



## Medicare Payments to Skilled Nursing Facilities to Increase FY 2014

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A July 31, 2013 Final Rule issued by the Centers for Medicare & Medicaid Services (CMS) increases Medicare payments to skilled nursing facilities (SNFs) by 1.3% in fiscal year (FY) 2014. CMS estimates that payments to SNFs will increase by \$470 million in comparison to payments in FY 2013.

CMS explains in a Fact Sheet, also published on July 31, that the increase is attributable to the 2.3 percent market based increase, reduced by the 0.5 percentage point forecast error correction and an additional 0.5 percentage point multifactor productivity adjustment. The revised FY 2014 SNF payment rates will be effective on October 1, 2013.

The Final Rule also revises and rebases the SNF market basket index, which is used to update SNF payments annually. CMS is rebasing and revising the SNF market basket index for FY 2014 using data from FY 2010 and will also revise the market basket for subsequent years. The current SNF market basket is based on data from FY 2004. CMS will also add five new cost categories to the components of the market basket index and will divide an existing category into two, for a total of 29 categories.

Additionally, the Final Rule is adding an item to the Minimum Data Set (MDS) to record the number of distinct calendar days of therapy provided by all rehabilitation disciplines to a beneficiary over a seven-day look-back period. CMS clarified the following qualifying conditions in an effort to ensure that SNFs are paid accurately for therapy provided to their residents:

- The Medium Rehab Category requires five distinct calendar days of therapy.
- The Low Rehab Category requires three distinct calendar days.

The Final Rule, available [here](#),<sup>1</sup> is published in the August 6, 2013 *Federal Register*.

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<sup>1</sup> <https://s3.amazonaws.com/public-inspection.federalregister.gov/2013-18776.pdf>

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