
Program Memorandum Intermediaries

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

Transmittal A-02-057

Date: JULY 3, 2002

CHANGE REQUEST 2220

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

This Program Memorandum (PM) provides information on the updates to the payment rates used under the PPS for SNFs, for FY 2003, as required by statute. 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.

On July 31, 2001, CMS published a final rule in the *Federal Register* (66 FR 39562) detailing the schedule of SNF PPS Federal rates applicable for Medicare SNF payments in FY 2002. The CMS will publish the SNF payment rates for FY 2003, that is October 1, 2002 through September 30, 2003, before August 1, 2002 in the *Federal Register*.

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 market basket minus 0.5 percentage point.

Revised Pricer

A new SNF PRICER software package will be released prior to October 1, 2002, that will contain updated rates that are effective October 1, 2002 through September 30, 2003.

The effective date for this PM is October 1, 2002.

The implementation date for this PM is October 1, 2002.

The contact person for this PM is Dana Burley on (410) 786-4547.

These instructions should be implemented within your current operating budget.

This PM may be discarded after September 30, 2003.

