

# Issue Brief

FEDERAL ISSUE BRIEF • October 5, 2017

## CMS Issues Corrections to Final FY 2018 SNF PPS Rates

The Centers for Medicare and Medicaid Services have issued a correction notice to the final Skilled Nursing Facility prospective payment system rule that appeared in the Aug. 4 *Federal Register*. The correction notice appears in the Oct. 4 *Federal Register*. A copy is available at:

<https://www.gpo.gov/fdsys/pkg/FR-2017-10-04/pdf/2017-21327.pdf>.

The corrected changes are effective retroactive to Oct. 1, the start of fiscal year 2018.

### COMMENT

CMS notes that “in calculating the wage index under the FY 2018 IPPS final rule, the agency made inadvertent errors related to the wage data collected from the Medicare cost reports of six hospitals which are located in CBSAs 24860 and 40340. Specifically, we used incorrect wage data for these six hospitals to calculate the final FY 2018 IPPS wage indexes, the geographic adjustment factor (GAF) (which is computed from the wage index), as well as certain other IPPS factors and adjustments.” The IPPS wage index is used for the SNF PPS. CMS says further that “it was necessary to recalculate the FY 2018 SNF PPS wage index budget neutrality factor as well.”

It’s difficult to understand why errors from just 6 hospitals is impacting the IPPS and SNF PPS to such extent.

### WAGE INDEX VALUES

Revising the wage index budget neutrality factor causes a change in the unadjusted SNF PPS federal per diem rates, (provided in Tables 2 and 3 of the FY 2018 SNF PPS final rule) which then causes changes in the case-mix adjusted SNF PPS rates, (provided in Tables 4 and 5) as well as the labor adjusted SNF PPS rates (provided in Tables 6 and 7).

Corrected SNF area wage index values are set forth in Table A (urban) and Table B (nonurban) on the CMS website at: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/WageIndex.html>.

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continued

## PER DIEM CORRECTIONS

The nursing component, therapy component, non-case mix therapy component, non-case mix component and the rates are modified as shown below:

**Table 2: Unadjusted FY 2018 Federal Per-Diem Rate Urban**

Rate Component	Nursing Case Mix	Therapy Case-Mix	Therapy Non-Case Mix	Non-Case Mix
Per Diem Amount	\$177.21	\$133.48	\$17.58	\$90.44

**Table 3: Unadjusted FY 2018 Federal Per-Diem Rate Rural**

Rate Component	Nursing Case Mix	Therapy Case-Mix	Therapy Non-Case Mix	Non-Case Mix
Per Diem Amount	\$169.29	\$153.93	\$18.78	\$92.11

**Tables 4 and 6 (with labor and non-labor values):  
RUG-IV Case Mix Adjusted Federal Rates and Associated Indexes —Urban**

URBAN RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor	Non Labor	Total Rate
RUX	2.67	1.87	473.15	249.61		90.44	575.75	237.45	813.20
RUL	2.57	1.87	455.43	249.61		90.44	563.20	232.28	795.48
RVX	2.61	1.28	462.52	170.85		90.44	512.46	211.35	723.81
RVL	2.19	1.28	388.09	170.85		90.44	459.76	189.62	649.38
RHX	2.55	0.85	451.89	113.46		90.44	464.30	191.49	655.79
RHL	2.15	0.85	381.00	113.46		90.44	414.11	170.79	584.90
RMX	2.47	0.55	437.71	73.41		90.44	425.90	175.66	601.56
RML	2.19	0.55	388.09	73.41		90.44	390.77	161.17	551.94
RLX	2.26	0.28	400.49	37.37		90.44	374.04	154.26	528.30
RUC	1.56	1.87	276.45	249.61		90.44	436.48	180.02	616.50
RUB	1.56	1.87	276.45	249.61		90.44	436.48	180.02	616.50
RUA	0.99	1.87	175.44	249.61		90.44	364.97	150.52	515.49
RVC	1.51	1.28	267.59	170.85		90.44	374.45	154.43	528.88
RVB	1.11	1.28	196.70	170.85		90.44	324.26	133.73	457.99
RVA	1.10	1.28	194.93	170.85		90.44	323.00	133.22	456.22
RHC	1.45	0.85	256.95	113.46		90.44	326.28	134.57	460.85
RHB	1.19	0.85	210.88	113.46		90.44	293.66	121.12	414.78
RHA	0.91	0.85	161.26	113.46		90.44	258.53	106.63	365.16
RMC	1.36	0.55	241.01	73.41		90.44	286.64	118.22	404.86
RMB	1.22	0.55	216.20	73.41		90.44	269.08	110.97	380.05
RMA	0.84	0.55	148.86	73.41		90.44	221.40	91.31	312.71
RLB	1.50	0.28	265.82	37.37		90.44	278.69	114.94	393.63
RLA	0.71	0.28	125.82	37.37		90.44	179.57	74.06	253.63
ES3	3.58		634.41		17.58	90.44	525.64	216.79	742.43
ES2	2.67		473.15		17.58	90.44	411.47	169.70	581.17
ES1	2.32		411.13		17.58	90.44	367.56	151.59	519.15

**Tables 4 and 6 (with labor and non-labor values):  
RUG-IV Case Mix Adjusted Federal Rates and Associated Indexes —Urban**

URBAN RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor	Non Labor	Total Rate
HE2	2.22		393.41		17.58	90.44	355.01	146.42	501.43
HE1	1.74		308.35		17.58	90.44	294.79	121.58	416.37
HD2	2.04		361.51		17.58	90.44	332.43	137.10	469.53
HD1	1.60		283.54		17.58	90.44	277.22	114.34	391.56
HC2	1.89		334.93		17.58	90.44	313.61	129.34	442.95
HC1	1.48		262.27		17.58	90.44	262.17	108.12	370.29
HB2	1.86		329.61		17.58	90.44	309.84	127.79	437.63
HB1	1.46		258.73		17.58	90.44	259.66	107.09	366.75
LE2	1.96		347.33		17.58	90.44	322.39	132.96	455.35
LE1	1.54		272.90		17.58	90.44	269.69	111.23	380.92
LD2	1.86		329.61		17.58	90.44	309.84	127.79	437.63
LD1	1.46		258.73		17.58	90.44	259.66	107.09	366.75
LC2	1.56		276.45		17.58	90.44	272.20	112.27	384.47
LC1	1.22		216.20		17.58	90.44	229.55	94.67	324.22
LB2	1.45		256.95		17.58	90.44	258.40	106.57	364.97
LB1	1.14		202.02		17.58	90.44	219.51	90.53	310.04
CE2	1.68		297.71		17.58	90.44	287.26	118.47	405.73
CE1	1.50		265.82		17.58	90.44	264.68	109.16	373.84
CD2	1.56		276.45		17.58	90.44	272.20	112.27	384.47
CD1	1.38		244.55		17.58	90.44	249.62	102.95	352.57
CC2	1.29		228.60		17.58	90.44	238.33	98.29	336.62
CC1	1.15		203.79		17.58	90.44	220.76	91.05	311.81
CB2	1.15		203.79		17.58	90.44	220.76	91.05	311.81
CB1	1.02		180.75		17.58	90.44	204.45	84.32	288.77
CA2	0.88		155.94		17.58	90.44	186.88	77.08	263.96
CA1	0.78		138.22		17.58	90.44	174.34	71.90	246.24
BB2	0.97		171.89		17.58	90.44	198.18	81.73	279.91
BB1	0.90		159.49		17.58	90.44	189.40	78.11	267.51
BA2	0.70		124.05		17.58	90.44	164.31	67.76	232.07
BA1	0.64		113.41		17.58	90.44	156.77	64.66	221.43
PE2	1.50		265.82		17.58	90.44	264.68	109.16	373.84
PE1	1.40		248.09		17.58	90.44	252.13	103.98	356.11
PD2	1.38		244.55		17.58	90.44	249.62	102.95	352.57
PD1	1.28		226.83		17.58	90.44	237.07	97.78	334.85
PC2	1.10		194.93		17.58	90.44	214.49	88.46	302.95
PC1	1.02		180.75		17.58	90.44	204.45	84.32	288.77
PB2	0.84		148.86		17.58	90.44	181.87	75.01	256.88
PB1	0.78		138.22		17.58	90.44	174.34	71.90	246.24
PA2	0.59		104.55		17.58	90.44	150.50	62.07	212.57
PA1	0.54		95.69		17.58	90.44	144.23	59.48	203.71

**Tables 5 and 7 (with labor and non-labor values):  
RUG-IV Case Mix Adjusted Federal Rates and Associated Indexes —Rural**

RURAL RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor	Non Labor	Total Rate
RUX	2.67	1.87	452.00	287.83		92.11	589.01	242.93	831.94
RUL	2.57	1.87	435.08	287.83		92.11	577.03	237.99	815.02
RVX	2.61	1.28	441.85	197.02		92.11	517.53	213.45	730.98
RVL	2.19	1.28	370.75	197.02		92.11	467.20	192.68	659.88
RHX	2.55	0.85	431.69	130.83		92.11	463.48	191.15	654.63
RHL	2.15	0.85	363.97	130.83		92.11	415.53	171.38	586.91
RMX	2.47	0.55	418.15	84.66		92.11	421.20	173.72	594.92
RML	2.19	0.55	370.75	84.66		92.11	387.64	159.88	547.52
RLX	2.26	0.28	382.60	43.10		92.11	366.61	151.20	517.81
RUC	1.56	1.87	264.09	287.83		92.11	455.97	188.06	644.03
RUB	1.56	1.87	264.09	287.83		92.11	455.97	188.06	644.03
RUA	0.99	1.87	167.60	287.83		92.11	387.66	159.88	547.54
RVC	1.51	1.28	255.63	197.02		92.11	385.69	159.07	544.76
RVB	1.11	1.28	187.91	197.02		92.11	337.74	139.30	477.04
RVA	1.10	1.28	186.22	197.02		92.11	336.55	138.80	475.35
RHC	1.45	0.85	245.47	130.83		92.11	331.63	136.78	468.41
RHB	1.19	0.85	201.46	130.83		92.11	300.48	123.92	424.40
RHA	0.91	0.85	154.05	130.83		92.11	266.91	110.08	376.99
RMC	1.36	0.55	230.23	84.66		92.11	288.16	118.84	407.00
RMB	1.22	0.55	206.53	84.66		92.11	271.38	111.92	383.30
RMA	0.84	0.55	142.20	84.66		92.11	225.83	93.14	318.97
RLB	1.50	0.28	253.94	43.10		92.11	275.52	113.63	389.15
RLA	0.71	0.28	120.20	43.10		92.11	180.83	74.58	255.41
ES3	3.58		606.06		18.78	92.11	507.60	209.35	716.95
ES2	2.67		452.00		18.78	92.11	398.53	164.36	562.89
ES1	2.32		392.75		18.78	92.11	356.58	147.06	503.64
HE2	2.22		375.82		18.78	92.11	344.59	142.12	486.71
HE1	1.74		294.56		18.78	92.11	287.06	118.39	405.45
HD2	2.04		345.35		18.78	92.11	323.02	133.22	456.24
HD1	1.60		270.86		18.78	92.11	270.28	111.47	381.75
HC2	1.89		319.96		18.78	92.11	305.04	125.81	430.85
HC1	1.48		250.55		18.78	92.11	255.90	105.54	361.44
HB2	1.86		314.88		18.78	92.11	301.45	124.32	425.77
HB1	1.46		247.16		18.78	92.11	253.50	104.55	358.05
LE2	1.96		331.81		18.78	92.11	313.43	129.27	442.70
LE1	1.54		260.71		18.78	92.11	263.09	108.51	371.60
LD2	1.86		314.88		18.78	92.11	301.45	124.32	425.77
LD1	1.46		247.16		18.78	92.11	253.50	104.55	358.05
LC2	1.56		264.09		18.78	92.11	265.49	109.49	374.98

**Tables 5 and 7 (with labor and non-labor values):  
RUG-IV Case Mix Adjusted Federal Rates and Associated Indexes —Rural**

RURAL RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor	Non Labor	Total Rate
LC1	1.22		206.53		18.78	92.11	224.73	92.69	317.42
LB2	1.45		245.47		18.78	92.11	252.30	104.06	356.36
LB1	1.14		192.99		18.78	92.11	215.15	88.73	303.88
CE2	1.68		284.41		18.78	92.11	279.87	115.43	395.30
CE1	1.50		253.94		18.78	92.11	258.30	106.53	364.83
CD2	1.56		264.09		18.78	92.11	265.49	109.49	374.98
CD1	1.38		233.62		18.78	92.11	243.91	100.60	344.51
CC2	1.29		218.38		18.78	92.11	233.12	96.15	329.27
CC1	1.15		194.68		18.78	92.11	216.34	89.23	305.57
CB2	1.15		194.68		18.78	92.11	216.34	89.23	305.57
CB1	1.02		172.68		18.78	92.11	200.77	82.80	283.57
CA2	0.88		148.98		18.78	92.11	183.99	75.88	259.87
CA1	0.78		132.05		18.78	92.11	172.00	70.94	242.94
BB2	0.97		164.21		18.78	92.11	194.77	80.33	275.10
BB1	0.90		152.36		18.78	92.11	186.38	76.87	263.25
BA2	0.70		118.50		18.78	92.11	162.41	66.98	229.39
BA1	0.64		108.35		18.78	92.11	155.22	64.02	219.24
PE2	1.50		253.94		18.78	92.11	258.30	106.53	364.83
PE1	1.40		237.01		18.78	92.11	246.31	101.59	347.90
PD2	1.38		233.62		18.78	92.11	243.91	100.60	344.51
PD1	1.28		216.69		18.78	92.11	231.93	95.65	327.58
PC2	1.10		186.22		18.78	92.11	210.35	86.76	297.11
PC1	1.02		172.68		18.78	92.11	200.77	82.80	283.57
PB2	0.84		142.20		18.78	92.11	179.19	73.90	253.09
PB1	0.78		132.05		18.78	92.11	172.00	70.94	242.94
PA2	0.59		99.88		18.78	92.11	149.23	61.54	210.77
PA1	0.54		91.42		18.78	92.11	143.24	59.07	202.31

Analysis provided for MHA  
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