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

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

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	Requirements	Re	espo	nsi	bilit	ty ("X'	' ind	icat	es the
Number		columns that apply)							
		F	R	С	D	Shared	l Syst	em	Other
		I	Н	a	M	Mainta	ainers		
			Н	r	E	FN	1 V	С	
			I	r	R	I	-   '	w	
				i	C	$\begin{bmatrix} 1 \\ S \end{bmatrix} \begin{bmatrix} 1 \\ S \end{bmatrix}$		F	
				e		$\begin{bmatrix} s \\ s \end{bmatrix}$			
				r					
5209.1	Medicare systems shall apply the FY 2007 SNF					X			PRICER
	PPS payment rates that are effective for service								
	dates beginning October 1, 2006 through								
	September 30, 2007.								

Requirement Number	Requirements		_			ty (" app		indi	cate	es the
		FI	R H H I	C a	D M E R C	Sha	red Sintain  M C S		С	Other
5209.2	Medicare contractors shall update the SNF facility CBSA field on the provider-specific file to indicate the CBSA code of the provider.	X								
5209.3	Medicare systems shall remove the values reported in the CBSA Special Pay Indicator and CBSA Special Wage Index fields for the FY 2007 provider-specific files	X				X				
5209.4	Medicare systems shall allow a "0" (zero) to be reported in the Federal PPS Blend Indicator field on the provider-specific file for SNF providers.					X				

### III. PROVIDER EDUCATION

Requirements Number		Responsibility ("X" indicates the columns that apply)									
		F I	R C D H a M H r E				hared System Iaintainers			Other	
			I	r i e r	R C	F I S S	M C S	V M S	C W F		
5209.5	A provider education article related to this instruction will be available at <a href="www.cms.hhs.gov/MLNMattersArticles">www.cms.hhs.gov/MLNMattersArticles</a> 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 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic.	X									

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

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

X-Ref Requirement #	Instructions

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

X-Ref R	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

Effective Date\*: October 1, 2006

**Implementation Date:** October 2, 2006

Pre-Implementation Contact(s): Jason Kerr, (410) 786-2123 or <u>Jason.Kerr@cms.hhs.gov</u> (for billing related questions); Jeanette Kranacs, (410) 786-9385 or <u>Jeanette.Kranacs@cms.hhs.gov</u> (for policy related questions concerning rate updates)

**Post-Implementation Contact(s):** Regional Office

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

<sup>\*</sup>Unless otherwise specified, the effective date is the date of service.