

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 10314	Date: August 19, 2020
	Change Request 11859

Transmittal 10202, dated July 2, 2020, is being rescinded and replaced by Transmittal 10314, dated, August 19, 2020, this correction updates the policy section by adding additional instructions regarding changes to the Provider Specific File and required MAC actions related to those changes; and also to correct the referenced citation to the Claims Processing Manual from Chapter 6, Section 30.7 to Chapter 6, Section 30.5. This correction also adds business requirement 11859.2 to the instructions. All other information remains the same.

SUBJECT: Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update FY 2021

I. SUMMARY OF CHANGES: This attachment provides information on the updates to the payment rates used under the PPS for SNFs, for FY 2021, as required by statute. The update can be found in Chapter 6, Section 30.7 of the Claims Processing Manual.

EFFECTIVE DATE: October 1, 2020

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: October 5, 2020

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

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Recurring Update Notification

Attachment - Recurring Update Notification

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SUBJECT: Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update FY 2021

EFFECTIVE DATE: October 1, 2020

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IMPLEMENTATION DATE: October 5, 2020

I. GENERAL INFORMATION

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 State Children’s Health Insurance Program (SCHIP) Balanced Budget Refinement Act of 1999 (the BBRA), the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (the BIPA), and the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the MMA), relating to Medicare payments and consolidated billing for SNFs.

B. Policy: Each July, the Centers for Medicare & Medicaid Services (CMS) publishes the SNF payment rates for the upcoming Fiscal Year (FY) (that is, October 1, 2020 through September 30, 2021) in the Federal Register, available online at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/List-of-SNF-Federal-Regulations.html>. The update methodology is similar to that used in the previous year, which includes a forecast error adjustment whenever the difference between the forecasted and actual change in the SNF market basket exceeds a 0.5 percentage point threshold. The payment rates will be effective October 1, 2020.

1. Provider Specific File (PSF) Updates

Effective Fiscal Year (FY) 2021 a five percent cap will be adopted and applied to all Skilled Nursing Facility providers on any decrease to a provider’s FY 2021 final wage index from that provider’s final wage index of the prior fiscal year (FY 2020). To capture these policy changes, the following fields will be added to the Provider Specific File:

- 1. Supplemental Wage Index** - used for the prior fiscal year wage index value
- 2. Supplemental Wage Index Indicator** - used to indicate the value in the “Supplemental Wage Index” field is the prior fiscal year wage index.

Medicare Administrative Contractors must update the “Supplemental Wage Index” and “Supplemental Wage Index Indicator” for all the SNF providers who were active in FY 2020.

Medicare Administrative Contractors must follow the steps below to ensure the appropriate values are applied in the Supplemental Wage Index and Supplemental Wage Indicator fields:

1. If the provider was **not active** for FY 2020, then **skip** all of the below steps and leave the “Supplemental Wage Index” and “Supplemental Wage Index Indicator” fields blank. If the provider was **active** for FY 2020, then **follow the steps below**.
2. Update the value of “Supplemental Wage Index Indicator” to be “1”.
3. Validate the accuracy of the provider’s FIPS state and county codes.
4. Validate the accuracy of the provider’s FY 2020 CBSA based on the provider’s FIPS state and county codes and the CBSA delineations defined in OMB Bulletin No. 17–01.
5. Using the Final FY2020 SNF Wage Index file **Final FY2020 SNF Wage Index CMS-1718-F (ZIP)** available online at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/WageIndex> identify the corresponding FY 2020 wage index value for the provider’s FY 2020 CBSA, and add this wage index value to “Supplemental Wage Index” field.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility										
		A/B MAC			D M E	Shared- System Maintainers				Other		
		A	B	H H H		F I S S	M C S	V M S	C W F			
11859.1	Medicare systems shall apply the FY 2021 SNF PPS payment rates that are effective for service dates beginning October 1, 2020 through September 30, 2021.						X					
11859.2	Medicare Contractors shall perform the updates as outlined in the policy section, item 1 “Provider Specific File (PSF) Updates” of this notification. Medicare Contractors shall update ALL relevant portions of the PSF in accordance with this CR by October 1, 2020.	X										

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
11859.3	MLN Article: CMS will make available an MLN Matters provider education article that will be marketed through the MLN Connects weekly newsletter shortly after the CR is released. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1, instructions for distributing MLN Connects information to providers, posting the article or a direct link to the article on your website, and including the article or a direct link to the article in your bulletin or newsletter. You may supplement MLN Matters articles with localized information benefiting your provider community in billing and administering the Medicare program correctly. Subscribe to the "MLN Matters" listserv to get article release notifications, or review them in the MLN Connects weekly newsletter.	X				

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
	N/A

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Valeri Ritter, 410-786-8652 or Valeri.Ritter@cms.hhs.gov , John Kane, 410-786-0557 or John.Kane@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

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