



**News Flash** – The Centers for Medicare & Medicaid Services (CMS) has developed the Medicare Learning Network® (MLN) Suite of Products and Resources for Billing and Coding Professionals – to help billers, coders and other reimbursement specialists submit claims correctly the first time. Like all MLN products, the Suite has nationally consistent, up-to-date Medicare information prepared by subject-specific experts—and it is available at no cost! The Suite addresses – The Business of Medicare, Medicare Benefits and Services, Special Medicare Initiatives, and General Medicare Program Information and Resources, and offers an uncomplicated way to understand more about the Medicare Program. To access this new product, go to <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNEdWebGuide> and click on “Medicare Learning Network Suite of Products and Resources for Billing and Coding Professionals” on the left side of the page.

MLN Matters® Number: MM7034

Related Change Request (CR) #: 7034

Related CR Release Date: August 6, 2010

Effective Date: October 1, 2010

Related CR Transmittal #: R2023CP

Implementation Date: October 4, 2010

**Note:** This article was updated on December 7, 2012, to reflect current Web addresses. All other information remains unchanged.

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

### Provider Types Affected

---

This article is for SNFs billing Medicare contractors (Fiscal Intermediaries (FIs) and/or Part A/B Medicare Administrative Contractors (A/B MACs)) for services paid under the SNF PPS.

### Provider Action Needed

---

This article is based on Change Request (CR) 7034 which describes the updates to the payment rates used under the PPS for SNFs, for FY 2011, as required by statute. Be sure your billing staff is aware of these changes.

#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

## Background

---

Annual updates to the PPS rates are required by section 1888(e) of 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 State Child Health Insurance Program (SCHIP) Benefits Improvement and Protection Act of 2000 (the BIPA) and the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the MMA), relating to Medicare payments and consolidated billing for SNFs.

The Centers for Medicare & Medicaid Services (CMS) published the SNF payment rates for FY 2011 (that is, beginning October 1, 2010 through September 30, 2011), in the Federal Register on July 22, 2010 (75 FR 42886). The updated methodology is identical to that used in the previous year and will include the MMA reimbursement for beneficiaries with acquired immunodeficiency syndrome (AIDS). This update includes new case-mix indexes using the recalculated case-mix adjustments based on actual data. The statute mandates an update to the Federal rates using the latest SNF full market basket.

The enactment of the Affordable Care Act (ACA) includes several provisions that affect the SNF PPS. CMS is currently finalizing a strategy for completing the complex infrastructure changes necessary to accurately implement these changes. 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.

This approach will allow CMS to make payments with the least disruption for providers and beneficiaries. 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.

## Additional Information

---

MLN Matters® article, MM6916, contains information on new and deleted HIPPS codes resulting from the conversion to the new RUG-IV coding system. The new 5-digit HIPPS codes include two components: the 3-digit classification code assigned to each RUG group, and newly defined 2-digit assessment indicators that specify the type of assessment used to support billing. You can review this article at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning->

### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

[Network-MLN/MLNMattersArticles/downloads/MM6916.pdf](#) on the CMS website. If you have questions, please contact your Medicare MAC or FI 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. The official instruction (CR7034) issued to your Medicare A/B MAC and/or FI is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R2023CP.pdf> on the CMS website.

**Disclaimer**

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.