

Transforming Episode Accountability Model (TEAM): Skilled Nursing Facility (SNF) 3-Day Rule Waiver Billing Fact Sheet



Understanding the Skilled Nursing Facility (SNF) 3-Day Rule Waiver

To enhance care coordination across the post-acute spectrum and support Transforming Episode Accountability Model (TEAM) participant hospitals in managing beneficiary care, the Centers for Medicare & Medicaid Services (CMS) is conditionally waiving certain Medicare Fee-for-Service (FFS) payment rules for TEAM episodes, including a waiver for the Skilled Nursing Facility (SNF) 3-Day Rule. For more information, see [42 CFR 512.580\(b\)](#).

The SNF 3-Day Rule requires that, for Medicare to pay for Part A SNF services, a beneficiary must have a qualifying inpatient hospitalization of at least 3 consecutive days (including the day of hospital admission but not the day of discharge).

A SNF 3-Day Rule Waiver is available under TEAM, subject to the following conditions:

- The hospital stay does not meet the prerequisite of at least 3 consecutive days for Medicare Part A coverage of SNF services. *If the stay would otherwise qualify for covered SNF services, the waiver is not necessary.*
- The discharge must be from a TEAM participant hospital.
- The beneficiary must have completed an outpatient procedure or been discharged from an acute inpatient hospitalization initiated by a TEAM-qualifying Medicare Severity Diagnosis-Related Groups (MS-DRG) or Healthcare Common Procedure Coding System (HCPCS) code.¹
- The beneficiary must be admitted to the SNF within 30 days of the outpatient procedure or inpatient hospitalization, bypassing the Medicare FFS requirement of a 3-day inpatient hospitalization.
 - *Readmission Coverage:* The SNF 3-Day Rule Waiver extends to subsequent readmissions or hospital discharges within this 30-day window.
- Long-term care or SNF residents qualify for the SNF 3-Day Rule Waiver if they are discharged to a qualified SNF following a TEAM outpatient procedure or inpatient hospitalization.
- The beneficiary must meet the following TEAM eligibility criteria upon admission for an outpatient procedure or inpatient hospitalization. Beneficiary inclusion criteria are available at [42 CFR 512.535\(a\)](#):
 - Enrolled in Medicare Parts A and B
 - Not eligible for Medicare on the basis of having end-stage renal disease
 - Not enrolled in any managed care plan (for example, Medicare Advantage, health care prepayment plans, or cost-based health maintenance organizations)
 - Not covered under a United Mine Workers of America health care plan
 - Have Medicare as their primary payer

If you are viewing a printed version of this fact sheet, you can visit the model's webpage at <https://www.cms.gov/priorities/innovation/innovation-models/team-model>, <https://www.medicare.gov/care-compare/>, and <https://www.cms.gov/files/document/mm14098-implementing-transforming-episode-accountability-model-skilled-nursing-facility-3-day-rule.pdf> to access the resources referenced here.

¹ TEAM episodes are for one of the following surgical procedures: lower extremity joint replacement, surgical hip femur fracture treatment, spinal fusion, coronary artery bypass graft, and major bowel procedure. For a list of the HCPCS codes and MS-DRGs included in each episode category, see [42 CFR 512.525\(d\)](#).

The SNF 3-Day Rule Waiver applies only if the SNF is qualified based on the following requirements:

- CMS determines that a SNF is qualified through a quarterly review of the most recent rolling 12 months of overall star ratings on the CMS Five-Star Quality Rating System for SNFs on [the Nursing Home Compare webpage](#). To qualify, a SNF must receive an overall rating of at least three stars for 7 or more of the 12 months reviewed.
 - CMS posts a list of qualified SNFs every quarter on the [TEAM webpage](#) under “Additional Information.”
- The waiver also applies to swing bed providers, including Critical Access Hospital (CAH) swing beds.
 - Providers furnishing SNF services under swing bed agreements are not subject to the star ratings requirement.
 - Swing bed providers that are eligible to use the TEAM SNF 3-Day Rule Waiver are included in the quarterly list of qualified SNFs published by CMS.



Important Note: CMS will cover services furnished under the SNF 3-Day Rule Waiver if a beneficiary is later found to be ineligible for TEAM (for example, because of an unexpected coverage change or a non-qualifying final MS-DRG/HCPCS code). Coverage will apply if the hospital and SNF made a good-faith effort based on the data available at admission.

- A screenshot, report, or medical record note showing a working TEAM-qualifying MS-DRG or HCPCS code, or an eligible coverage status at admission, would show a good-faith effort.

How to Bill for Services Using the SNF 3-Day Rule Waiver

Category	Requirement
CMS Payment Policy	Waives the requirement for a 3-day hospital inpatient hospitalization before receiving SNF services. For more information, see the CMS Medicare Learning Network (MLN) Matters® Article MM14098: Implementing the TEAM: SNF 3-Day Rule Waiver . All other Medicare FFS rules for coverage and payment of Part A-covered SNF services still apply.
Type of Claim	Type of Bill (TOB) is 21X for SNF inpatient services or 18X for CAHs.
Who Must Bill	Qualified SNF that provides the service, per the quarterly Qualified SNF List on the TEAM webpage . Services provided by a SNF that is not on the published list will not be paid by Medicare.
Demonstration Code	A9: First Treatment Authorization Code Field (2300 REF02 Segment, where REF01 = P4 for electronic claims).
Required Coding	Occurrence Span Code (OSC) 70 is either not present or reflects a stay of less than 3 calendar days, excluding the day of discharge.
Episode Type	TEAM outpatient or inpatient episodes.



Important Note: The regional Medicare Administrative Contractor (MAC) will return claims to the Qualified SNF or swing bed provider if they do not meet these criteria or if the claim using the SNF 3-Day Rule Waiver is submitted with other Medicare FFS services in the same claim.