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MEMORANDUM

TO: RHCF Members

FROM: Patrick Cucinelli, Senior Financial Policy Analyst

DATE: August 4, 2008

SUBJECT: SNF PPS Final Rule for 2009

ROUTE TO: Administrator, CFO

ABSTRACT: CMS issues SNF PPS final rule for FY2009.

Introduction

[NYAHS Doc. ID # N00002537](#) provided members with details on the proposed skilled nursing facility (SNF) prospective payment system (PPS) rule for the federal fiscal year (FY) beginning on October 1, 2009. The proposed rule contained issues of concern for NYAHS members, including a recalibration provision which would have more than offset any inflationary adjustments in Medicare Part A rates for FY2009.

Final Rule

The Centers for Medicare and Medicaid Services (CMS) has released the final version for FY2009. The official CMS press release is available at: https://www.cms.hhs.gov/apps/media/press_releases.asp and includes a link to a complete version of the rule.

Highlights of the final rule include:

- A Market Basket Index (MBI) increase of 3.4 percent which is slightly higher than originally proposed;

- Nationwide this represents an overall increase of \$780 million in nursing home payments under Medicare Part A (an average national increase of \$11 per day);
- The recalibration noted above is delayed while CMS further analyzes the data and will therefore not impact FY2009 rates;
- There are changes to the wage indices and core-base statistical areas; and
- A clarification on default billing rules which states that providers cannot claim the default payment unless the MDS is actually completed.

The delayed recalibration and the additional increase in the MBI are certainly good news for providers. Members are reminded, however, that under the original proposed rule 12 out of 14 wage index regions in New York would see a decrease in their respective wage index. In some cases, the negative wage index adjustment in a given region could significantly offset the amount of increase providers see as a result of the MBI adjustment.

NYAHSA is in the process of analyzing the full extent of the final rule and will provide members a detailed summary and a listing of regional rates.

Good News

Overall the elimination of the recalibration and the healthy MBI adjustment are good news for providers. Advocacy on the part of our members, AAHSA and NYAHSA played a significant role in producing this good news. NYAHSA is grateful to our members for their support and advocacy.

Please contact me with any questions at pcucinelli@nyahsa.org or call 518-449-2707 ext. 145.