

Next Generation ACO Model

Skilled Nursing Facility (SNF) Three-Day Rule Waiver

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Currently, in traditional fee-for-service (FFS) Medicare, beneficiaries are eligible for Medicare covered skilled nursing facility (SNF) services when a beneficiary is admitted within 30 days of either (1) an inpatient hospital stay of three consecutive days or more (i.e., qualifying hospital stay), starting with the day the hospital admits the beneficiary as an inpatient, but not including the day they leave the hospital; or (2) a previous SNF stay. The time a beneficiary is in the hospital being observed or in an emergency room before they are admitted does not count toward the three-day qualifying inpatient hospital stay. However, the Next Generation ACO (NGACO) waiver allows an aligned beneficiary to be eligible for Medicare covered SNF services when admitted to a SNF without a three-day qualifying inpatient hospital or previous SNF stay, including beneficiaries who are in the hospital for fewer than three days or admitted directly from a physician's office.

Frequently Asked Questions

Q1: What is the SNF three-day rule waiver?

A: The SNF three-day rule waiver makes available to approved Next Generation ACOs (NGACOs) and their skilled nursing facilities (SNFs) a waiver of the rule requiring a three-day stay in an inpatient hospital, acute-care hospital, or critical access hospital (CAH) with swing-beds prior to admission to a skilled nursing facility (SNF). In other words, this benefit enhancement allows for beneficiary admission to approved NGACO Next Generation Participant or Preferred Provider SNFs either directly or with an inpatient hospital stay of fewer than three days.

Q2: Who is eligible to use the waiver?

A: The waiver is available to Next Generation Participants and Preferred Providers for ACO-aligned beneficiaries to use if: (1) the beneficiary does not reside in a nursing home or SNF for long-term custodial care at the time of the decision to admit to a SNF; and (2) the beneficiary meets all other CMS criteria for SNF admission, including:

- being medically stable;
- having confirmed diagnoses (e.g., does not have conditions that require further testing for proper diagnosis);
- not requiring inpatient hospital evaluation or treatment; and
- having an identified skilled nursing or rehabilitation need that cannot be provided on an outpatient basis or through home health services.

Next Generation Participant or Preferred Provider SNFs must also have, at the time of provider list submission, an overall rating of three or more stars for the past seven of 12 months under the CMS Five-Star Nursing Home Quality Rating System.

Q3: Will critical access hospitals (CAH) that are certified to provide the Medicare SNF benefit be considered eligible SNF applicants under the waiver?

A: If you are working with a CAH that bills for SNF services and meets all other requirements under the waiver, that provider would be eligible for the waiver. The waiver will apply to SNF providers that use 18x, 21x, and 28x bill types. Please be sure that the CMS Control Number (CCN) you submit for such a provider is the one applied to SNF claims. Typically, this CCN is different than the one the CAH submits for non-SNF services. Without the correct CCN, the three-day rule will not be waived.

Q5: If a participating SNF waiver facility falls below a three-star rating, is there a formal process to remove it from our Next Generation Participant and Preferred Provider list?

A: Star ratings are reviewed at the time of Next Generation Participant or Preferred Provider list submission. Once the SNF has been approved for inclusion on the list for a given performance year, it is not removed during the performance year if the star rating declines. If an ACO would like to remove a SNF from its Next Generation Participant or Preferred Provider list, the ACO should follow the process for submitting a provider termination to CMS.

Q6: What happens if a beneficiary is excluded from an ACO's alignment during an SNF stay?

A: If a beneficiary is excluded from an ACO's alignment list during the year, SNF waiver claims submitted within 90 days of the effective exclusion date will be paid.

Q7: Does the physician or provider who refers the beneficiary to an eligible SNF waiver facility have to be a Next Generation ACO Participant or Preferred Provider?

A: No. The physician or provider who refers the beneficiary to an eligible SNF waiver facility does not need to be a Next Generation ACO Participant or Preferred Provider; only the SNF needs to be an approved SNF waiver facility.

Q8: Suppose a beneficiary is admitted to an eligible SNF under the three-day rule waiver. After six days, the patient or a family member requests a transfer to a SNF that is closer to their home. The second SNF is not an eligible SNF. Is the second SNF eligible for Medicare payment?

A: The second SNF is eligible for payment because the beneficiary was initially admitted to an eligible SNF under the three-day rule waiver.

Q9: Suppose a beneficiary was admitted to an eligible SNF under the three-day rule waiver. On day 10, the beneficiary is discharged to his or her home. On day 20, the beneficiary is admitted to a non-eligible SNF under the three-day rule waiver. Is the second SNF stay eligible for payment?

A: The second SNF stay is eligible for payment because the beneficiary was initially admitted to an eligible SNF under the three-day rule waiver. Further, Medicare's Benefit Policy Manual reads, "After you leave the SNF, if you re-enter the same or another SNF within 30 days, you may not need another qualifying three-day hospital stay to get additional SNF benefits. This is also true if you stop getting skilled care while in the SNF and then start getting skilled care again within 30 days." Therefore, since the beneficiary was in an eligible SNF at the beginning of the scenario, the stay at the ineligible SNF waiver facility will not require a qualifying three-day hospital stay.

Q10: Can a patient be admitted to a SNF from an observation stay?

A: Yes, that would be considered a SNF-waiver admission since there was no preceding three-day hospital stay.

Q11: Do SNFs need to include demonstration or condition codes on waiver-related claims?

A: No, SNFs admitting waiver patients do not need to apply demonstration or condition codes to the claims. The FFS system has been configured to recognize Next Generation ACO SNF waiver claims, so SNFs do not need to do anything different than they do when they submit regular FFS claims.

Q12: What if a beneficiary's care is part of the Bundled Payments for Care Improvement (BPCI) Initiative?

A: The BPCI Initiative, sometimes referred to as "bundles," includes four models of care that link payments for various services beneficiaries receive during a specific episode of care. This Initiative has its own SNF three-day rule waiver, so NGACO beneficiaries whose care is covered through one of the bundles are **not** considered part of the NGACO SNF three-day rule waiver.

For more information about the BPCI Initiative, please refer to CMS's website: <https://innovation.cms.gov/initiatives/bundled-payments/>.