

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

Small Entity Compliance Guide

CMS-1802 -F

RIN 0938-AV30

Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities; Updates to the Quality Reporting Program and Value-Based Purchasing Program for Federal Fiscal Year 2025

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The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA, P.L. 104-121, as amended by P.L. 110-28, May 25, 2007) contains requirements for issuance of “small entity compliance guides.” Guides are to explain what actions affected entities must take to comply with agency rules. Such guides must be prepared when agencies issue final rules for which agencies were required to prepare a Final Regulatory Flexibility Analysis under the Regulatory Flexibility Act.

The complete text of this interim and final rule with comment period can be found on the CMS Web site at: <https://www.cms.gov/medicare/payment/prospective-payment-systems/skilled-nursing-facility-snf>.

This final rule updates the policies and payment rates used under the prospective payment system (PPS) for skilled nursing facilities (SNFs) for fiscal year 2025. In addition, this final rule revises and rebases the SNF market basket and updates the wage index used under the SNF PPS to reflect data collected during the most recent decennial census.

For purposes of the RFA, SNFs, are considered small business if they generate revenues of \$6.5 million or less, according to the Small Business Administration size schedule. We estimate that slightly over 50 percent of SNFs are considered to be small entities. In addition, about 20 percent of SNFs classified as small entities are non-profit organizations.

This rule updates the SNF PPS rates contained in the SNF PPS final rule for FY 2024 (88 FR 53200). We estimate that the overall payments for SNFs under the SNF PPS in FY 2025 are projected to increase by approximately \$1.4 billion, or 4.2 percent, compared with those in FY 2024. We estimate that in FY 2025, SNFs in urban and rural areas will

experience, on average, a 4.1 percent increase and 5.1 percent increase, respectively, in estimated payments compared with FY 2024. We note that some individual providers may experience larger increases in payments than others due to the distributional impact of the FY 2025 wage indexes and the degree of Medicare utilization.

This rule imposes no direct Federal compliance requirements on affected entities. In order to assist SNFs in understanding and adapting to changes in Medicare billing and payment procedures, we have developed a Web page for SNFs that includes explanatory materials at <http://www.cms.hhs.gov/center/snf.asp>.