
CMS Manual System

Pub. 100-04 Medicare Claims Processing

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

Transmittal 268

Date: JULY 30, 2004

CHANGE REQUEST 3368

I. SUMMARY OF CHANGES: This instruction provides information on the updates to the payment rates used under the PPS for SNFs, for FY 2005, as required by statute. Medicare systems shall apply the FY 2005 SNF PPS payment rates that are effective for discharges beginning October 1, 2004 through September 30, 2005. The new SNF Pricer module will contain new calculation logic (see CR 3291) for reimbursement of beneficiaries with AIDS, and will update all rates using the existing methodology.

NEW/REVISED MATERIAL - EFFECTIVE DATE: October 1, 2004

***IMPLEMENTATION DATE: October 4, 2004**

Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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 not updated.)

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	6/Table of Contents
N	6/30.6 SNF PPS Pricer Software

***III. FUNDING:**

These instructions shall be implemented within your current operating budget.

IV. ATTACHMENTS:

	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
X	Recurring Update Notification

***Medicare contractors only**

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 268	Date: July 30, 2004	Change Request 3368
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SUBJECT: Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update FY 2005

I. GENERAL INFORMATION

This attachment provides information on the updates to the payment rates used under the PPS for SNFs, for FY 2005, 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. 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 incorporates section 511 of MMA that specifies a separate add on payment for residents with AIDS. The update methodology is identical to that used in the previous year. The statute mandates an update to the Federal rates using the latest SNF full market basket.

C. Provider Education: None

II. BUSINESS REQUIREMENTS

“Shall” denotes a mandatory requirement

“Should” denotes an optional requirement

Requirement #	Requirements	Responsibility
3368.1	Medicare systems shall apply the FY 2005 SNF PPS payment rates that are effective for discharges beginning October 1, 2004 through September 30, 2005.	Pricer, SSM

3368.2	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 CR 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
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III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
3368.1	The new SNF Pricer module will contain a new calculation logic for reimbursement of beneficiaries with AIDS, and will update all rates using the existing methodology.

B. Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements
3291.1	The input records of the SNF Pricer module will be changed.

C. Interfaces: N/A

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

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date: October 1, 2004</p> <p>Implementation Date: October 4, 2004</p> <p>Pre-Implementation Contact(s): Stuart Barranco 410-786-6152</p> <p>Post-Implementation Contact(s): Stuart Barranco 410-786-6152</p>	<p>These instructions shall be implemented within your current operating budget.</p>
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Medicare Claims Processing Manual

Chapter 6 - SNF Inpatient Part A Billing

Table of Contents
(Rev. 268, 07-30-04)

30.6 - SNF PPS Pricer Software

30.6 – SNF PPS Pricer Software

(Rev. 268, Issued 07-30-04, Effective: 10-01-04, Implementation: 10-04-04)

The Balanced Budget Act (BBA) of 1997 (Public Law 105-33) mandated the implementation of a per diem prospective payment system (PPS) for skilled nursing facilities (SNFs), covering all costs (routine, ancillary, and capital) of covered SNF services furnished to beneficiaries under Part A of the Medicare program, effective for cost reporting periods beginning on or after July 1, 1998.

The CMS has developed a SNF Pricer Program that calculates the Medicare payment rate. CMS provides a Pricer program to determine the price upon which to base payment under prospective payment. The Pricer is available electronically to the Shared Systems and is updated at least annually. The SNF Pricer Program can be found at: <http://www.cms.hhs.gov/providers/pricer/default.asp?>