

# MEDICARE PAYMENT FACT SHEET

AUGUST 2020

## FFY 2021 SKILLED NURSING FACILITIES PROSPECTIVE PAYMENT SYSTEM FINAL RULE (CMS-1737-F)

On August 5, the Centers for Medicare & Medicaid Services (CMS) published its annual [final rule](#) on the Skilled Nursing Facility (SNF) Prospective Payment System (PPS) and quality reporting program effective Oct. 1, 2020 through Sept. 30, 2021. CMS estimates an **increase** in payments for U.S. SNFs of approximately \$750 million or 2.2% compared to federal fiscal year (FFY) 2020. All page number references refer to the published final rule in the *Federal Register*.

**Market Basket Update (pp. 47597-47599):** The overall rate change for FFY 2021 includes a market basket update of 2.2% (proposed at 2.7%) and a productivity factor of 0.0 percentage points. SNFs that fail to submit required quality data will experience a 2% reduction to their payment rate.

**FFY 2021 Unadjusted Federal Per Diem Rates (p. 47600):** The final FFY 2021 SNF per diem rates under the patient driven payment model (PDPM) are below. These rates apply to hospital-based and freestanding SNFs, as well as to payments made for non-Critical Access Hospital swing-bed services.

Case-Mix Rate Component	Proposed FFY 2021	Final FFY 2021	Final FFY 2020
Urban SNFs			
Non-Therapy Ancillary	\$81.60	\$81.60	\$79.91
Nursing	\$108.16	\$108.16	\$105.92
Occupational Therapy	\$57.75	\$57.75	\$56.55
Physical Therapy	\$62.04	\$62.04	\$60.75
Speech Language Pathology	\$23.16	\$23.16	\$22.68
Non-Case-Mix	\$96.85	\$96.85	\$94.84
Rural SNFs			
Non-Therapy Ancillary	\$77.96	\$77.96	\$76.34
Nursing	\$103.34	\$103.34	\$101.20
Occupational Therapy	\$64.95	\$64.95	\$63.60
Physical Therapy	\$70.72	\$70.72	\$69.25
Speech Language Pathology	\$29.17	\$29.18	\$28.57
Non-Case-Mix	\$98.63	\$98.64	\$96.59

**FFY 2021 Case-Mix Index Updates (pp. 47600-47603):** See Tables 5 and 6 for final FFY 2021 PDPM case-mix adjusted rates and case-mix indexes. These finalized case-mix adjusted rates and indexes reflect the PDPM structure.

**Wage Index (pp. 47600-47605):** CMS finalized the adoption of CBSA delineations published in the September 2018 Office of Management and Budget (OMB) [Bulletin No. 18-04](#). This reassigns or alters some counties, which may affect the wage index for some providers. In an effort to alleviate significant losses in revenue, CMS finalized a one-year transition period, adopting these new CBSA assignments effective Oct. 1, 2020 along with a 5% cap on the reduction of a provider’s wage index for FFY 2021 compared to its wage index for FFY 2020. For more information, see IHA’s [summary](#) of the FFY 2021 inpatient prospective payment system (IPPS) proposed rule.

Final FFY 2021 wage index values by CBSA, found on CMS’ [website](#), are below:

CBSA	Final FFY 2020	Final FFY 2021*
Bloomington	0.9235	0.9114
Cape Girardeau	0.8015	0.8019
Carbondale	0.8221	0.8184
Champaign-Urbana	0.8703	0.8655
Chicago-Naperville-Evanston	1.0405	1.0442
Danville	0.8993	0.9032
Decatur	0.8387	0.8326
Elgin	1.0502	1.0559
Kankakee	0.9038	0.9068
Lake County	1.0177	1.0192
Peoria	0.8604	0.8644
Rock Island	0.9059	0.8606
Rockford	0.9749	0.9693
St. Louis	0.9389	0.9317
Springfield	0.9461	0.9256
Rural	0.8242	0.8297

\*The actual wage index for an individual provider may be higher for FY 2021, as determined by the 5% limit on decreases for any provider from the FY 2020 wage index value.

CMS finalized a FFY 2021 labor-related share of 71.3%, up from 70.9% in FFY 2020.

**SNF Value-Based Purchasing (VBP) Program (pp. 47605, 47624-47627):** CMS did not make changes to measures, scoring or payment policies for the SNF VBP. CMS did finalize the application of the 30-day Phase One Review and Correction deadline to the baseline period quality measure quarterly report.

The FFY 2021 finalized performance standards for SNFRM for the FFY 2023 program year include an achievement threshold of 0.79270 and a benchmark: 0.83028. For the FFY 2023 payment period, CMS will use a baseline period of Oct. 1, 2018-Sept. 30, 2019 and a performance period of Oct. 1, 2020-Sept. 30, 2021.

Currently, CMS uses the Skilled Nursing Facility 30-Day All-Cause Readmission Measure (SNFRM), using one year of data for each of the baseline and performance periods. However, in the FFY 2017 SNF PPS final rule CMS finalized the Skilled Nursing Facility 30-Day Potentially Preventable Readmission (SNFPPR) measure. CMS will use SNFPPR instead of SNFRM as soon as practicable, and intends to submit the measure for NQF endorsement review during the FFY 2021 cycle.

**SNF Quality Reporting Program (QRP) (p. 47594):** CMS did not finalize updates to the SNF QRP for FFY 2021. SNFs that fail to submit quality data are subject to a two-percentage point reduction to the standard market basket rate adjustment.

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Sources:

Centers for Medicare & Medicaid Services. Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities; Updates to the Value-Based Purchasing Program for Federal Fiscal Year 2021. August 5, 2020. Available from: <https://www.federalregister.gov/documents/2020/08/05/2020-16900/medicare-program-prospective-payment-system-and-consolidated-billing-for-skilled-nursing-facilities>. Accessed August 7, 2020.

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Illinois Health and Hospital Association. FFY 2021 IPPS Proposed Rule. May 14, 2020. Available from: <https://www.team-iha.org/files/nongated/finance/ffy-2021-ippis-proposed-rule.aspx?ext=.pdf>. Accessed August 7, 2020.

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