

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 640

Department of Health &
Human Services (DHHS)

Center for Medicare &
Medicaid Services (CMS)

Date: AUGUST 5, 2005

Change Request 3972

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

I. SUMMARY OF CHANGES: CMS published the SNF payment rates for FY 2005 (that is, beginning October 1, 2004 through September 30, 2005), in the Federal Register on July 30, 2004 (69 FR 45775). The update methodology is identical to that used in the previous year and will include the reimbursement of beneficiaries with AIDS. The statute mandates an update to the Federal rates using the latest SNF full market basket.

NEW/REVISED MATERIAL :

EFFECTIVE DATE : *October 01, 2005

IMPLEMENTATION DATE : October 03, 2005

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	

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.

IV. ATTACHMENTS:

Recurring Update Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment – Recurring Update Notification

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

I. GENERAL INFORMATION

This attachment provides information on the updates to the payment rates used under the PPS for SNFs, for FY 2006, as required by statute.

A. Background: Annual updates to the PPS rates are required by §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 SCHIP Benefits Improvement and Protection Act of 2000 (the BIPA), relating to Medicare payments and consolidated billing for SNFs.

B. Policy: CMS published the SNF payment rates for FY 2005 (that is, beginning October 1, 2004 through September 30, 2005), in the **Federal Register** on July 30, 2004 (69 FR 45775). The update methodology is identical to that used in the previous year and will include the reimbursement of beneficiaries with AIDS. The statute mandates an update to the Federal rates using the latest SNF full market basket.

The SNF Wage Index notice will be effective October 1, 2005, and published in the **Federal Register** before that date. A transitional wage index will apply for federal fiscal year 2006 according to the methodology described in the **Federal Register**.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)									
		FI	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other	
						F I S S	M C S	VMS		C W F	
3972.1	Medicare systems shall apply the FY 2006 SNF PPS payment rates that are effective for service dates beginning October 1, 2005 through December 31, 2005.					X					Pricer, SSM
3972.2	Medicare contractors shall update the SNF facility CBSA field on the provider specific file to indicate the CBSA code that corresponds to the state and county of the SNF’s location as published in the Federal Register.	X									
3972.2.1	Medicare contractors shall update the CBSA Special Pay Indicator field and the CBSA Special Wage Index field for all SNF providers based off the Transition wage index values indicated in the Federal Register.	X									

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		FI	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3972.3	A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X								

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
3972.1	The new SNF Pricer module will update all rates using the existing methodology.

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements
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C. Interfaces: Part A/Intermediary

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: October 1, 2005 Implementation Date: October 3, 2005 Pre-Implementation Contact(s): Dave Panuska 410-786-1835 Post-Implementation Contact(s): Dave Panuska 410-786-1835	No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2005 operating budgets.
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