

Small Entity Compliance Guide

Medicare Program: Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities for FY 2008

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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 Final Rule can be found on the CMS Quarterly Provider Update Web site at: <http://www.cms.hhs.gov/QuarterlyProviderUpdates/downloads/Regs-3Q07QPU.pdf>.

This final rule updates the payment rates used under the prospective payment system (PPS) for skilled nursing facilities (SNFs) for fiscal year 2008. In addition, this final rule revises and rebases the SNF market basket, and modifies the threshold for the adjustment to account for market basket forecast error.

We estimate that slightly over half of all SNFs are small businesses, using the Small Business Administration’s latest size standards. In addition, about 30 percent of SNFs are nonprofit organizations. Overall, about two-thirds of all SNFs are small entities.

This rule updates the SNF PPS rates published in the update notice for FY 2007 (71 FR 43158, July 31, 2006) and the associated correction notice (71 FR 57519, September 29, 2006), thereby increasing aggregate payments by an estimated \$690 million. As indicated in Table 14 of this final rule, the effect on facilities will be an aggregate positive impact of 3.3 percent. We note that some individual providers may experience larger increases in payments than others due to the distributional impact of the FY 2008 wage indexes and the degree of Medicare utilization.

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