

## MEDICARE NEWS

**For Immediate Release  
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### **CMS Announces Increase in Payment Rates for Medicare Skilled Nursing Facilities for Fiscal Year 2011**

The Centers for Medicare & Medicaid Services (CMS) today announced nursing home payment rates for fiscal year 2011 will increase 1.7 percent. This increase will result in an estimated \$542 million increase in Medicare payments to nursing homes across the country during FY 2011.

CMS updates the payment rates annually, using a market basket index reflecting changes in the prices of goods and services used to furnish covered care in nursing homes. In addition, CMS makes a forecast error adjustment whenever the difference between the forecasted and actual change in the market basket exceeds a 0.5 percentage point threshold for the most recently available fiscal year for which there is final data. In initially establishing the forecast error adjustment, CMS noted that it would reflect both upward and downward adjustments, as appropriate.

For FY 2009 (the most recently available fiscal year for which there is final data), the estimated increase in the market basket index was 3.4 percentage points, while the actual increase was 2.8 percentage points. This resulted in the actual increase being 0.6 percentage point lower than the estimated increase. Accordingly, as the difference between the estimated and actual amount of change exceeds the 0.5 percentage point threshold, the payment rates for FY 2011 include a negative 0.6 percentage point forecast error adjustment. This adjustment, when combined with the FY 2011 market basket increase factor of 2.3 percent, yields a net update of positive 1.7 percent for FY 2011.

“CMS is committed to ensuring that beneficiaries in skilled nursing facilities continue to receive high quality care while paying those facilities appropriately for that care,” said Jonathan Blum CMS deputy administrator and director of the Center for Medicare. “The payment rates for the coming year that we are announcing today reflect that goal.”

In the notice, CMS discusses a self-implementing provision contained in section 10325 of the Patient Protection and Affordable Care Act. This provision modifies the FY 2011 implementation schedule for the Resource Utilization Groups, version 4 (RUG-IV) case-mix classification system that CMS announced last year. CMS plans to delay implementation of the provision until system modifications are completed.

For more information, see [www.cms.hhs.gov/center/snf.asp](http://www.cms.hhs.gov/center/snf.asp). This rule will publish in the *Federal Register* on July 22, 2010. A copy of the update notice is available on the CMS website at: [http://www.ofr.gov/OFRUpload/OFRData/2010-17628\\_PI.pdf](http://www.ofr.gov/OFRUpload/OFRData/2010-17628_PI.pdf)

The comment period closes on September 14, 2010.

More information is available at [www.healthcare.gov](http://www.healthcare.gov), a new web portal made available by the U.S. Department of Health and Human Services.

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