

To: Skilled Nursing Facilities
From: CareFirst of Maryland, Inc.
Subject: Medicare Part A Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Pricer Update FY 2005 for 9 Metropolitan Statistical Areas (MSAs) with New Wage Index Values Effective January 1, 2005

I. GENERAL INFORMATION

This instruction provides information on updates to the wage index for the 9 MSAs listed below:

MSA	Old Value	New Value
3960 – Lake Charles, LA	0.7959	0.7972
4280 – Lexington, KY	0.8053	0.9219
5000 – Miami, FL	1.0225	0.9870
5380 – Nassau-Suffolk, NY	1.2921	1.2907
5600 – New York, NY	1.3587	1.3586
6780 – Riverside-San Bernardino, CA	1.0975	1.0970
8780 – Visalia-Tulare-Porterville, CA	0.9964	0.9975
8960 – West Palm Beach-Boca Raton, FL	1.0059	1.0362
9040 – Wichita, KS	0.9472	0.9486

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: CMS published the SNF payment rates for FY 2005 (that is, beginning October 1, 2004 through September 30, 2005), in the Federal Register on July 30, 2004 (69 FR 45775). CMS published a Correction Notice to the SNF payment rates for FY 2005 on October 7, 2004 (69 FR 60158). CMS will publish the changes to these 9 MSAs in a Correction Notice on December 23, 2004.

Manual Update

30.6 - SNF PPS Pricer Software

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(Rev. 413, Issued 12-23-04, Effective: 01-01-05, Implementation: 01-17-05)

The Balanced Budget Act (BBA) of 1997 (Public Law 105-33) mandated the implementation of a per diem prospective payment system (PPS) for skilled nursing facilities (SNFs), covering all costs (routine, ancillary, and capital) of

covered SNF services furnished to beneficiaries under Part A of the Medicare program, effective for cost reporting periods beginning on or after July 1, 1998.

The CMS has developed a SNF Pricer Program that calculates the Medicare payment rate. CMS provides a Pricer program to determine the price upon which to base payment under prospective payment. The Pricer is available electronically to the Shared Systems and is updated at least annually. The SNF Pricer Program can be found at: <http://www.cms.hhs.gov/providers/pricer/default.asp?>

Effective Date: January 1, 2005

Implementation Date: January 17, 2005

(Source: Change Request 3651, Transmittal 413, Publication 100-04)

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 .