

Program Memorandum Intermediaries

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal A-03-075

Date: AUGUST 29, 2003

CHANGE REQUEST 2893

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

I. GENERAL INFORMATION

This Program Memorandum (PM) provides information on the updates to the payment rates used under the PPS for SNFs, for FY 2004, 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

On July 31, 2002, CMS published an update notice in the **Federal Register** (67 FR 49798) detailing the schedule of SNF PPS Federal rates applicable for Medicare SNF payments in FY 2003. The CMS published the SNF payment rates for FY 2004 (that is, beginning October 1, 2003 through September 30, 2004), in the **Federal Register** on August 4, 2003 (68 FR 46036).

The methodology used for the update is identical to that used in the previous year. The rates will reflect an adjustment required by the statute. The statute mandates an update to the Federal rates using the latest SNF full market basket. The base rate also has a 3.26 percent forecast error correction adjustment built in. The forecast error correction does not require anything additional from last year since it is built into the base rate.

II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
2893.1	Medicare systems shall apply the FY 2004 SNF PPS payment rates that are effective beginning October 1, 2003 through September 30, 2004.	Pricer, SSM
2893.2	Intermediaries shall post either a summary or relevant portions of this instruction on their Web sites to educate providers within 2 weeks of the issuance date of this PM and have this information published in their next regularly scheduled bulletin. If you have a listserv that targets the affected provider communities, you must use it to notify subscribers that information about the "Annual Update for Skilled Nursing Facilities" is available on your Web site.	FIs

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
2893.1	The new SNF Pricer module will not contain any new calculation logic, but will simply apply the existing calculations to the updated rates.

B. Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements
2893.1	The input and output records of the SNF Pricer module will not be changed.

C. Interfaces: N/A

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

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. ATTACHMENT(S) N/A

<p>Version:</p> <p>Implementation Date: October 1, 2003</p> <p>Discard Date: September 30, 2004</p> <p>Post-Implementation Contact: Appropriate regional office</p>	<p>Effective Date: October 1, 2003</p> <p>Funding: These instructions should be implemented within your current operating budget.</p> <p>Pre-Implementation Contact: Jeanette Kranacs (410) 786-9385 for payment policy questions. Dave Panuska (410) 786-1835 for operational questions.</p>
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