



Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update FY 2021

MLN Matters Number: MM11859 **Revised**

Related Change Request (CR) Number: 11859

Related CR Release Date: **August 19, 2020**

Effective Date: October 1, 2020

Related CR Transmittal Number: **R10314CP**

Implementation Date: October 5, 2020

Note: We revised this article to reflect a revised CR 11859, issued on August 19, 2020. The CR revision shows that effective for Fiscal Year (FY) 2021, a 5 percent cap will be adopted and applied to all Skilled Nursing Facility providers on any decrease to a provider's FY 2021 final wage index from that provider's final wage index of the prior fiscal year (FY 2020). We added that language to the article. Also, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same

PROVIDER TYPES AFFECTED

This MLN Matters Article is for Skilled Nursing Facilities (SNFs) submitting claims to Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries paid under the SNF Prospective Payment System (PPS).

PROVIDER ACTION NEEDED

This article provides information on the Fiscal Year (FY) 2021 updates to the SNF PPS payment rates, as required by statute. Make sure your billing staffs are aware of these updates.

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 State Children's Health Insurance Program (SCHIP) Balanced Budget Refinement Act of 1999 (the BBRA), the Medicare, Medicaid, and 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.

Each July, the Centers for Medicare & Medicaid Services (CMS) publishes the SNF payment rates for the upcoming FY (October 1, 2020 through September 30, 2021) in the Federal Register, available online at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/List-of-SNF-Federal-Regulations.html>.

The current update method is similar to that used in the previous year, which includes a forecast

error adjustment whenever the difference between the forecasted and actual change in the SNF market basket exceeds a 0.5 percentage point threshold. The payment rates will be effective for service dates beginning October 1, 2020, through September 30, 2021.

Effective for FY 2021 a 5 percent cap will be adopted and applied to all Skilled Nursing Facility providers on any decrease to a provider's FY 2021 final wage index from that provider's final wage index of the prior fiscal year (FY 2020).

ADDITIONAL INFORMATION

The official instruction, CR 11859, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10314CP.pdf>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

DOCUMENT HISTORY

Date of Change	Description
August 20, 2020	We revised this article to reflect a revised CR 11859, issued on August 19, 2020. The CR revision shows that effective for FY 2021, a 5 percent cap will be adopted and applied to all Skilled Nursing Facility providers on any decrease to a provider's FY 2021 final wage index from that provider's final wage index of the prior fiscal year (FY 2020). We added that language to the article. Also, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.
July 2, 2020	Initial article released.

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