

Dear AHCA Member,

This evening, CMS released the [proposed rule](#) for the SNF Prospective Payment System, indicating our Medicare rates for the coming fiscal year. **CMS is proposing a 2.0% increase, estimated to be \$750 million for the profession.** There are several aspects to this proposed rule that look positive. (Find the [fact sheet](#) on CMS' website.)

This reflects the third year in a row of market basket increases, and an increase from last year's 1.3% market basket update. I believe this is a direct result of the proactive approach we have implemented over the past few years to work with CMS before the rule is ever written.

Below is a short summary of the key provisions in the SNF PPS proposed rule that could have a direct impact on the long term and post-acute care profession.

#### **Market Basket Update**

- The proposed rule provides for a market basket increase for SNFs of 2.0% beginning October 1, 2014. The 2.0% market basket update reflects a full market basket increase of 2.4%, less a 0.4% multifactor productivity adjustment required by Section 3401(b) of the Affordable Care Act (ACA).
- CMS estimates that the net market basket update would increase SNF payments by approximately \$750 million in FY 2015.

#### **Other Key Provisions**

- In response to our concerns, CMS is proposing a revision to the current **Change of Therapy (COT) Other Medicare Required Assessment (OMRA)** policy that 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.
- The proposed rule also provided clarification regarding the approval and use of **Civil Money Penalties (CMPs)**. CMS clarifies that states may use federal CMP funds only after obtaining prior approval from CMS, along with proposing that States provide more public transparency on the projects that have been funded by CMP funds.
- **Wage Index Update** : CMS is proposing to use new Office of Management and Budget (OMB) definitions issued last year for the FY 2015 SNF PPS wage index and to identify a provider's urban or rural status. The purpose is to help determine which set of rate tables would apply to the provider. In an effort to mitigate the potential negative wage index impacts for some providers, CMS is proposing to implement these changes by providing a one-year transition with a blended wage index for all providers. The wage index for each provider would consist of a blend of 50 percent of the FY 2015 wage index using the revised OMB delineations. We are studying the impact this proposal would have on the profession and will inform members about our findings.

AHCA will conduct a more detailed review and analysis of the SNF PPS NPRM in the coming days and provide a thorough summary next week.

The **wage index tables** can be found on [CMS' website](#).

Additional information on the proposed rule can also be found online:

- [The FY 2015 SNF PPS Notice of Proposed Rulemaking](#)
- [CMS' Fact Sheet](#)
- [The Observations on Therapy Utilization Trends memo referenced in the proposed rule](#)
- [The SNF Therapy Research Report for Phase I](#)

AHCA has also posted this information (and will add more as it becomes available) on our website: [www.ahcancal.org/facility\\_operations/medicare/Pages/SNFPPS.aspx](http://www.ahcancal.org/facility_operations/medicare/Pages/SNFPPS.aspx)

Comments are due to CMS by June 30, 2014. AHCA will be submitting comments. If members wish to provide comments to AHCA, we ask that they be provided by COB on June 1, 2014. Comments can be emailed to Elise Smith ( [esmith@ahca.org](mailto:esmith@ahca.org)), AHCA's Senior Fellow of Health Policy & Post-Acute Care.

Thanks to your efforts, we worked with CMS to see another positive proposed rule come forth. We look forward to continuing to find ways to keep the profession moving forward.

Best,



Mark Parkinson  
President & CEO



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