

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 1008</b>	<b>Date: JULY 28, 2006</b>
	<b>Change Request 5209</b>

**Subject: Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update for FY 2007**

**I. SUMMARY OF CHANGES:** The Centers for Medicare and Medicaid Services (CMS) published the SNF payment rates for FY 2006 (that is, beginning October 1, 2005 through September 30, 2006), in the Federal Register on August 5, 2005 (70 FR 40526). CMS published a Correction Notice to the SNF payment rates for FY 2006 on September 30, 2005 (70 FR 57164). The update methodology is identical to that used in the previous year and will include the Medicare Modernization Act (MMA) reimbursement for beneficiaries with AIDS. The statute mandates an update to the Federal rates using the latest SNF full market basket.

**New / Revised Material**

**Effective Date: October 1, 2006**

**Implementation Date: October 2, 2006**

*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:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operation budgets.

**IV. ATTACHMENTS:**

**Recurring Update Notification**

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

# Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1008	Date: July 28, 2006	Change Request: 5209
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**SUBJECT: Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update FY 2007**

## I. GENERAL INFORMATION

This attachment provides information on the updates to the payment rates used under the PPS for SNFs, for FY 2007, 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) 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 2006 (that is, beginning October 1, 2005 through September 30, 2006), in the **Federal Register** on August 5, 2005 (70 FR 40526). CMS published a Correction Notice to the SNF payment rates for FY 2006 on September 30, 2005 (70 FR 57164). The update methodology is identical to that used in the previous year and will include the MMA reimbursement for beneficiaries with AIDS. The statute mandates an update to the Federal rates using the latest SNF full market basket.

The SNF PPS rates will be effective October 1, 2006, and published in the **Federal Register** before that date.

## II. BUSINESS REQUIREMENTS

*“Shall” denotes a mandatory requirement*

*“Should” denotes an optional requirement*

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
5209.1	Medicare systems shall apply the FY 2007 SNF PPS payment rates that are effective for service dates beginning October 1, 2006 through September 30, 2007.					X				PRICER



#### IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

##### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

##### B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

##### C. Interfaces: N/A

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

##### E. Dependencies: N/A

##### F. Testing Considerations: N/A

#### V. SCHEDULE, CONTACTS, AND FUNDING

<p><b>Effective Date*:</b> October 1, 2006</p> <p><b>Implementation Date:</b> October 2, 2006</p> <p><b>Pre-Implementation Contact(s):</b> Jason Kerr, (410) 786-2123 or <a href="mailto:Jason.Kerr@cms.hhs.gov">Jason.Kerr@cms.hhs.gov</a> (for billing related questions); Jeanette Kranacs, (410) 786-9385 or <a href="mailto:Jeanette.Kranacs@cms.hhs.gov">Jeanette.Kranacs@cms.hhs.gov</a> (for policy related questions concerning rate updates)</p> <p><b>Post-Implementation Contact(s):</b> Regional Office</p>	<p><b>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.</b></p>
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