



CMS Issues SNF Final Rule for 2015 Fiscal Year

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On July 31, 2014, the Centers for Medicare & Medicaid Services (CMS) issued a final rule outlining the 2015 fiscal year Medicare payment rates for skilled nursing facilities (SNFs). The final rule will go into effect on October 1, 2014. CMS stated the following in a Fact Sheet about the final rule:

Changes to Payment Rates under the SNF Prospective Payment System (PPS) for FY 2015

Based on changes contained within this final rule, CMS estimates that aggregate payments to SNFs will increase by \$750 million, or 2.0 percent, from payments in FY 2014, which represents a higher update factor than the 1.3 percent update finalized for SNFs last year. This estimated increase is attributable to a 2.5 percent market basket increase, reduced by the 0.5 percentage point multifactor productivity adjustment required by law.

Wage Index Update

On February 28, 2013, the Office of Management and Budget (OMB) issued OMB Bulletin No. 13-01, which contained a number of significant changes related to the delineation of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combined Statistical Areas, and guidance on uses of the delineation of these areas. To align with these changes, CMS is revising the wage index based on the newest OMB delineations for the FY 2015 SNF PPS wage index. CMS is also using the new OMB delineations to identify a provider's urban or rural status for the purpose of determining which set of rate tables will apply to the provider. Adopting the newest OMB delineations is consistent with other Medicare payment rules which will also include similar revisions this year.

In an effort to mitigate the potential negative wage index impacts for some providers of the revised OMB delineations, CMS is implementing these changes by providing a one-year transition with a blended wage index for all providers. The wage index for each provider will consist of a blend of 50 percent of the FY 2015 wage index using the current OMB delineations and 50 percent of the FY 2015 wage index using the revised OMB delineations. A similar transition wage index was used when CMS adopted the OMB's Core-Based Statistical Area definitions in FY 2006.

Change of Therapy Assessment Policy Update

The Change of Therapy (COT) Other Medicare Required Assessment (OMRA) is used to classify a resident into a new resource utilization group (RUG) when, based on the therapy services provided during the previous seven days, the resident no longer qualifies for the RUG into which they are currently classified for payment. Recently, some providers have raised concerns regarding a technical aspect of the rules governing when the COT OMRA may be completed, which generally limits the use of the COT OMRA to instances where the resident is already classified into a therapy RUG.

Therefore, CMS is revising the current COT OMRA policy to address this concern, which would permit providers to use the COT OMRA to reclassify a resident into a therapy RUG from a non-therapy RUG, but only in certain limited circumstances.

Civil Money Penalties

The final rule provides clarification of statutory requirements under Section 1819(h)(2)(B)(ii) of the Social Security Act (as amended by 6111 of the Affordable Care Act) regarding the approval and use of Civil Money Penalties (CMPs) imposed by CMS against nursing facilities. States may use federal CMP funds only after obtaining prior approval from CMS, and may not use these funds if CMS has disapproved their intended use, or use these funds for purposes other than to support activities that benefit residents as specified in statute. CMS also requires that States provide more public transparency on the projects that have been funded by CMP funds.

(Source: <http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2014-Fact-sheets-items/2014-07-31-4.html>.)

The Final Rule is available at <http://www.gpo.gov/fdsys/pkg/FR-2014-08-05/pdf/2014-18335.pdf>.

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