

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2023	Date: August 6, 2010
	Change Request 7034

SUBJECT: Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update FY 2011

I. SUMMARY OF CHANGES: This attachment provides information on the updates to the payment rates used under the PPS for SNFs, for FY 2011, as required by statute. The update can be found in Chapter 28, Section 34 of the Claims Processing Manual.

EFFECTIVE DATE: October 1, 2010

IMPLEMENTATION DATE: October 4, 2010

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	

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

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

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

Attachment – Recurring Update Notification

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SUBJECT: Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update FY 2011

Effective Date: October 1, 2010

Implementation Date: October 4, 2010

I. GENERAL INFORMATION

This attachment provides information on the updates to the payment rates used under the PPS for SNFs, for FY 2011, as required by statute. The update can be found in Chapter 28, Section 34 of the Claims Processing Manual.

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) and the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the MMA), relating to Medicare payments and consolidated billing for SNFs.

B. Policy: The Centers for Medicare and Medicaid Services (CMS) published the SNF payment rates for FY 2011 (that is, beginning October 1, 2010 through September 30, 2011), in the **Federal Register** on August 22, 2010 (75 FR 42886) . The update methodology is identical to that used in the previous year and will include the MMA reimbursement for beneficiaries with AIDS. This update includes new case-mix indexes using the recalculated case-mix adjustments based on actual data. The statute mandates an update to the Federal rates using the latest SNF full market basket.

The enactment of the Affordable Care Act (ACA) includes several provisions that affect the SNF PPS. CMS is currently finalizing a strategy for completing the complex infrastructure changes necessary to accurately implement these changes. As a result, we have concluded that the best way to minimize risk will be to establish an interim payments mechanism that utilizes the MDS 3.0 and the new RUG-IV system in its entirety as finalized in the FY 2010 SNF PPS final rule (74 FR 40288, August 11, 2009). The Pricer update issued with this CR reflects this interim payment approach. Once the necessary infrastructure is in place, we will then issue a revised price program and instructions to retroactively adjust claims to reflect the applicable provisions of the ACA.

This approach will allow CMS to make payments with the least disruption for providers and beneficiaries. As we do every year, we will publish the specific payment rates for the upcoming fiscal year in the **Federal Register**, and provide additional guidance concerning implementation of the FY 2011 payments in the near future.

II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)							
		A	D	F	C	D	R	Shared-System Maintainers	OTHER
		/	M	I	A	M	H		

		B M A C	E M A C		R R I E R	E R C	H I	F I S S	M C S	V M S	C W F	
7034.1	Medicare systems shall apply the FY 2011 SNF PPS payment rates that are effective for service dates beginning October 1, 2010 through September 30, 2011.							X				

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B M A C	D M E M A C	F I	C A R R I E R	D M E R C	R H H I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	C W F	
7034.2	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X		X								

IV. SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below:

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

B. For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): Jason Kerr, (410) 786-2123 or Jason.Kerr@cms.gov (for billing related questions); Abigail Ryan (410) 786-4343 or Abigail.Ryan@cms.gov (for policy related questions concerning rate updates)

Post-Implementation Contact(s): Regional Office

VI. FUNDING

A. For Fiscal Intermediaries (FI):

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

B. For Medicare Administrative Contractors (MAC):

The 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.