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CMS Issues SNF PPS Update for FY 2011; Rates would Increase 2.3 Percent; Offset by Market Basket Adjustment of -0.6 Percent to Yield 1.7 Percent Update

The Centers for Medicare and Medicaid Services (CMS) have issued a final notice with comment that will update the Skilled Nursing Facility (SNF) Prospective Payment System (PPS) for fiscal year (FY) 2011. A [copy](#) is available on the *Federal Register* web site. Publication is scheduled for July 22.

The market basket increase for FY 2011 is estimated to be 2.3 percent. CMS notes that “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.”

The *Affordable Care Act* (ACA) section 10325 postpones the implementation of the RUG-IV case-mix classification system until October 1, 2011 at the earliest. Notwithstanding this postponement of overall RUG-IV implementation, section 10325 further specifies that the Secretary is required to implement, effective October 1 2010, the changes related to concurrent therapy and the look-back period that were finalized as components of RUG-IV.

In addition, section 10325 specifies that version 3.0 of the Minimum Data Set (MDS 3.0) shall proceed as planned, with an implementation date of October 1, 2010.

The temporary increase of 128 percent in the per diem adjusted payment rates for SNF residents with AIDS, enacted by section 511 of the *Medicare Modernization Act* (MMA), remains.

Comment

The SNF PPS is the one PPS system that employs a market basket error correction requirement.

In the final SNF PPS rule for FY 2008, the threshold percentage that serves to trigger an adjustment to account for market basket forecast error was increased from 0.25 percent to 0.50 percentage point effective for FY 2008 and subsequent years. At that time, the market basket error forecast was a positive 0.30 percent factor that would have impacted providers favorably, but because CMS modified the threshold, that adjustment was never made.

CMS argued that accounting for small changes in forecasting errors is too burdensome. Perhaps a better and more accurate solution would be to accumulate all such errors and when an aggregate amount exceeds 0.50 percent, than the CMS should implement the change. In the case at hand a plus 0.30 percent and a negative 0.60 percent adjustment would be a negative 0.30 percent factor, and no reduction would be made for FY 2011.

ACA and RUG-IV

CMS says the statutory mandate to adopt RUG-IV's concurrent therapy and look-back revisions (along with MDS 3.0) prior to implementing the overall RUG-IV system itself will necessitate implementing those particular revisions within the framework of the existing RUG-III case-mix classification system.

Therefore, CMS says "we continue to build the payment infrastructure needed to incorporate the combination of features mandated by section 10325 of the ACA for FY 2011, [and] we will apply, effective October 1, 2010, interim payment rates that reflect not only the use of MDS 3.0 but also the new RUG-IV system in its entirety as finalized in the FY 2010 SNF PPS final rule."

"The only grouper that currently exists that utilizes MDS 3.0 is the RUG-IV grouper. Once the necessary infrastructure is in place, we will then retroactively adjust claims to reflect a hybrid RUG-III (HR-III) system which incorporates RUG-IV's specific revisions on concurrent therapy and the look-back period within the framework of the existing RUG-III system, along with the use of MDS 3.0."

At present, CMS has both sets of rates, but not the software to price the services.

The tables below set forth both the RUG-IV rates that will be used on an interim basis effective October 1, 2010 and the HR-III rates that will apply once the "infrastructure necessary to support this system" is developed. The FY 2011 rates will be based on the rates that were finalized for FY 2010, as modified to reflect the market basket adjustment, the forecast error adjustment, the applicable case-mix adjustment, and the parity adjustment.

Parity Adjustment

The RUG-IV rates reflect an upward adjustment to the nursing case-mix indexes (CMIs) to achieve parity in overall payments between the existing RUG—III model and the RUG-IV model. The adjustment is 59.4 percent.

Comment

While the ACA has delayed the implementation of the RUG-IV classification system, there has been Congressional activity that would repeal the provision. It is still unclear if Congress will pass such legislation. If it does, then it must be assumed that CMS's RUG-IV rates would not have to be modified.

Payment Rates

CMS lists the case-mix adjusted RUG-IV payment rates separately for urban and rural SNFs in Tables 4A and 5A, with the corresponding case-mix values which reflect the parity adjustment discussed above. Similarly, the HR-III case-mix adjusted payment rates (reflecting the parity adjustment) are listed on Tables 4B and 5B.

These tables do not reflect the AIDS add-on enacted by section 511 of the MMA, which is applied only after making all other adjustments (wage and case-mix).

Combined Tables 4A and 6A

RUG-IV

CASE-MIX ADJUSTED FEDERAL RATES AND ASSOCIATED INDEXES

URBAN

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
RUX	3.59	1.87	\$566.57	\$222.31		\$80.54	\$602.60	\$266.82	\$869.42
RUL	3.45	1.87	544.48	222.31		80.54	587.29	260.04	847.33
RVX	3.51	1.28	553.95	152.17		80.54	545.24	241.42	786.66
RVL	2.95	1.28	465.57	152.17		80.54	483.98	214.30	698.28
RHX	3.43	0.85	541.32	101.05		80.54	501.06	221.85	722.91
RHL	2.89	0.85	456.10	101.05		80.54	441.99	195.70	637.69
RMX	3.31	0.55	522.38	65.38		80.54	463.21	205.09	668.30
RML	2.95	0.55	465.57	65.38		80.54	423.83	187.66	611.49
RLX	3.04	0.28	479.77	33.29		80.54	411.43	182.17	593.60
RUC	2.10	1.87	331.42	222.31		80.54	439.62	194.65	634.27
RUB	2.10	1.87	331.42	222.31		80.54	439.62	194.65	634.27
RUA	1.33	1.87	209.90	222.31		80.54	355.39	157.36	512.75
RVC	2.02	1.28	318.80	152.17		80.54	382.26	169.25	551.51
RVB	1.49	1.28	235.15	152.17		80.54	324.28	143.58	467.86
RVA	1.48	1.28	233.57	152.17		80.54	323.18	143.10	466.28
RHC	1.94	0.85	306.17	101.05		80.54	338.07	149.69	487.76
RHB	1.60	0.85	252.51	101.05		80.54	300.88	133.22	434.10
RHA	1.23	0.85	194.12	101.05		80.54	260.41	115.30	375.71
RMC	1.83	0.55	288.81	65.38		80.54	301.32	133.41	434.73
RMB	1.63	0.55	257.25	65.38		80.54	279.44	123.73	403.17
RMA	1.13	0.55	178.34	65.38		80.54	224.75	99.51	324.26
RLB	2.01	0.28	317.22	33.29		80.54	298.77	132.28	431.05
RLA	0.95	0.28	149.93	33.29		80.54	182.81	80.95	263.76
ES3	3.58		565.00		\$15.66	80.54	458.28	202.92	661.20
ES2	2.67		421.38		15.66	80.54	358.74	158.84	517.58

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
ES1	2.32		366.14		15.66	80.54	320.45	141.89	462.34
HE2	2.22		350.36		15.66	80.54	309.52	137.04	446.56
HE1	1.74		274.61		15.66	80.54	257.01	113.80	370.81
HD2	2.04		321.95		15.66	80.54	289.82	128.33	418.15
HD1	1.60		252.51		15.66	80.54	241.69	107.02	348.71
HC2	1.89		298.28		15.66	80.54	273.42	121.06	394.48
HC1	1.48		233.57		15.66	80.54	228.57	101.20	329.77
HB2	1.86		293.55		15.66	80.54	270.14	119.61	389.75
HB1	1.46		230.42		15.66	80.54	226.38	100.24	326.62
LE2	1.96		309.33		15.66	80.54	281.08	124.45	405.53
LE1	1.54		243.04		15.66	80.54	235.13	104.11	339.24
LD2	1.86		293.55		15.66	80.54	270.14	119.61	389.75
LD1	1.46		230.42		15.66	80.54	226.38	100.24	326.62
LC2	1.56		246.20		15.66	80.54	237.32	105.08	342.40
LC1	1.22		192.54		15.66	80.54	200.13	\$88.61	288.74
LB2	1.45		228.84		15.66	80.54	225.29	99.75	325.04
LB1	1.14		179.91		15.66	80.54	191.37	84.74	276.11
CE2	1.68		265.14		15.66	80.54	250.45	110.89	361.34
CE1	1.50		236.73		15.66	80.54	230.76	102.17	332.93
CD2	1.56		246.20		15.66	80.54	237.32	105.08	342.40
CD1	1.38		217.79		15.66	80.54	217.63	96.36	313.99
CC2	1.29		203.59		15.66	80.54	207.79	92.00	299.79
CC1	1.15		181.49		15.66	80.54	192.47	85.22	277.69
CB2	1.15		181.49		15.66	80.54	192.47	85.22	277.69
CB1	1.02		160.98		15.66	80.54	178.25	78.93	257.18
CA2	0.88		138.88		15.66	80.54	162.94	72.14	235.08
CA1	0.78		123.10		15.66	80.54	152.00	67.30	219.30
BB2	0.97		153.09		15.66	80.54	172.79	76.50	249.29
BB1	0.90		142.04		15.66	80.54	165.13	73.11	238.24
BA2	0.70		110.47		15.66	80.54	143.25	63.42	206.67
BA1	0.64		101.00		15.66	80.54	136.68	60.52	197.20
PE2	1.50		236.73		15.66	80.54	230.76	102.17	332.93

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
PE1	1.40		220.95		15.66	80.54	219.82	97.33	317.15
PD2	1.38		217.79		15.66	80.54	217.63	96.36	313.99
PD1	1.28		202.01		15.66	80.54	206.69	91.52	298.21
PC2	1.10		173.60		15.66	80.54	187.00	82.80	269.80
PC1	1.02		160.98		15.66	80.54	178.25	78.93	257.18
PB2	0.84		132.57		15.66	80.54	158.56	70.21	228.77
PB1	0.78		123.10		15.66	80.54	152.00	67.30	219.30
PA2	0.59		93.11		15.66	80.54	131.21	58.10	189.31
PA1	0.54		85.22		15.66	80.54	125.74	55.68	181.42

Combined Tables 4B 6B

HYBRID RUG-III (HR-III)

CASE-MIX ADJUSTED FEDERAL RATES AND ASSOCIATED INDEXES

URBAN

HR-III Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Component	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
RUX	2.37	2.25	\$374.03	\$267.48		\$80.54	\$500.46	\$221.59	\$722.05
RUL	1.76	2.25	277.76	267.48		80.54	433.73	192.05	625.78
RVX	1.93	1.41	304.59	167.62		80.54	383.12	169.63	552.75
RVL	1.66	1.41	261.98	167.62		80.54	353.58	156.56	510.14
RHX	1.78	0.94	280.92	111.75		80.54	327.99	145.22	473.21
RHL	1.70	0.94	268.29	111.75		80.54	319.23	141.35	460.58
RMX	2.41	0.77	380.35	91.54		80.54	382.89	169.54	552.43
RML	2.11	0.77	333.00	91.54		80.54	350.08	155.00	505.08
RLX	1.64	0.43	258.82	51.12		80.54	270.65	119.83	390.48
RUC	1.61	2.25	254.09	267.48		80.54	417.33	184.78	602.11
RUB	1.23	2.25	194.12	267.48		80.54	375.76	166.38	542.14
RUA	1.05	2.25	165.71	267.48		80.54	356.07	157.66	513.73
RVC	1.53	1.41	241.46	167.62		80.54	339.36	150.26	489.62

HR-III Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Component	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
RVB	1.36	1.41	214.64	167.62		80.54	320.77	142.03	462.80
RVA	1.03	1.41	162.55	167.62		80.54	284.67	126.04	410.71
RHC	1.52	0.94	239.89	111.75		80.54	299.55	132.63	432.18
RHB	1.38	0.94	217.79	111.75		80.54	284.23	125.85	410.08
RHA	1.18	0.94	186.23	111.75		80.54	262.36	116.16	378.52
RMC	1.44	0.77	227.26	91.54		80.54	276.79	122.55	399.34
RMB	1.36	0.77	214.64	91.54		80.54	268.04	118.68	386.72
RMA	1.30	0.77	205.17	91.54		80.54	261.48	115.77	377.25
RLB	1.42	0.43	224.1	51.12		80.54	246.58	109.18	355.76
RLA	1.06	0.43	167.29	51.12		80.54	207.21	91.74	298.95
SE3	2.31		364.56		\$15.66	80.54	319.36	141.40	460.76
SE2	1.85		291.97		15.66	80.54	269.04	119.13	388.17
SE1	1.57		247.78		15.66	80.54	238.42	105.56	343.98
SSC	1.53		241.46		15.66	80.54	234.04	103.62	337.66
SSB	1.41		222.53		15.66	80.54	220.91	97.82	318.73
SSA	1.37		216.21		15.66	80.54	216.53	95.88	312.41
CC2	1.52		239.89		15.66	80.54	232.95	103.14	336.09
CC1	1.33		209.90		15.66	80.54	212.16	93.94	306.10
CB2	1.22		192.54		15.66	80.54	200.13	88.61	288.74
CB1	1.13		178.34		15.66	80.54	190.29	84.25	274.54
CA2	1.11		175.18		15.66	80.54	188.10	83.28	271.38
CA1	1.01		159.40		15.66	80.54	177.16	78.44	255.60
IB2	0.93		146.77		15.66	80.54	168.40	74.57	242.97
IB1	0.90		142.04		15.66	80.54	165.13	73.11	238.24
IA2	0.76		119.94		15.66	80.54	149.81	66.33	216.14
IA1	0.71		112.05		15.66	80.54	144.34	63.91	208.25
BB2	0.91		143.62		15.66	80.54	166.22	73.60	239.82
BB1	0.87		137.30		15.66	80.54	161.84	71.66	233.50
BA2	0.75		118.37		15.66	80.54	148.72	65.85	214.57
BA1	0.64		101.00		15.66	80.54	136.68	60.52	197.20
PE2	1.06		167.29		15.66	80.54	182.63	80.86	263.49
PE1	1.03		162.55		15.66	80.54	179.34	79.41	258.75

HR-III Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Component	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
PD2	0.97		153.09		15.66	80.54	172.79	76.50	249.29
PD1	0.94		148.35		15.66	80.54	169.50	75.05	244.55
PC2	0.89		140.46		15.66	80.54	164.03	72.63	236.66
PC1	0.87		137.30		15.66	80.54	161.84	71.66	233.50
PB2	0.70		110.47		15.66	80.54	143.25	63.42	206.67
PB1	0.67		105.74		15.66	80.54	139.97	61.97	201.94
PA2	0.66		104.16		15.66	80.54	138.87	61.49	200.36
PA1	0.62		97.85		15.66	80.54	134.50	59.55	194.05

Combined Tables 5A and 7A

RUG-IV

CASE-MIX ADJUSTED FEDERAL RATES AND ASSOCIATED INDEXES

RURAL

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
RUX	3.59	1.87	\$541.34	\$256.34		\$82.04	\$609.74	\$269.98	\$879.72
RUL	3.45	1.87	520.23	256.34		82.04	595.11	263.50	858.61
RVX	3.51	1.28	529.27	175.46		82.04	545.32	241.45	786.77
RVL	2.95	1.28	444.83	175.46		82.04	486.79	215.54	702.33
RHX	3.43	0.85	517.21	116.52		82.04	496.11	219.66	715.77
RHL	2.89	0.85	435.78	116.52		82.04	439.67	194.67	634.34
RMX	3.31	0.55	499.11	75.39		82.04	455.05	201.49	656.54
RML	2.95	0.55	444.83	75.39		82.04	417.43	184.83	602.26
RLX	3.04	0.28	458.40	38.38		82.04	401.19	177.63	578.82
RUC	2.10	1.87	316.66	256.34		82.04	454.01	201.03	655.04
RUB	2.10	1.87	316.66	256.34		82.04	454.01	201.03	655.04
RUA	1.33	1.87	200.55	256.34		82.04	373.54	165.39	538.93
RVC	2.02	1.28	304.60	175.46		82.04	389.60	172.50	562.10
RVB	1.49	1.28	224.68	175.46		82.04	334.20	147.98	482.18
RVA	1.48	1.28	223.17	175.46		82.04	333.16	147.51	480.67

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
RHC	1.94	0.85	292.53	116.52		82.04	340.38	150.71	491.09
RHB	1.60	0.85	241.26	116.52		82.04	304.84	134.98	439.82
RHA	1.23	0.85	185.47	116.52		82.04	266.18	117.85	384.03
RMC	1.83	0.55	275.95	75.39		82.04	300.38	133.00	433.38
RMB	1.63	0.55	245.79	75.39		82.04	279.48	123.74	403.22
RMA	1.13	0.55	170.39	75.39		82.04	227.22	100.60	327.82
RLB	2.01	0.28	303.09	38.38		82.04	293.54	129.97	423.51
RLA	0.95	0.28	143.25	38.38		82.04	182.75	80.92	263.67
ES3	3.58		539.83		\$16.72	82.04	442.61	195.98	638.59
ES2	2.67		402.61		16.72	82.04	347.50	153.87	501.37
ES1	2.32		349.83		16.72	82.04	310.92	137.67	448.59
HE2	2.22		334.75		16.72	82.04	300.47	133.04	433.51
HE1	1.74		262.37		16.72	82.04	250.30	110.83	361.13
HD2	2.04		307.61		16.72	82.04	281.66	124.71	406.37
HD1	1.60		241.26		16.72	82.04	235.67	104.35	340.02
HC2	1.89		284.99		16.72	82.04	265.98	117.77	383.75
HC1	1.48		223.17		16.72	82.04	223.13	98.80	321.93
HB2	1.86		280.47		16.72	82.04	262.85	116.38	379.23
HB1	1.46		220.15		16.72	82.04	221.04	97.87	318.91
LE2	1.96		295.55		16.72	82.04	273.30	121.01	394.31
LE1	1.54		232.22		16.72	82.04	229.41	101.57	330.98
LD2	1.86		280.47		16.72	82.04	262.85	116.38	379.23
LD1	1.46		220.15		16.72	82.04	221.04	97.87	318.91
LC2	1.56		235.23		16.72	82.04	231.49	102.50	333.99
LC1	1.22		183.96		16.72	82.04	195.96	86.76	282.72
LB2	1.45		218.65		16.72	82.04	220.00	97.41	317.41
LB1	1.14		171.90		16.72	82.04	187.60	83.06	270.66
CE2	1.68		253.33		16.72	82.04	244.04	108.05	352.09
CE1	1.50		226.19		16.72	82.04	225.23	99.72	324.95
CD2	1.56		235.23		16.72	82.04	231.49	102.50	333.99
CD1	1.38		208.09		16.72	82.04	212.68	94.17	306.85
CC2	1.29		194.52		16.72	82.04	203.28	90.00	293.28

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
CC1	1.15		173.41		16.72	82.04	188.64	83.53	272.17
CB2	1.15		173.41		16.72	82.04	188.64	83.53	272.17
CB1	1.02		153.81		16.72	82.04	175.06	77.51	252.57
CA2	0.88		132.70		16.72	82.04	160.43	71.03	231.46
CA1	0.78		117.62		16.72	82.04	149.98	66.40	216.38
BB2	0.97		146.27		16.72	82.04	169.83	75.20	245.03
BB1	0.90		135.71		16.72	82.04	162.51	71.96	234.47
BA2	0.70		105.55		16.72	82.04	141.61	62.70	204.31
BA1	0.64		96.51		16.72	82.04	135.34	59.93	195.27
PE2	1.50		226.19		16.72	82.04	225.23	99.72	324.95
PE1	1.40		211.11		16.72	82.04	214.77	95.10	309.87
PD2	1.38		208.09		16.72	82.04	212.68	94.17	306.85
PD1	1.28		193.01		16.72	82.04	202.23	89.54	291.77
PC2	1.10		165.87		16.72	82.04	183.42	81.21	264.63
PC1	1.02		153.81		16.72	82.04	175.06	77.51	252.57
PB2	0.84		126.66		16.72	82.04	156.24	69.18	225.42
PB1	0.78		117.62		16.72	82.04	149.98	66.40	216.38
PA2	0.59		88.97		16.72	82.04	130.12	57.61	187.73
PA1	0.54		81.43		16.72	82.04	124.89	55.30	180.19

Combined Tables 5B and 7B

HYBRID RUG-III

CASE-MIX ADJUSTED FEDERAL RATES AND ASSOCIATED INDEXES

RURAL

HR-III Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Component	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
RUX	2.37	2.25	\$357.37	\$308.43		\$82.04	\$518.34	\$229.50	\$747.84
RUL	1.76	2.25	265.39	308.43		82.04	454.58	201.28	655.86
RVX	1.93	1.41	291.02	193.28		82.04	392.54	173.80	566.34
RVL	1.66	1.41	250.31	193.28		82.04	364.32	161.31	525.63

HR-III Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Component	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
RHX	1.78	0.94	268.41	128.86		82.04	332.21	147.10	479.31
RHL	1.70	0.94	256.34	128.86		82.04	323.85	143.39	467.24
RMX	2.41	0.77	363.40	105.55		82.04	381.90	169.09	550.99
RML	2.11	0.77	318.17	105.55		82.04	350.55	155.21	505.76
RLX	1.64	0.43	247.30	58.94		82.04	269.12	119.16	388.28
RUC	1.61	2.25	242.77	308.43		82.04	438.90	194.34	633.24
RUB	1.23	2.25	185.47	308.43		82.04	399.19	176.75	575.94
RUA	1.05	2.25	158.33	308.43		82.04	380.38	168.42	548.80
RVC	1.53	1.41	230.71	193.28		82.04	350.73	155.30	506.03
RVB	1.36	1.41	205.07	193.28		82.04	332.96	147.43	480.39
RVA	1.03	1.41	155.31	193.28		82.04	298.47	132.16	430.63
RHC	1.52	0.94	229.20	128.86		82.04	305.04	135.06	440.10
RHB	1.38	0.94	208.09	128.86		82.04	290.41	128.58	418.99
RHA	1.18	0.94	177.93	128.86		82.04	269.50	119.33	388.83
RMC	1.44	0.77	217.14	105.55		82.04	280.52	124.21	404.73
RMB	1.36	0.77	205.07	105.55		82.04	272.16	120.50	392.66
RMA	1.30	0.77	196.03	105.55		82.04	265.89	117.73	383.62
RLB	1.42	0.43	214.12	58.94		82.04	246.12	108.98	355.10
RLA	1.06	0.43	159.84	58.94		82.04	208.50	92.32	300.82
SE3	2.31		348.32		\$16.72	82.04	309.88	137.20	447.08
SE2	1.85		278.96		16.72	82.04	261.80	115.92	377.72
SE1	1.57		236.74		16.72	82.04	232.54	102.96	335.50
SSC	1.53		230.71		16.72	82.04	228.36	101.11	329.47
SSB	1.41		212.61		16.72	82.04	215.81	95.56	311.37
SSA	1.37		206.58		16.72	82.04	211.63	93.71	305.34
CC2	1.52		229.20		16.72	82.04	227.31	100.65	327.96
CC1	1.33		200.55		16.72	82.04	207.45	91.86	299.31
CB2	1.22		183.96		16.72	82.04	195.96	86.76	282.72
CB1	1.13		170.39		16.72	82.04	186.55	82.60	269.15
CA2	1.11		167.38		16.72	82.04	184.46	81.68	266.14
CA1	1.01		152.30		16.72	82.04	174.01	77.05	251.06
IB2	0.93		140.23		16.72	82.04	165.65	73.34	238.99

HR-III Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Component	Non-case Mix Component	Labor Portion	Non-Labor Portion	Total Rate
IB1	0.90		135.71		16.72	82.04	162.51	71.96	234.47
IA2	0.76		114.60		16.72	82.04	147.88	65.48	213.36
IA1	0.71		107.06		16.72	82.04	142.66	63.16	205.82
BB2	0.91		137.22		16.72	82.04	163.56	72.42	235.98
BB1	0.87		131.19		16.72	82.04	159.38	70.57	229.95
BA2	0.75		113.09		16.72	82.04	146.84	65.01	211.85
BA1	0.64		96.51		16.72	82.04	135.34	59.93	195.27
PE2	1.06		159.84		16.72	82.04	179.24	79.36	258.60
PE1	1.03		155.31		16.72	82.04	176.10	77.97	254.07
PD2	0.97		146.27		16.72	82.04	169.83	75.20	245.03
PD1	0.94		141.74		16.72	82.04	166.69	73.81	240.50
PC2	0.89		134.20		16.72	82.04	161.47	71.49	232.96
PC1	0.87		131.19		16.72	82.04	159.38	70.57	229.95
PB2	0.7		105.55		16.72	82.04	141.61	62.70	204.31
PB1	0.67		101.03		16.72	82.04	138.48	61.31	199.79
PA2	0.66		99.52		16.72	82.04	137.43	60.85	198.28
PA1	0.62		93.49		16.72	82.04	133.25	59.00	192.25

Wage Index Adjustment to Federal Rates

To calculate the SNF PPS wage index adjustment, CMS applies the wage index adjustment to the labor-related portion of the Federal rate, which is 69.311 percent of the total rate. This percentage reflects the labor-related relative importance for FY 2011, using a revised and rebased FY 2004-based market basket. The labor-related relative importance for FY 2010 was 69.840.

The budget neutrality factor for this year is 0.9997.

The wage index applicable to FY 2011 is set forth in Tables A and B, which appear in the Addendum of the notice.

Application of the SNF PPS to SNF Services Furnished by Swing-Bed Hospitals

Effective October 1, 2010, non-CAH swing-bed rural hospitals will be required to complete an MDS 3.0 swing-bed assessment which is limited to the required demographic, payment, and quality items.

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