



# Provider Inquiry Assistance

## Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update Fiscal Year (FY) 2011 – JA7034

Related CR Release Date: August 6, 2010

Date Job Aid Revised: August 23, 2010

Effective Date: October 1, 2010

Implementation Date: October 4, 2010

**Key Words** MM7034, CR7034, R2023CP, SNF, PPS, Pricer

**Contractors Affected**

- Medicare Carriers
- Part A/B Medicare Administrative Contractors (A/B MACs)
- Fiscal Intermediaries (FIs)

**Provider Types Affected** SNFs billing Medicare Carriers, FIs, and/or A/B MACs for services paid under the SNF PPS are affected.



Change Request (CR) 7034 reminds providers that the SNF PPS rates are updated annually, and provides information on the updates to the payment rates used under the PPS for SNFs for FY 2011.

**Provider Needs to Know...**

- The SNF PPS rates will be effective for service dates beginning October 1, 2010, through September 30, 2011. The rates will be published in the Federal Register on July 22, 2010 (75 FR 42886)
- The statute mandates an update to the federal rates, using the latest SNF full market basket.
- The update methodology is identical to that used in the previous year and will include

the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) reimbursement for beneficiaries with acquired immunodeficiency syndrome.

- This update includes new case-mix indexes using the recalculated case-mix adjustments based on actual data.

**Affordable Care Act (ACA)**

- The enactment of the ACA includes several provisions that affect the SNF PPS.
- The Centers for Medicare & Medicaid Services (CMS) is currently finalizing a strategy for completing the complex infrastructure changes necessary to accurately implement these changes.

**Interim Payments Mechanism**

- CMS has concluded that the best way to minimize risk will be to establish an interim payments mechanism that utilizes the MDS 3.0 and the new RUG-IV system in its entirety as finalized in the FY 2010 SNF PPS final rule (74 FR 40288, August 11, 2009).
- The Pricer software update issued to CMS contractors reflects this interim payment approach.
- Once the necessary infrastructure is in place, CMS will then issue a revised Pricer program and instructions to contractors to retroactively adjust claims to reflect the applicable provisions of the ACA.
- CMS will publish the specific payment rates for the upcoming fiscal year in the Federal Register, and provide additional guidance concerning implementation of the FY 2011 payments in the near future.

**Background**

- Annual updates to the PPS rates are required by Section 1888(e) of the Social Security Act, as amended by:
  - Medicare, Medicaid, and State Child Health Insurance Program State Children's Health Insurance Program (SCHIP) Balanced Budget Refinement Act of 1999,
  - Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000, and the Medicare Prescription Drug, Improvement, and
  - The MMA, relating to Medicare payments and consolidated billing for SNFs.

**Operational Impact**

N/A

**Reference Materials**

The related MLN Matters® article can be found at <http://www.cms.gov/MLN MattersArticles/downloads/MM7034.pdf> on the CMS website. The official instruction (CR7034) issued regarding this change may be viewed at

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<http://www.cms.gov/Transmittals/downloads/R2023CP.pdf> on the CMS website.

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