CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 2409	**Date: December 20, 2019**
	Change Request 11511

Transmittal 2385, dated November 8, 2019, is being rescinded and replaced by Transmittal 2409, dated, December 20, 2019 to edit business requirement 11511.1.3 to add "Providers". All other information remains the same.

SUBJECT: Medicare Shared Savings Program (SSP) Skilled Nursing Facility (SNF) Affiliates' Updated Qualifying Stay Edits

I. SUMMARY OF CHANGES: Using statutory waiver authority, Centers for Medicare & Medicaid Services (CMS) has a waiver of the SNF 3-day rule requirement in order to provide additional flexibilities under the Shared Savings Program (SSP) that encourages Accountable Care Organization (ACO) participation in performance-based risk arrangements. This waiver is only available to ACOs participating in a Track that takes on risk for both savings and losses.

Through this Change Request (CR), CMS will update the qualifying stay edit logic for SNF affiliates using demonstration code 77 to include the admittance date.

EFFECTIVE DATE: January 1, 2020
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: April 6, 2020

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding

continued performance requirements.

IV. ATTACHMENTS:
One Time Notification

Attachment - One-Time Notification

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Transmittal 2385, dated November 8, 2019, is being rescinded and replaced by Transmittal 2409, dated, December 20, 2019 to edit business requirement 11511.1.3 to add "Providers". All other information remains the same.

SUBJECT: Medicare Shared Savings Program (SSP) Skilled Nursing Facility (SNF) Affiliates' Updated Qualifying Stay Edits

EFFECTIVE DATE: January 1, 2020
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IMPLEMENTATION DATE: April 6, 2020

I. GENERAL INFORMATION

A. Background: The Medicare Skilled Nursing Facility (SNF) benefit is for beneficiaries who require a short-term intensive stay in a SNF, requiring skilled nursing and/or rehabilitation care. Pursuant to section 1861(i) of the Social Security Act, beneficiaries must have a prior inpatient hospital stay of no fewer than three consecutive days in order to be eligible for Medicare coverage of inpatient SNF care. This has become known as the SNF 3-day rule.

The Centers for Medicare & Medicaid Services (CMS) understands that, in certain circumstances, it could be medically appropriate for some patients to receive skilled nursing care and or rehabilitation services provided at SNFs without prior hospitalization or with an inpatient hospital length of stay of less than 3 days.

The Medicare Shared Savings Program payment incentives and care delivery rules are designed to enable its Accountable Care Organization (ACO) participants to improve the quality of care while reducing the rate of growth in expenditures and preserving the Medicare Trust Fund. Given these conditions and the strong monitoring and evaluation components of the Shared Savings Program, CMS implemented a tailored waiver of the SNF 3-day rule to enable certain qualified Shared Savings Program ACOs to select the most appropriate care delivery site for a subset of SNF-eligible beneficiaries while reducing expenditures through care improvement.

Section 3022 of the Affordable Care Act amended Title XVIII of the Social Security Act (the Act) by adding new section 1899 to establish the Medicare Shared Savings Program. Under section 1899(f), the Secretary is permitted to waive “such requirements of….title XVIII of this Act as may be necessary to carry out the provisions of this section.” Within this statutory context, CMS proposed and finalized through rulemaking (80 Final Rule (FR) 32692) a waiver of the prior 3-day inpatient hospitalization requirement in order to provide Medicare SNF coverage when certain beneficiaries, assigned to Shared Savings Program ACOs that participate in two-sided risk tracks, are admitted to designated SNF affiliates either directly or after fewer than 3 inpatient hospital days. A waiver is available for Shared Savings Program ACOs in tracks that demonstrate the capacity and infrastructure to identify and manage patients who would be either directly admitted to a SNF or admitted to a SNF after an inpatient hospital stay of fewer than three days, for services otherwise covered under the Medicare SNF benefit. Beneficiaries with certain characteristics who are assigned to a Shared Savings Program ACO may be admitted to qualifying SNF affiliates, based upon the referral of a treating physician who is an ACO Provider/Supplier. All other requirements for the Medicare SNF benefit remain unchanged.

B. Policy: Under section 1899(f) of the Act, CMS is authorized to waive the SNF 3-day inpatient hospitalization requirement in order to provide additional flexibilities to ACOs under the Shared Savings

Program. These flexibilities are provided in order to encourage ACO participation in performance-based risk arrangements. A waiver is only available to eligible ACOs participating in the Shared Savings Program under a two-sided model (in which they may share in savings and are also accountable for repaying any shared losses). Beneficiaries, SNFs, and ACOs must meet the eligibility requirements specified in §425.612 in order for Medicare to provide payment for services provided pursuant to a SNF 3- Day Rule Waiver. CMS clarified in the "Pathways to Success" Final Rule (83 FR 67816), "if a beneficiary is admitted to a SNF prior to an ACO's termination date, and all requirements of the SNF 3-day rule waiver are met, the SNF services furnished without a prior 3-day stay would be covered under the SNF 3-day rule waiver."

Through this change request, CMS will update the qualifying stay edit logic for SNF affiliates using demonstration code 77 to include the admittance date. Currently, some SNF 3-day waiver claims for beneficiaries assigned to an ACO are rejecting when the ACO terminates before the beneficiary's stay is complete. This CR will replace "the from date on the date of service" with "the admittance date" to prevent eligible claims from being denied because the ACO terminated before the beneficiary's eligible stay ended. This policy shall be applied retroactively to any claims that rejected prior to the implementation date that are brought to the attention of the Medicare Contractor.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
11511.1	The Medicare Contractor shall update the demonstration code 77-date comparison criterion of the claim against the SSP SNF on the SSP ACO SNF file.					X				
11511.1.1	The Medicare Contractor shall compare the admit date of the claim to the effective start and end date of the SSP SNF on the SSP ACO SNF file to determine whether the SNF provider is eligible for the Program.					X				
11511.1.2	The Medicare Contractor shall implement using the admission date to determine eligibility for claims received on or after January 1, 2020.					X				
11511.1.3	The Medicare Contractor shall apply this change to claims, adjustment claims initiated by the MACs, Providers and unsolicited Common Working File (CWF) responses.					X				
11511.2	Contractors shall adjust claims brought to their attention that rejected prior to April 6, 2020.	X								

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
11511.3	The Medicare Contractor shall update the Claim Adjustment Reason Code being assigned to the Fiscal Intermediary Shared System (FISS) reason code created under BR 11290.4.2 to use the following: Remittance Advice Remark Code (RARC) N826: Patient did not meet the inclusion criteria for the Medicare Shared Savings Program.	X								

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	None					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Sharon Ventura, 410-786-1985 or Sharon.Ventura@cms.hhs.gov , Rhonda Sheppard, 404-562-7210 or Rhonda.Sheppard@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):
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ATTACHMENTS: 0