

**TO:** Skilled Nursing Facility's  
**FROM:** CareFirst of Maryland, Inc.

**DATE:** August 5, 2004

**SUBJECT: Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update FY 2005**

## **I. GENERAL INFORMATION**

This bulletin provides information on the updates to the payment rates used under the PPS for SNFs, for FY 2005, as required by statute.

**A. Background:** Annual updates to the PPS rates are required by §1888(e) of the Social Security Act, as amended by the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (the BBRA), and the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (the BIPA), relating to Medicare payments and consolidated billing for SNFs.

**B. Policy:** On July 31, 2002, CMS published an update notice in the Federal Register (67 FR 49798) detailing the schedule of SNF PPS Federal rates applicable for Medicare SNF payments in FY 2003. CMS published the SNF payment rates for FY 2004 (that is, beginning October 1, 2003 through September 30, 2004), in the Federal Register on August 4, 2003 (68 FR 46036).

The methodology used for the update incorporates section 511 of MMA that specifies a separate add on payment for residents with AIDS. The update methodology is identical to that used in the previous year. The statute mandates an update to the Federal rates using the latest SNF full market basket.

The *effective* date of this bulletin is October 1, 2004.

The *implementation* date of this bulletin is October 4, 2004.

**THIS BULLETIN SHOULD BE SHARED WITH ALL HEALTH CARE PRACTITIONERS AND MANAGERIAL MEMBERS OF THE PROVIDER/SUPPLIER STAFF. ALL BULLETINS ISSUED AFTER OCTOBER 1, 1999 ARE AVAILABLE AT NO COST FROM OUR WEB SITE AT [www.marylandmedicare.com](http://www.marylandmedicare.com)**