

Related Change Request (CR) #: 3972

MLN Matters Number: MM3972

Related CR Release Date: August 5, 2005

Related CR Transmittal #: 640

Effective Date: October 1, 2005

Implementation Date: October 3, 2005

## *Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update FY 2006*

**Note:** This article was updated on February 14, 2013, to reflect current Web addresses. All other information remains unchanged.

### Provider Types Affected

Skilled Nursing Facilities (SNFs) billing Medicare intermediaries

### Provider Action Needed



#### **STOP – Impact to You**

This article announces that Fiscal Year (FY) 2006 SNF payment rates will be effective on October 1, 2005.



#### **CAUTION – What You Need to Know**

Medicare systems will apply the FY 2006 SNF PPS payment rates that are effective for service dates beginning October 1, 2005 through December 31, 2005.



#### **GO – What You Need to Do.**

See the Background Section of this article to find out further details regarding these changes

### Background

Annual updates to the Prospective Payment System (PPS) rates are required by the Social Security Act, as amended by the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (the BBRA), and the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (the BIPA), relating to Medicare payments and Consolidated Billing for Skilled Nursing Facilities (SNFs).

#### Disclaimer

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The Centers for Medicare & Medicaid Services (CMS) published the SNF payment rates for FY 2005 (October 1, 2004 through September 30, 2005), in the Federal Register on July 30, 2004 (69 FR 45775) which can be reviewed at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/downloads/fr30jy04.pdf> on the Centers for Medicare and Medicaid Services website.

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 it includes reimbursement for beneficiaries with AIDS.

The SNF Wage Index notice will be effective on October 1, 2005, and the index will be published in the *Federal Register* before that date. Also, a transitional wage index will apply for FY 2006 based on the methodology described in the *Federal Register*.

**Note:** A market basket is a group of products or services in a specific market. Classic market-basket analysis treats the purchase of a number of items (for example, the contents of a shopping basket) as a single transaction. Input prices are the pure prices of inputs used by an SNF in providing services, and these include labor, capital, and materials (such as drugs). By definition, an input price reflects prices faced by the SNF in purchasing these inputs, whereas an output price reflects the prices faced by buyers of SNF services. CMS currently can measure input prices using the SNF input price index, or "market basket."

Medicare systems will apply the FY 2006 SNF PPS payment rates that are effective for service dates beginning October 1, 2005 through December 31, 2005.

You can learn more about the SNF PPS at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/index.html> on the CMS website.

### Additional Information

Market Basket Definitions and General Information can be found at the following Centers for Medicare & Medicaid Services (CMS) website: <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareProgramRatesStats/downloads/info.pdf> on the CMS website.

For complete details, please see the official instruction issued to your intermediary regarding this change. That instruction may be viewed by going to <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R640CP.pdf> on the CMS website.

If you have any questions, please contact your intermediary at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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