations@cms.hhs.gov](mailto:SNFQRPReconsiderations@cms.hhs.gov) no later than 30 calendar days from the date of the written notification of noncompliance. We finalized that the SNF's extension



request, submitted to CMS, must contain all of the following information: (1) the SNF's CCN; (2) the SNF's business name; (3) the SNF's business address; (4) certain contact information for the SNF's chief executive officer or designated personnel; (5) a statement of the reason for the request for the extension; and (6) evidence of the impact of the extraordinary circumstances, including, for example, photographs, newspaper articles, and other media.

CMS further finalized that CMS notify the SNF in writing of its final decision regarding its request for an extension to file a reconsideration of noncompliance request via an email from CMS. CMS will to notify the SNF in writing via email because this will allow for more expedient correspondence with the SNF, given the 30-day reconsideration timeframe.

- **Finalized Updating the Bases on Which CMS Can Grant a Reconsideration Request**

CMS indicates a belief that it would be beneficial for SNFs if we codify the specific bases for the Agency granting a reconsideration request in the regulation at § 413.360(d). CMS finalized modifying the reconsideration policy to provide that the Agency will grant a timely request for reconsideration, and reverse an initial finding of non-compliance, only if CMS determines that the SNF was in full compliance with the SNF QRP requirements for the applicable program year. CMS would consider full compliance with the SNF QRP requirements to include CMS granting an exception or extension to SNF QRP reporting requirements under the ECE policy at § 413.360(c). However, to demonstrate full compliance with the ECE policy, the SNF would need to comply with the ECE policy's requirements, including the specific scope of the exception or extension as granted by CMS.

- **SNF QRP Measure Concepts Under Consideration for Future Years – Request for Information (RFI): Interoperability, Well-Being, Nutrition & Delirium**

CMS sought input on the importance, relevance, appropriateness, and applicability of four quality measure concepts under consideration related to interoperability, well-being, nutrition, and delirium for future years in the SNF QRP. As the Agency reviews new measure concepts, CMS will prioritize outcome measures that are evidence-based.

AHCA submitted extensive comments regarding all four RFIs. CMS offered a summary of all comments submitted. CMS notes in the final rule that while the agency is not responding to specific comments in response to the RFI in the final rule, the agency will take this feedback into consideration for future measure development efforts for the SNF QRP.

- **Interoperability**

CMS sought input on the quality measure concept of interoperability, focusing on information technology systems' readiness and capabilities in the SNF setting. Specifically, CMS requested input and comment on approaches to assessing the secure exchange of electronic health information with, and use of electronic health information from, other health IT without requiring special efforts by the use in the SNF setting. This may include measures that address or evaluate the level of readiness for interoperable data exchange, or measures that evaluate the ability of data systems to securely share



information across the spectrum of care between providers, patients, payers, government agencies and other entities.

- **Well-Being**

CMS sought input on a quality measure concept of well-being for future quality measures for use in the SNF QRP with potential use in the SNF VBP. CMS requested input and comment on tools and measures that assess overall health, happiness, and satisfaction in life that could include aspects of emotional well-being, social connections, purpose, fulfillment, and self-care work, focusing on the relevant aspects of well-being for the SNF setting.

- **Nutrition**

CMS sought input on a quality measure concept of nutrition for future quality measures and for use in the SNF QRP with potential use in the SNF VBP. CMS requested input and comment on tools and frameworks that promote healthy eating habits, appropriate exercise, nutrition, or physical activity for optimal health, well-being, and best care for all, focusing on the relevant aspects of nutrition for the SNF setting.

- **Delirium**

CMS sought input on a quality measure concept of delirium for future quality measures. CMS requested input and comment on the applicability of measures that evaluate for the sudden, serious change in a person's mental state or altered state of consciousness that may be associated with underlying symptoms or conditions, focusing on the relevant aspects of delirium for the SNF setting.

- **Potential Revision of the Final Data Submission Deadline from 4.5 months to 45 Days – Request for Information (RFI)**

Sections 1899B(f) and (g) of the Act require CMS to provide feedback to SNFs and to publicly report their performance on SNF quality measures specified under section 1899B(c)(1) of the Act and resource use and other measures specified under 1899B(d)(1) of the Act. Additionally, section 1888(e)(6)(B)(i) of the Act provides the Secretary with discretion to prescribe the manner and the timeframes for SNFs to submit data as specified for reporting for the SNF QRP. In the FY 2017 SNF PPS final rule, CMS finalized that SNFs will have approximately 4.5 months after each quarterly data collection period to complete their data submissions and make corrections to such data where necessary.

In the process of implementing the public reporting for the quality reporting programs, CMS has identified that the time between when data on measures is collected and submitted to the Agency and when that data are publicly reported (that is, approximately nine months) may be too long to provide the most accurate and up to date information for the public. CMS asserts that this revised timeframe would result in more timely public reporting of data that may provide more value for consumers and families as they make decisions about where they may want to receive their care. Additionally, CMS states this timeframe provides SNFs with more recent data to use in their quality improvement activities.

Using 2023 data, CMS identified that only 4.2 percent of all MDS assessments were submitted after the 45-day timeframe while only 2.8 percent of MDS assessments would

be impacted by changing the data submission timeframe. On these bases, CMS asserts a belief that reducing the SNF QRP data submission deadline from 4.5 months to 45 days would improve the timeliness of public reporting by one quarter, which could be beneficial to both consumers and SNFs, with limited change in burden to SNFs.

CMS specifically requested comment on:

- How this potential change could improve the timeliness and actionability of SNF QRP quality measures;
- How this potential change could improve public display of quality information; and
- How this potential change could impact SNF workflows or require updates to systems.

CMS shared a summary of all submitted comments. AHCA had submitted extensive comments on why the 45-day timeframe would be problematic and offered an alternative timeline recommendation of 90 days. CMS noted that the agency will not be responding to specific comments submitted in response to this RFI in this final rule, but intends to use this input to inform future program improvement efforts.

- **Advancing Digital Quality Measurement in the SNF QRP – Request for Information (RFI)**

In the final rule CMS states the Agency is committed to improving healthcare quality through measurement, transparency, and public reporting of quality data, and to enhancing healthcare data exchange by promoting the adoption of interoperable health information technology (IT) that enables information exchange using Fast Healthcare Interoperability Resources® (FHIR®) standards. Proposing to require the use of such technology within the SNF QRP in the future could potentially enable greater care coordination and information sharing, which is essential for delivering high-quality, efficient care and better outcomes at a lower cost.

For example, CMS is considering opportunities to advance FHIR® -based reporting of resident assessment data for the submission of the MDS and other existing systems such as CDC's National Healthcare Safety Network (NHSN) for which SNFs have current CMS reporting requirements. The CMS objective is to explore how SNFs typically integrate technologies with varying complexity into existing systems and how this affects SNF workflows. In this RFI, CMS seeks to identify the challenges and/or opportunities that may arise during this integration, and determine the support needed to complete and submit quality data in ways that protect and enhance care delivery.

CMS sought input on future measures under consideration including applicability of interoperability as a future measure concept in post-acute care settings, including the SNF QRP. Specifically, CMS sought feedback on the current state of health IT use, including electronic health records (EHRs), in SNF facilities related to the following questions to inform future CMS digital quality measure (dQM) transition efforts.

In the final rule, CMS summarized all submitted comments and indicated that the agency will use this information to inform the transition to dQM in the SNF QRP. AHCA submitted extensive comments to the following RFI questions contained in the proposed rule:

- To what extent does your SNF use health IT systems to maintain and exchange resident records? If your facility has transitioned to using electronic records in part or

- in whole, what types of health IT does your SNF use to maintain resident records? Are these health IT systems certified under the Office of the National Coordinator for Health Information Technology Health Information Technology (ONC Health IT) Certification Program? If your facility uses health IT products or systems that are not certified under the ONC Health IT Certification Program, please specify. Does your facility use EHRs or other health IT products or systems that are not certified under the ONC Health IT Certification Program? If no, what is the reason for not doing so? Do these other systems exchange data using standards and implementation specifications adopted by HHS? Does your facility maintain any resident records outside of these electronic systems? If so, are the data organized in a structured format, using codes and recognized standards, that can be exchanged with other systems and providers?
- Does your SNF submit resident assessment data to CMS directly from your health IT system without the assistance of a third-party intermediary? If a third-party intermediary is used to report data, what type of intermediary service is used? How does your facility currently exchange health information with other healthcare providers or systems, specifically between SNFs and other provider types? What about health information exchange with other entities, such as public health agencies? What challenges do you face with electronic exchange of health information?
  - Are there any challenges with your current electronic devices (for example, tablets, smartphones, computers) that hinder your ability to easily exchange information across systems? Please describe any specific issues you encounter. Does limited internet or lack of internet connectivity impact your ability to exchange data with other healthcare providers, including community-based care services, or your ability to submit resident assessment data to CMS? Please specify.
  - What steps does your SNF take with respect to the implementation of health IT systems to ensure compliance with security and patient privacy requirements such as the Health Insurance Portability and Accountability Act (HIPAA)?
  - Does your SNF refer to the Safety Assurance Factors for EHR Resilience (SAFER) Guides (see newly revised versions published in January 2025 at <https://www.healthit.gov/topic/safety/safer-guides>) to self-assess EHR safety practices?
  - What challenges or barriers does your facility encounter when submitting quality measure data to CMS as part of the SNF QRP? What opportunities or factors could improve your facility's successful data submission to CMS?
  - What types of technical assistance guidance, workforce trainings, and/or other resources would be most beneficial for the implementation of FHIR® -based technology in your facility for the submission of the MDS to CMS and other existing systems such as CDC's National Healthcare Safety Network (NHSN) for which SNFs have current CMS reporting requirements? What strategies can CMS, HHS, or other federal partners take to ensure that technical assistance is both comprehensive and user-friendly? How could Quality Improvement Organizations (QIOs) or other entities enhance this support?
  - Is your facility using technology that utilizes APIs based on the FHIR® standard to enable electronic data sharing? If so, with whom are you sharing data using the FHIR® standard and for what purpose(s)? For example, have you used FHIR® APIs to share data with public health agencies? Does your facility use any Substitutable Medical Applications and Reusable Technologies (SMART) on FHIR® applications?

- If so, are the SMART on FHIR® applications integrated with your EHR or other health IT?
- How do you anticipate the adoption of technology using FHIR® -based APIs to facilitate the reporting of resident assessment data could impact provider workflows? What impact, if any, do you anticipate it will have on quality of care?
  - What benefits or challenges have you experienced with implementing technology that uses FHIR® -based APIs? How can adopting technology that uses FHIR® -based APIs to facilitate the reporting of resident assessment data impact provider workflows? What impact, if any, does adopting this technology have on quality of care?
  - Does your facility have any experience using technology that shares electronic health information using one or more versions of the United States Core Data for Interoperability (USCDI) standard?
  - Would your SNF and/or vendors be interested in participating in testing to explore options for transmission of assessments, for example testing the transmission of a FHIR® -based assessment to CMS?
  - How could the Trusted Exchange Framework and Common Agreement™ (TEFCA™) support CMS quality programs' adoption of FHIR® -based assessment submissions consistent with the FHIR® Roadmap (available at <https://rce.sequoiaproject.org/three-year-fhir-roadmap-for-tefca/>)? How might resident assessment data hold secondary uses for treatment or other TEFCA exchange purposes?
  - What other information should we consider to facilitate successful adoption and integration of FHIR® -based technologies and standardized data for patient/resident assessment instruments like the MDS? We invite any feedback, suggestions, best practices, or success stories related to the implementation of these technologies.

- **Form, Manner, and Timing of Data Submission Under the SNF QRP**

CMS did not propose or finalize any new policies regarding the form, manner, and timing of data submitted under the SNF QRP.

- **Policies Regarding Public Display of Measure Data for the SNF QRP**

CMS did not propose or finalize any new policies regarding the public display of measure data.

- **Economic Impact of Proposed Changes to SNF QRP**

CMS finalized estimates that the overall economic impact of the SNF QRP Program is a decrease of \$2.2 million annually beginning with the FY27 SNF QRP.

For any questions pertaining to the SNF QRP information above in section I, please contact Dan Ciolek at [dciolek@ahca.org](mailto:dciolek@ahca.org).

## **J. Skilled Nursing Facility (VBP) Value-Based Purchasing Program**

For the FY26 program year, VBP payment adjustments will be based on four measures. The baseline period was FY22 and the performance period was FY24.

No new measures were proposed or finalized for SNF VBP. Table 14 in the final rule and copied below provides a summary of the previously finalized measures and when they take effect.

**TABLE 14: SNF VBP Program Measures and Status in the SNF VBP Program for the FY 2026 Program Year Through the FY 2029 Program Year**

Measure	FY 2026 Program Year	FY 2027 Program Year	FY 2028 Program Year	FY 2029 Program Year
Skilled Nursing Facility 30-Day All-Cause Readmission Measure (SNFRM)	Included	Included		
Skilled Nursing Facility Healthcare-Associated Infections Requiring Hospitalization (SNF HAI) measure	Included	Included	Included	Included
Total Nurse Staffing Hours per Resident Day (Total Nurse Staffing) measure	Included	Included	Included	Included
Total Nursing Staff Turnover (Nursing Staff Turnover) measure	Included	Included	Included	Included
Discharge to Community – Post-Acute Care Measure for Skilled Nursing Facilities (DTC PAC SNF)		Included	Included	Included
Percent of Residents Experiencing One or More Falls with Major Injury (Long-Stay) (Falls with Major Injury (Long-Stay)) measure		Included	Included	Included
Discharge Function Score for SNFs (DC Function) measure		Included	Included	Included
Number of Hospitalizations per 1,000 Long Stay Resident Days (Long Stay Hospitalization) measure		Included	Included	Included
Skilled Nursing Facility Within-Stay Potentially Preventable Readmissions (SNF WS PPR) measure			Included	Included

For the switch to the SNF Within-Stay Potentially Preventable Readmissions (WS PPR) measure in FY28, CMS finalized scoring the measure using the same method as the other measures. Allowing each measure to contribute equally to the total VBP score, incentive payment multiplier, and payment adjustment.

More specifically, each measure is awarded up to ten points based on improvement or achievement, whichever is greater. The sum of the measure scores are normalized out of a total of 100 points to create the total VBP score. This normalization process allows for measures with missing data to neither harm nor benefit a SNF. SNFs are then ranked based on the total score, which determines the incentive payment multiplier, or payment adjustment.

The individual measure performance standards for FY28 were finalized. For FY29, the performance standards for the two measures with a two-year measurement window (Discharge to Community and Readmissions) were finalized. The performance standards for the other measure for FY29 will be in next year's proposed rule (FY27 SNF PPS proposed rule).

As a reminder, the benchmark reflects the average rate of the top ten percent of SNFs. A rate at or better than the benchmark rate earns the maximum of 10 points in achievement scoring. The achievement threshold reflects the 25<sup>th</sup> percentile of performance for all SNFs. Performance better than this value ensures more than zero points are awarded for achievement scoring. The two tables below summarize the performance standards for SNF VBP program years FY28 and FY29 that were provided in tables 15 and 16 of the proposed rule. These final values are only minorly different from the estimated values included in the proposed rule. The rates have been inverted and displayed in their more typical format for ease of comprehension, when applicable.



**TABLE 15: FY 2028 SNF VBP Program Performance Standards**

Measure Short Name	Achievement Threshold	Benchmark
SNF HAI Measure	0.92183	0.94491
Total Nurse Staffing Measure	3.29119	5.87448
Nursing Staff Turnover Measure	0.42696	0.76652
Falls with Major Injury (Long-Stay) Measure	0.95455	0.99951
Long Stay Hospitalization Measure	0.99768	0.99963
DC Function Measure	0.41935	0.80879

**TABLE 16: FY 2029 SNF VBP Program Performance Standards**

Measure Short Name	Achievement Threshold	Benchmark
DTC PAC SNF Measure	0.43478	0.68049
SNF WS PPR Measure	0.86219	0.92400

CMS finalized removing the Health Equity Adjustment (HEA) that was finalized in the FY24 rule and set to begin with the FY27 program year. CMS believes removing the HEA will improve providers' understanding of SNF VBP and provide clearer incentives. Also, the impact of removing the HEA is seen as small. In their modeling, the average SNF VBP payment adjustment with the HEA was -0.75% and without it was -0.84%. The lower payment adjustment with the HEA was possible due to the variable payback percentage that would go above 60%. Without the HEA, CMS proposes to maintain a 60% payback.

Finally, CMS finalized an additional reconsideration process starting with the FY27 program year. This new process would be in addition to the existing phase one and phase two review and correction process. The new process would allow SNFs to seek reconsideration if they are not satisfied with CMS' decision on the initial review and correction submitted for either phase one or phase two. Under this new process, SNFs would have 15 calendar days after receiving CMS' decision on the initial correction request to submit another correction request that details the correction request and the reason for it, including any available evidence.

For any questions pertaining to the SNF VBP information above in section J, please contact [Kiran Sreenivas](#).

#### **K. Request for Information on Streamlining Regulations and Reducing Administrative Burdens in Medicare**

Included in the proposed rule was an RFI for streamlining regulations and reducing administrative burden. It is based on January 31, 2025, Executive Order (EO) 14192 "Unleashing Prosperity Through Deregulation," which states the Administration's policy goal to significantly reduce the private expenditures required to comply with Federal regulations to secure America's economic prosperity and national security and the highest possible quality of life for each citizen.

To comply with the Order, CMS sought public input on approaches and opportunities to streamline regulations and reduce burdens on those participating in the Medicare program.



In response to this RFI, AHCA submitted a 54-page comment that included recommendations and clear policy solutions in 35-key areas for deregulation.

CMS is still seeking comments in response to this RFI, which can be submitted [here](#) until September 15, 2025.

## **Conclusion**

For any questions pertaining to the information above, please contact [John Kane](#).