

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 13850	Date: August 7, 2026
	Change Request 14545

SUBJECT: Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Web Pricer Update Fiscal Year (FY) 2027

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to provide information on the updates to the payment rates used under the PPS for SNFs, for FY 2027, as required by statute. The update can be found in chapter 6, section 30.5 of the Claims Processing Manual.

EFFECTIVE DATE: October 1, 2026

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

IMPLEMENTATION DATE: October 5, 2026

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	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Recurring Update Notification

Attachment - Recurring Update Notification

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II. GENERAL INFORMATION

A. Background: The purpose of this Change Request (CR) is to provide information on the updates to the payment rates used under the PPS for SNFs, for FY 2027, as required by statute. The update can be found in chapter 6, section 30.5 of the Claims Processing Manual.

Annual updates to the PPS rates are required by §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.

B. Policy: Each July, the CMS publishes the SNF payment rates for the upcoming FY (that is, October 1, 2026, through September 30, 2027) in the Federal Register, available online at <https://www.cms.gov/medicare/payment/prospective-payment-systems/skilled-nursing-facility-snf/list-federal-regulations>. The payment rates will be effective October 1, 2026.

Provider Specific File (PSF) Updates

Effective FY 2023, a permanent five (5) percent cap was adopted and applied to all SNF providers on any decrease to a provider's final wage index from that provider's final wage index of the prior fiscal year. Under the five (5) percent cap policy, a new SNF that opens during FY 2027 would be paid the wage index for the area in which it is geographically located for its first full or partial FY with no cap applied because a new SNF would not have a wage index in the prior FY. To implement this policy for FY 2027, the following fields will be updated in the PSF:

1. Supplemental Wage Index - used for the prior fiscal year wage index value
2. Supplemental Wage Index Indicator - used to indicate the value in the "Supplemental Wage Index" field is the prior fiscal year wage index

III. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
14545.1	Medicare contractors shall apply the FY 2027 SNF PPS payment rates that are effective for service dates beginning October 1, 2026, through September 30, 2027.	X								
14545.2	Medicare contractors shall update the “Supplemental Wage Index” and “Supplemental Wage Index Indicator” for all the SNF providers who were active in FY 2026.	X								
14545.3	MACs shall follow the steps below to ensure the appropriate values are applied in the Supplemental Wage Index and Supplemental Wage Indicator fields: 1. If the provider was not active for FY 2026, then skip all of the below steps and leave the “Supplemental Wage Index” and “Supplemental Wage Index Indicator” fields blank. If the provider was active for FY 2026, then follow the steps below. 2. Update the value of “Supplemental Wage Index Indicator” to be “1”. 3. Validate the accuracy of the provider’s FIPS state and county codes. 4. Validate the accuracy of the provider’s FY 2026 Core Based Statistical Area (CBSA) based on the provider’s Federal Information Processing Standards (FIPS) state and county codes and the CBSA delineations defined in Office of Management and Budget (OMB) Bulletin No. 23-01. 5. Identify the FY 2026 SNF wage index calculated by the Pricer software and used to pay claims for each provider in FY 2026, and add this wage index value to the “Supplemental Wage Index” field.	X								
14545.4	Contractors shall access the SNF PPS Pricer via the Cloud to pay FY 2027 payment rates on claims with discharge dates on or after October 1, 2026.	X								

IV. PROVIDER EDUCATION

Medicare Learning Network® (MLN): CMS will develop and release national provider education content and market it through the MLN Connects® newsletter shortly after we issue the CR. MACs shall link to relevant information on your website and follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 for distributing the newsletter to providers. When you follow this manual section, you don't need to separately track and report MLN content releases. You may supplement with your local educational content after we release the newsletter.

Impacted Contractors: A/B MAC Part A

V. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
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Section B: All other recommendations and supporting information: N/A

VI. CONTACTS

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VII. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0