

Centers for Medicare & Medicaid Services (CMS) Announces Proposed Skilled Nursing Facilities (SNF) Reimbursement Rates for FY2015

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On May 1, 2014, the **Centers for Medicare & Medicaid Services (CMS)** issued a proposed rule that would include payment and policy changes for skilled nursing facilities (SNFs) (Proposed SNF Rule). The Proposed SNF Rule would affect Medicare payments to those facilities for fiscal year (FY) 2015, applicable to discharges beginning October 1, 2014.

On balance, the Proposed SNF Rule represents a positive development for nursing home providers. The 2015 reimbursement rate is improved over 2014 and the change of therapy (COT) provisions should also be welcome to SNFs.

Payments to SNFs under the proposal would increase by \$750 million, or 2 percent, for FY 2015 compared with FY 2014. This is a higher update factor than the 1.3 percent finalized for SNFs last year. The adjustments are those that CMS is required to publish annually: (1) the federal per diem rate to be applied to days of covered SNF services; (2) the case-mix classification system to be applied for these services during the coming fiscal year; and (3) the factors to be applied in making the area wage adjustment for these services.

The Proposed SNF Rule also proposes to revise how providers will report COT, allowing a provider to reclassify a resident into a new resource utilization group when the resident experiences an increased need for therapy, thus allowing the provider to obtain more significant reimbursement for the resident.

Finally, the proposed rule clarifies requirements related to states' use of collected civil monetary penalties (CMPs). After a final administrative decision, 90 percent of the collected CMPs shall be used for activities that protect or improve the quality of care or quality of life for residents. CMS notes that these funds may not be used for survey and certification operations or other ordinary course state expenses.

Publication of the proposed rule is expected May 6, 2014. Comments are due within 60 days of publication.

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