

WASHINGTON

perspectives

***An Analysis and Commentary on Federal Health Care Issues
by Larry Goldberg***

August 2, 2024

Final FY 2025 Skilled Nursing Facility PPS Update Issued



The Centers for Medicare and Medicaid Services (CMS) have issued its final rule to update the Medicare Skilled Nursing Facility prospective payment system (SNF) for FY 2025.

The 315-page document is scheduled for publication in the ***Federal Register*** on August 6. A copy is currently available at: <https://public-inspection.federalregister.gov/2024-16907.pdf>.

The rule includes a market-basket forecast adjustment. CMS is rebasing and revising the SNF market basket to reflect a 2022 base year.

CMS is updating the wage index CBSA delineations resulting from a new OMB bulletin. Additionally, CMS is adopting several technical revisions to the code mappings used to classify patients under the Patient Driven Payment Model (PDPM).

The rulemaking also is updating the requirements for the SNF Quality Reporting Program and the SNF Value-Based Purchasing Program. .

Comments

While CMS has provided a limited table of contents. We are adding page numbers from the display version of the rule.

CMS has provided the following cost and benefit tables.

Estimated Cost and Benefits

Proposals	Estimated Total Transfers/Costs
FY 2025 SNF PPS payment rate update	The overall economic impact of this final rule is an estimated increase of \$1.4 billion in aggregate payments to SNFs during FY 2025.
FY 2027 SNF QRP changes	The overall economic impact of this final rule to SNFs is an estimated cost of \$1,996,226.60 annually to SNFs beginning with the FY 2027 SNF QRP.
FY 2026 Changes Due to Removal of MDS Items No Longer Needed for Case-Mix Determination	The overall economic impact of this final rule to SNFs is an estimated savings of \$14,128,696.47 annually to SNFs beginning with FY 2026.
FY 2027 Changes Due to Proposal for Participation in a Validation Process	The overall economic impact of this final rule to SNFs is an estimated cost of \$813,067.95 annually to selected SNFs beginning with the FY 2027 SNF QRP.

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Proposals	Estimated Total Transfers/Costs
FY 2025 SNF VBP changes	The overall economic impact of the SNF VBP Program is an estimated reduction of \$187.69 million in aggregate payments to SNFs during FY 2025.
FY 2025 Nursing Home Enforcement changes	The overall economic impact the changes to CMS' enforcement authority results in an estimated additional penalty amount totaling \$25 million annually to LTC facilities, and \$164,929 in annual administrative costs for CMS and States.

SNF PPS RATE SETTING METHODOLOGY AND FY 2025 UPDATE (Page 13)

SNF Market Basket (Page 13)

Based on IGI's second quarter 2024 forecast with historical data through the first quarter of 2024, the FY 2025 growth rate of the 2022-based SNF market basket is now estimated to be **3.0 percent**.

SNFs that fail to submit data for a fiscal year will receive a 2.0 percentage point reduction to their market basket update for the fiscal year involved. (Page 15)

For FY 2023 (the most recently available FY for which there is final data), the forecasted or estimated increase in the SNF market basket was 3.9 percent, and the actual increase for FY 2023 was 5.6 percent, resulting in the actual increase being 1.7 percentage points higher than the estimated increase.

CMS is adding the 1.7 percent to the 2025 market basket increase of 3.0 percent to arrive at a revised update of 4.7 percent. The market basket increase is being reduced by the current productivity adjustment of 0.5 percent, for a net update of **4.2 percent**. (Page 19)

Comment

It is astonishing that CMS appears to have no issues with the SNF forecast error program which has been in existence since 2004. When will CMS adopt such error correction mechanisms for all other PPS programs and stop using illogical and irrational statements that to do such would violate the concepts of a prospective payment system.

For FY 2023, CMS applied a productivity adjustment factor of 0.3 percent to the SNF update rate. But, CMS is offsetting the error amount not by 0.3 percent, but rather by the FY 2025 amount of 0.5 percent. Why?

Unadjusted Federal Per Diem Rates for FY 2025 (Page 24)

Under the Patient Driven Payment Model (PDPM) the unadjusted federal per diem rates are divided into six components, five of which are case-mix adjusted components (Physical Therapy (PT), Occupational Therapy (OT), Speech-Language Pathology (SLP), Nursing, and Non-Therapy Ancillaries (NTA)), and one of which is a non-case-mix component.

The following tables reflect the updated unadjusted federal rates for FY 2025, prior to the adjustment for case-mix. (Page 26)

FY 2025 Unadjusted Federal Rate Per Diem—Urban

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	\$73.25	\$68.18	\$27.35	\$127.68	\$96.33	\$114.34

FY 2025 Unadjusted Federal Rate Per Diem—Rural

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	\$83.50	\$76.69	\$34.46	\$121.99	\$92.03	\$116.46

Case-Mix Adjustment (Page 26)

CMS lists the case-mix adjusted PDPM payment rates for FY 2025, provided separately for urban and rural SNFs, as shown in the tables below. Further, the tables do not reflect adjustments which may be made to the SNF PPS rates as a result of the SNF Value-Based Program, or other adjustments, such as the variable per diem adjustment, and area wage index.

PDPM Case-Mix Adjusted Federal Rates and Associated Indexes—URBAN

PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
A	1.45	\$106.21	1.41	\$96.13	0.64	\$17.50	ES3	3.84	\$490.29	3.06	\$294.77
B	1.61	\$117.93	1.54	\$105.00	1.72	\$47.04	ES2	2.90	\$370.27	2.39	\$230.23
C	1.78	\$130.39	1.60	\$109.09	2.52	\$68.92	ES1	2.77	\$353.67	1.74	\$167.61
D	1.81	\$132.58	1.45	\$98.86	1.38	\$37.74	HDE2	2.27	\$289.83	1.26	\$121.38
E	1.34	\$98.16	1.33	\$90.68	2.21	\$60.44	HDE1	1.88	\$240.04	0.91	\$87.66
F	1.52	\$111.34	1.51	\$102.95	2.82	\$77.13	HBC2	2.12	\$270.68	0.68	\$65.50
G	1.58	\$115.74	1.55	\$105.68	1.93	\$52.79	HBC1	1.76	\$224.72	-	-
H	1.10	\$80.58	1.09	\$74.32	2.7	\$73.85	LDE2	1.97	\$251.53	-	-
I	1.07	\$78.38	1.12	\$76.36	3.34	\$91.35	LDE1	1.64	\$209.40	-	-
J	1.34	\$98.16	1.37	\$93.41	2.83	\$77.40	LBC2	1.63	\$208.12	-	-
K	1.44	\$105.48	1.46	\$99.54	3.50	\$95.73	LBC1	1.35	\$172.37	-	-
L	1.03	\$75.45	1.05	\$71.59	3.98	\$108.85	CDE2	1.77	\$225.99	-	-
M	1.20	\$87.90	1.23	\$83.86	-	-	CDE1	1.53	\$195.35	-	-
N	1.40	\$102.55	1.42	\$96.82	-	-	CBC2	1.47	\$187.69	-	-
O	1.47	\$107.68	1.47	\$100.22	-	-	CA2	1.03	\$131.51	-	-
P	1.02	\$74.72	1.03	\$70.23	-	-	CBC1	1.27	\$162.15	-	-
Q	-	-	-	-	-	-	CA1	0.89	\$113.64	-	-
R	-	-	-	-	-	-	BAB2	0.98	\$125.13	-	-
S	-	-	-	-	-	-	BAB1	0.94	\$120.02	-	-
T	-	-	-	-	-	-	PDE2	1.48	\$188.97	-	-
U	-	-	-	-	-	-	PDE1	1.39	\$177.48	-	-
V	-	-	-	-	-	-	PBC2	1.15	\$146.83	-	-
W	-	-	-	-	-	-	PA2	0.67	\$85.55	-	-
X	-	-	-	-	-	-	PBC1	1.07	\$136.62	-	-
Y	-	-	-	-	-	-	PA1	0.62	\$79.16	-	-

PDPM Case-Mix Adjusted Federal Rates and Associated Indexes—RURAL

PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
A	1.45	\$121.08	1.41	\$108.13	0.64	\$22.05	ES3	3.84	\$468.44	3.06	\$281.61
B	1.61	\$134.44	1.54	\$118.10	1.72	\$59.27	ES2	2.90	\$353.77	2.39	\$219.95
C	1.78	\$148.63	1.60	\$122.70	2.52	\$86.84	ES1	2.77	\$337.91	1.74	\$160.13
D	1.81	\$151.14	1.45	\$111.20	1.38	\$47.55	HDE2	2.27	\$276.92	1.26	\$115.96
E	1.34	\$111.89	1.33	\$102.00	2.21	\$76.16	HDE1	1.88	\$229.34	0.91	\$83.75
F	1.52	\$126.92	1.51	\$115.80	2.82	\$97.18	HBC2	2.12	\$258.62	0.68	\$62.58
G	1.58	\$131.93	1.55	\$118.87	1.93	\$66.51	HBC1	1.76	\$214.70	-	-
H	1.10	\$91.85	1.09	\$83.59	2.7	\$93.04	LDE2	1.97	\$240.32	-	-
I	1.07	\$89.35	1.12	\$85.89	3.34	\$115.10	LDE1	1.64	\$200.06	-	-
J	1.34	\$111.89	1.37	\$105.07	2.83	\$97.52	LBC2	1.63	\$198.84	-	-
K	1.44	\$120.24	1.46	\$111.97	3.50	\$120.61	LBC1	1.35	\$164.69	-	-
L	1.03	\$86.01	1.05	\$80.52	3.98	\$137.15	CDE2	1.77	\$215.92	-	-
M	1.20	\$100.20	1.23	\$94.33	-	-	CDE1	1.53	\$186.64	-	-
N	1.40	\$116.90	1.42	\$108.90	-	-	CBC2	1.47	\$179.33	-	-
O	1.47	\$122.75	1.47	\$112.73	-	-	CA2	1.03	\$125.65	-	-
P	1.02	\$85.17	1.03	\$78.99	-	-	CBC1	1.27	\$154.93	-	-
Q	-	-	-	-	-	-	CA1	0.89	\$108.57	-	-
R	-	-	-	-	-	-	BAB2	0.98	\$119.55	-	-
S	-	-	-	-	-	-	BAB1	0.94	\$114.67	-	-
T	-	-	-	-	-	-	PDE2	1.48	\$180.55	-	-
U	-	-	-	-	-	-	PDE1	1.39	\$169.57	-	-
V	-	-	-	-	-	-	PBC2	1.15	\$140.29	-	-
W	-	-	-	-	-	-	PA2	0.67	\$81.73	-	-
X	-	-	-	-	-	-	PBC1	1.07	\$130.53	-	-
Y	-	-	-	-	-	-	PA1	0.62	\$75.63	-	-

OTHER SNF PPS ISSUES (Page 48)

Rebasing and Revising the SNF Market Basket

Effective for FY 2025 and subsequent fiscal years, CMS is rebasing and revising the market basket to reflect 2022 Medicare-allowable total cost data (routine, ancillary, and capital-related) from freestanding SNFs and to revise applicable cost categories and price proxies used to determine the market basket.

Comment

CMS spends more than 40 pages explaining how the various values used to determine the market-basket were determined.

Labor Share (Page 91)

The following table compares the FY 2025 labor-related share based on the 2022-based SNF market basket and the FY 2024 labor-related share based on the 2018-based SNF market basket.

FY 2024 and FY 2025 SNF Labor-Related Share

	Relative importance, labor-related share, FY 2024 forecast ¹	Relative importance, labor-related share, FY 2025 forecast ²
Wages and Salaries ³	52.5	53.2
Employee Benefits ³	9.3	9.2
Professional Fees: Labor-Related	3.4	3.5
Administrative & Facilities Support Services	0.6	0.4
Installation, Maintenance & Repair Services	0.4	0.5
All other: Labor-Related services	2.0	2.0
Capital-Related (.391)	2.9	3.2
Total	71.1	72.0

¹ Published in the Federal Register (88 FR 53213); based on the second quarter 2023 IHS Global Inc. forecast of the 2018-based SNF market basket, with historical data through first quarter 2023.

² Based on the second quarter 2024 IHS Global Inc. forecast of the 2022-based SNF market basket, with historical data through first quarter 2024.

³ The Wages and Salaries and Employee Benefits cost weight reflect contract labor costs as described above.

Changes to SNF Wage Index (Page 92)

The wage index applicable to FY 2025 is set forth in Tables A and B, available on the CMS website at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/WageIndex.html>.

For FY 2025, CMS is adopting revised OMB delineations identified in OMB Bulletin No. 23-01 (available at <https://www.whitehouse.gov/wpcontent/uploads/2023/07/OMB-Bulletin-23-01.pdf>).

Under the revised OMB delineations, there would be new CBSAs, urban counties that would become rural, rural counties that would become urban, and existing CBSAs that would split.

Urban Counties That Will Become Rural Under the Revised OMB Delineations (Page 99)

CMS' analysis shows that a total of 54 counties (and county equivalents) that are currently considered part of an urban CBSA would be considered located in a rural area. The table below lists 49 counties. Excluding are those in Puerto Rico.

Counties That Will Transition from Urban to Rural Status (Page 100)

FIPS County Code	County	State	Current CBSA	Current CBSA Name
01129	Washington	AL	33660	Mobile, AL
05025	Cleveland	AR	38220	Pine Bluff, AR
05047	Franklin	AR	22900	Fort Smith, AR-OK
05069	Jefferson	AR	38220	Pine Bluff, AR
05079	Lincoln	AR	38220	Pine Bluff, AR
09015	Windham	CT	49340	Worcester, MA-CT
10005	Sussex	DE	41540	Salisbury, MD-DE
13171	Lamar	GA	12060	Atlanta-Sandy Springs-Alpharetta, GA
16077	Power	ID	38540	Pocatello, ID
17057	Fulton	IL	37900	Peoria, IL

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FIPS County Code	County	State	Current CBSA	Current CBSA Name
17077	Jackson	IL	16060	Carbondale-Marion, IL
17087	Johnson	IL	16060	Carbondale-Marion, IL
17183	Vermilion	IL	19180	Danville, IL
17199	Williamson	IL	16060	Carbondale-Marion, IL
18121	Parke	IN	45460	Terre Haute, IN
18133	Putnam	IN	26900	Indianapolis-Carmel-Anderson, IN
18161	Union	IN	17140	Cincinnati, OH-KY-IN
21091	Hancock	KY	36980	Owensboro, KY
21101	Henderson	KY	21780	Evansville, IN-KY
22045	Iberia	LA	29180	Lafayette, LA
24001	Allegany	MD	19060	Cumberland, MD-WV
24047	Worcester	MD	41540	Salisbury, MD-DE
25011	Franklin	MA	44140	Springfield, MA
26155	Shiawassee	MI	29620	Lansing-East Lansing, MI
27075	Lake	MN	20260	Duluth, MN-WI
28031	Covington	MS	25620	Hattiesburg, MS
31051	Dixon	NE	43580	Sioux City, IA-NE-SD
36123	Yates	NY	40380	Rochester, NY
37049	Craven	NC	35100	New Bern, NC
37077	Granville	NC	20500	Durham-Chapel Hill, NC
37085	Harnett	NC	22180	Fayetteville, NC
37087	Haywood	NC	11700	Asheville, NC
37103	Jones	NC	35100	New Bern, NC
37137	Pamlico	NC	35100	New Bern, NC
42037	Columbia	PA	14100	Bloomsburg-Berwick, PA
42085	Mercer	PA	49660	Youngstown-Warren-Boardman, OH-PA
42089	Monroe	PA	20700	East Stroudsburg, PA
42093	Montour	PA	14100	Bloomsburg-Berwick, PA
42103	Pike	PA	35084	Newark, NJ-PA
45027	Clarendon	SC	44940	Sumter, SC
48431	Sterling	TX	41660	San Angelo, TX
49003	Box Elder	UT	36260	Ogden-Clearfield, UT
51113	Madison	VA	47894	Washington-Arlington-Alexandria, DC-VA-MD-WV
51175	Southampton	VA	47260	Virginia Beach-Norfolk-Newport News, VA-NC
51620	Franklin City	VA	47260	Virginia Beach-Norfolk-Newport News, VA-NC
54035	Jackson	WV	16620	Charleston, WV
54043	Lincoln	WV	16620	Charleston, WV
54057	Mineral	WV	19060	Cumberland, MD-WV
55069	Lincoln	WI	48140	Wausau-Weston, WI

Rural Counties That Will Become Urban Under the Revised OMB Delineations (Page 101)

Analysis of the OMB statistical area delineations shows that a total of 54 counties (and county equivalents) that are currently located in rural areas would be located in urban areas.

Counties That Will Transition From Rural to Urban (Page 102)

FIPS County Code	County	State	CBSA	CBSA Name
01087	Macon	AL	12220	Auburn-Opelika, AL
01127	Walker	AL	13820	Birmingham, AL
12133	Washington	FL	37460	Panama City-Panama City Beach, FL
13187	Lumpkin	GA	12054	Atlanta-Sandy Springs-Roswell, GA
15005	Kalawao	HI	27980	Kahului-Wailuku, HI
17053	Ford	IL	16580	Champaign-Urbana, IL
17127	Massac	IL	37140	Paducah, KY-IL
18159	Tipton	IN	26900	Indianapolis-Carmel-Greenwood, IN
18179	Wells	IN	23060	Fort Wayne, IN
20021	Cherokee	KS	27900	Joplin, MO-KS
21007	Ballard	KY	37140	Paducah, KY-IL
21039	Carlisle	KY	37140	Paducah, KY-IL
21127	Lawrence	KY	26580	Huntington-Ashland, WV-KY-OH
21139	Livingston	KY	37140	Paducah, KY-IL
21145	McCracken	KY	37140	Paducah, KY-IL
21179	Nelson	KY	31140	Louisville/Jefferson County, KY-IN
22053	Jefferson Davis	LA	29340	Lake Charles, LA
22083	Richland	LA	33740	Monroe, LA
26015	Barry	MI	24340	Grand Rapids-Wyoming-Kentwood, MI
26019	Benzie	MI	45900	Traverse City, MI
26055	Grand Traverse	MI	45900	Traverse City, MI
26079	Kalkaska	MI	45900	Traverse City, MI
26089	Leelanau	MI	45900	Traverse City, MI
27133	Rock	MN	43620	Sioux Falls, SD-MN
28009	Benton	MS	32820	Memphis, TN-MS-AR
28123	Scott	MS	27140	Jackson, MS
30007	Broadwater	MT	25740	Helena, MT
30031	Gallatin	MT	14580	Bozeman, MT
30043	Jefferson	MT	25740	Helena, MT
30049	Lewis And Clark	MT	25740	Helena, MT
30061	Mineral	MT	33540	Missoula, MT
32019	Lyon	NV	39900	Reno, NV
37125	Moore	NC	38240	Pinehurst-Southern Pines, NC
38049	McHenry	ND	33500	Minot, ND
38075	Renville	ND	33500	Minot, ND
38101	Ward	ND	33500	Minot, ND
39007	Ashtabula	OH	17410	Cleveland, OH

FIPS County Code	County	State	CBSA	CBSA Name
39043	Erie	OH	41780	Sandusky, OH
41013	Crook	OR	13460	Bend, OR
41031	Jefferson	OR	13460	Bend, OR
42073	Lawrence	PA	38300	Pittsburgh, PA
45087	Union	SC	43900	Spartanburg, SC
46033	Custer	SD	39660	Rapid City, SD
47081	Hickman	TN	34980	Nashville-Davidson--Murfreesboro--Franklin, TN
48007	Aransas	TX	18580	Corpus Christi, TX
48035	Bosque	TX	47380	Waco, TX
48079	Cochran	TX	31180	Lubbock, TX
48169	Garza	TX	31180	Lubbock, TX
48219	Hockley	TX	31180	Lubbock, TX
48323	Maverick	TX	20580	Eagle Pass, TX
48407	San Jacinto	TX	26420	Houston-Pasadena-The Woodlands, TX
51063	Floyd	VA	13980	Blacksburg-Christiansburg-Radford, VA
51181	Surry	VA	47260	Virginia Beach-Chesapeake-Norfolk, VA-NC
55123	Vernon	WI	29100	La Crosse-Onalaska, WI-MN

Urban Counties That Will Move to a Different Urban CBSA (Page 105)

Providers located in the counties (noted in the table below) will move from one CBSA to another under the new OMB delineations.

Urban CBSAs With Change to Name and/or Number

FIPS County Code	County Name	State	Current CBSA	CBSA
06039	Madera	CA	31460	23420
11001	The District	DC	47894	47764
12053	Hernando	FL	45300	45294
12057	Hillsborough	FL	45300	45294
12101	Pasco	FL	45300	45294
12103	Pinellas	FL	45300	41304
12119	Sumter	FL	45540	48680
13013	Barrow	GA	12060	12054
13015	Bartow	GA	12060	31924
13035	Butts	GA	12060	12054
13045	Carroll	GA	12060	12054
13057	Cherokee	GA	12060	31924
13063	Clayton	GA	12060	12054
13067	Cobb	GA	12060	31924

FIPS County Code	County Name	State	Current CBSA	CBSA
13077	Coweta	GA	12060	12054
13085	Dawson	GA	12060	12054
13089	De Kalb	GA	12060	12054
13097	Douglas	GA	12060	12054
13113	Fayette	GA	12060	12054
13117	Forsyth	GA	12060	12054
13121	Fulton	GA	12060	12054
13135	Gwinnett	GA	12060	12054
13143	Haralson	GA	12060	31924
13149	Heard	GA	12060	12054
13151	Henry	GA	12060	12054
13159	Jasper	GA	12060	12054
13199	Meriwether	GA	12060	12054
13211	Morgan	GA	12060	12054
13217	Newton	GA	12060	12054
13223	Paulding	GA	12060	31924
13227	Pickens	GA	12060	12054
13231	Pike	GA	12060	12054
13247	Rockdale	GA	12060	12054
13255	Spalding	GA	12060	12054
13297	Walton	GA	12060	12054
18073	Jasper	IN	23844	29414
18089	Lake	IN	23844	29414
18111	Newton	IN	23844	29414
18127	Porter	IN	23844	29414
21163	Meade	KY	21060	31140
22103	St. Tammany	LA	35380	43640
24009	Calvert	MD	47894	30500
24017	Charles	MD	47894	47764
24033	Prince Georges	MD	47894	47764
24037	St. Marys	MD	15680	30500
25015	Hampshire	MA	44140	11200
34009	Cape May	NJ	36140	12100
34023	Middlesex	NJ	35154	29484
34025	Monmouth	NJ	35154	29484
34029	Ocean	NJ	35154	29484
34035	Somerset	NJ	35154	29484
36027	Dutchess	NY	39100	28880
36071	Orange	NY	39100	28880
37019	Brunswick	NC	34820	48900
39035	Cuyahoga	OH	17460	17410

FIPS County Code	County Name	State	Current CBSA	CBSA
39055	Geauga	OH	17460	17410
39085	Lake	OH	17460	17410
39093	Lorain	OH	17460	17410
39103	Medina	OH	17460	17410
39123	Ottawa	OH	45780	41780
47057	Grainger	TN	34100	28940
51013	Arlington	VA	47894	11694
51043	Clarke	VA	47894	11694
51047	Culpeper	VA	47894	11694
51059	Fairfax	VA	47894	11694
51061	Fauquier	VA	47894	11694
51107	Loudoun	VA	47894	11694
51153	Prince William	VA	47894	11694
51157	Rappahannock	VA	47894	11694
51177	Spotsylvania	VA	47894	11694
51179	Stafford	VA	47894	11694
51187	Warren	VA	47894	11694
51510	Alexandria City	VA	47894	11694
51600	Fairfax City	VA	47894	11694
51610	Falls Church City	VA	47894	11694
51630	Fredericksburg City	VA	47894	11694
51683	Manassas City	VA	47894	11694
51685	Manassas Park City	VA	47894	11694
53061	Snohomish	WA	42644	21794
54037	Jefferson	WV	47894	11694
55059	Kenosha	WI	29404	28450

Urban CBSAs With Change to Name and/or Number (Page 108)

Current CBSA	Current CBSA Name	CBSA	CBSA Name
10540	Albany-Lebanon, OR	10540	Albany, OR
12060	Atlanta-Sandy Springs-Alpharetta, GA	12054	Atlanta-Sandy Springs-Roswell, GA
12060	Atlanta-Sandy Springs-Alpharetta, GA	31924	Marietta, GA
12420	Austin-Round Rock-Georgetown, TX	12420	Austin-Round Rock-San Marcos, TX
12540	Bakersfield, CA	12540	Bakersfield-Delano, CA
13820	Birmingham-Hoover, AL	13820	Birmingham, AL
13980	Blacksburg-Christiansburg, VA	13980	Blacksburg-Christiansburg-Radford, VA
14860	Bridgeport-Stamford-Norwalk, CT	14860	Bridgeport-Stamford-Danbury, CT
15260	Brunswick, GA	15260	Brunswick-St. Simons, GA
15680	California-Lexington Park, MD	30500	Lexington Park, MD
16540	Chambersburg-Waynesboro, PA	16540	Chambersburg, PA

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Current CBSA	Current CBSA Name	CBSA	CBSA Name
16984	Chicago-Naperville-Evanston, IL	16984	Chicago-Naperville-Schaumburg, IL
17460	Cleveland-Elyria, OH	17410	Cleveland, OH
19430	Dayton-Kettering, OH	19430	Dayton-Kettering-Beavercreek, OH
19740	Denver-Aurora-Lakewood, CO	19740	Denver-Aurora-Centennial, CO
21060	Elizabethtown-Fort Knox, KY	21060	Elizabethtown, KY
21060	Elizabethtown-Fort Knox, KY	31140	Louisville/Jefferson County, KY-IN
21780	Evansville, IN-KY	21780	Evansville, IN
21820	Fairbanks, AK	21820	Fairbanks-College, AK
22660	Fort Collins, CO	22660	Fort Collins-Loveland, CO
23224	Frederick-Gaithersburg-Rockville, MD	23224	Frederick-Gaithersburg-Bethesda, MD
23844	Gary, IN	29414	Lake County-Porter County-Jasper County, IN
24340	Grand Rapids-Kentwood, MI	24340	Grand Rapids-Wyoming-Kentwood, MI
24860	Greenville-Anderson, SC	24860	Greenville-Anderson-Greer, SC
25540	Hartford-East Hartford-Middletown, CT	25540	Hartford-West Hartford-East Hartford, CT
25940	Hilton Head Island-Bluffton, SC	25940	Hilton Head Island-Bluffton-Port Royal, SC
26380	Houma-Thibodaux, LA	26380	Houma-Bayou Cane-Thibodaux, LA
26420	Houston-The Woodlands-Sugar Land, TX	26420	Houston-Pasadena-The Woodlands, TX
26900	Indianapolis-Carmel-Anderson, IN	26900	Indianapolis-Carmel-Greenwood, IN
27900	Joplin, MO	27900	Joplin, MO-KS
27980	Kahului-Wailuku-Lahaina, HI	27980	Kahului-Wailuku, HI
29404	Lake County-Kenosha County, IL-WI	28450	Kenosha, WI
29404	Lake County-Kenosha County, IL-WI	29404	Lake County, IL
29820	Las Vegas-Henderson-Paradise, NV	29820	Las Vegas-Henderson-North Las Vegas, NV
31020	Longview, WA	31020	Longview-Kelso, WA
31460	Madera, CA	23420	Fresno, CA
34100	Morristown, TN	28940	Knoxville, TN
34740	Muskegon, MI	34740	Muskegon-Norton Shores, MI
34820	Myrtle Beach-Conway-North Myrtle Beach, SC-NC	34820	Myrtle Beach-Conway-North Myrtle Beach, SC
34820	Myrtle Beach-Conway-North Myrtle Beach, SC-NC	48900	Wilmington, NC
35084	Newark, NJ-PA	35084	Newark, NJ
35154	New Brunswick-Lakewood, NJ	29484	Lakewood-New Brunswick, NJ
35300	New Haven-Milford, CT	35300	New Haven, CT
35380	New Orleans-Metairie, LA	43640	Slidell-Mandeville-Covington, LA
35840	North Port-Sarasota-Bradenton, FL	35840	North Port-Bradenton-Sarasota, FL
35980	Norwich-New London, CT	35980	Norwich-New London-Willimantic, CT
36084	Oakland-Berkeley-Livermore, CA	36084	Oakland-Fremont-Berkeley, CA
36140	Ocean City, NJ	12100	Atlantic City-Hammonton, NJ
36260	Ogden-Clearfield, UT	36260	Ogden, UT
36540	Omaha-Council Bluffs, NE-IA	36540	Omaha, NE-IA
37460	Panama City, FL	37460	Panama City-Panama City Beach, FL
39100	Poughkeepsie-Newburgh-Middletown, NY	28880	Kiryas Joel-Poughkeepsie-Newburgh, NY
39340	Provo-Orem, UT	39340	Provo-Orem-Lehi, UT
39540	Racine, WI	39540	Racine-Mount Pleasant, WI
41540	Salisbury, MD-DE	41540	Salisbury, MD
41620	Salt Lake City, UT	41620	Salt Lake City-Murray, UT

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Current CBSA	Current CBSA Name	CBSA	CBSA Name
41900	San Germán, PR	32420	Mayagüez, PR
42644	Seattle-Bellevue-Kent, WA	21794	Everett, WA
42680	Sebastian-Vero Beach, FL	42680	Sebastian-Vero Beach-West Vero Corridor, FL
42700	Sebring-Avon Park, FL	42700	Sebring, FL
43620	Sioux Falls, SD	43620	Sioux Falls, SD-MN
44140	Springfield, MA	11200	Amherst Town-Northampton, MA
44420	Staunton, VA	44420	Staunton-Stuarts Draft, VA
44700	Stockton, CA	44700	Stockton-Lodi, CA
45300	Tampa-St. Petersburg-Clearwater, FL	41304	St. Petersburg-Clearwater-Largo, FL
45300	Tampa-St. Petersburg-Clearwater, FL	45294	Tampa, FL
45540	The Villages, FL	48680	Wildwood-The Villages, FL
45780	Toledo, OH	41780	Sandusky, OH
47220	Vineland-Bridgeton, NJ	47220	Vineland, NJ
47260	Virginia Beach-Norfolk-Newport News, VA-NC	47260	Virginia Beach-Chesapeake-Norfolk, VA-NC
47894	Washington-Arlington-Alexandria, DC-VA-MD- WV	11694	Arlington-Alexandria-Reston, VA-WV
47894	Washington-Arlington-Alexandria, DC-VA-MD- WV	30500	Lexington Park, MD
47894	Washington-Arlington-Alexandria, DC-VA-MD- WV	47764	Washington, DC-MD
48140	Wausau-Weston, WI	48140	Wausau, WI
48300	Wenatchee, WA	48300	Wenatchee-East Wenatchee, WA
48424	West Palm Beach-Boca Raton-Boynton Beach, FL	48424	West Palm Beach-Boca Raton-Delray Beach, FL
49340	Worcester, MA-CT	49340	Worcester, MA
49660	Youngstown-Warren-Boardman, OH-PA	49660	Youngstown-Warren, OH

Change to County-Equivalents in the State of Connecticut (Page 110)

The Census Bureau Bulletin No. 23-01 replaced the 8 counties in Connecticut with 9 new "Planning Regions." Planning regions now serve as county-equivalents within the CBSA system. CMS is adopting the planning regions as county equivalents for wage index purposes.

Connecticut Counties to Planning Regions

FIPS	Current County	Current CBSA	FIPS	Planning Region Area (County Equivalent)	CBSA
9001	Fairfield	14860	9190	Western Connecticut	14860
9001	Fairfield	14860	9120	Greater Bridgeport	14860
9003	Hartford	25540	9110	Capitol	25540
9005	Litchfield	7	9160	Northwest Hills	7
9007	Middlesex	25540	9130	Lower Connecticut River Valley	25540
9009	New Haven	35300	9170	South Central Connecticut	35300
9009	New Haven	35300	9140	Naugatuck Valley	47930
9011	New London	35980	9180	Southeastern Connecticut	35980
9013	Tolland	25540	9110	Capitol	25540
9015	Windham	49340	9150	Northeastern Connecticut	7

Comment

The table lists 10 not 9 Planning Areas. It appears this error has continued from the proposed rule.

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Transition Policy for FY 2025 Wage Index Changes (Page 110)

CMS claims it recognizes that some SNFs (43.0 percent) would experience decreases in their area wage index values as a result of this rule, though less than 1.0 percent of providers would experience a significant decrease (that is, greater than 5.0 percent) in their area wage index value. CMS also notes that many SNFs (57.0 percent) would have higher area wage index values after adopting the revised OMB delineations.

CMS says it does not believe any additional transition is necessary considering that the current cap of 5.0 percent on wage index decreases, which was not in place when implementing prior decennial census updates, ensures that a SNF's wage index would not be less than 95.0 percent of its final wage index for the prior year.

Changes in Patient-Driven Payment Model (PDPM) ICD-10 Code Mappings (Page 112)

The PDPM utilizes the International Classification of Diseases, 10th Revision, Clinical Modification (ICD-10) codes in several ways, including using the person's primary diagnosis to assign patients to clinical categories. CMS is finalizing several changes to the PDPM ICD-10 code mappings to allow providers to provide more accurate, consistent, and appropriate primary diagnoses that meet the criteria for skilled intervention during a Part A SNF stay. The changes to the ICD-10 code mappings and lists used under PDPM are available on the PDPM website at: <https://www.cms.gov/Medicare/MedicareFee-for-Service-Payment/SNFPSP/DPDM>. CMS also summarizes comments received on the Request for Information (RFI) that solicited comment on potential future updates to the Non-Therapy Ancillary (NTA) component of PDPM.

SKILLED NURSING FACILITY QUALITY REPORTING PROGRAM (SNF QRP) (Page 125)

The SNF QRP currently has 15 adopted measures, which are listed in the rule's Table 28 on page 127.

Comment

Some of the material below is from CMS' fact sheet. CMS spends considerable time on each subject with much repetition. The quality material extends more than 75 pages.

Collection of Four New Items as Standardized Patient Assessment Data Elements and Modification of One Item Collected as a Standardized Patient Assessment Data Element Beginning with the FY 2027 SNF QRP (Page 127)

Beginning with the FY 2027 SNF QRP (beginning with residents admitted on October 1, 2025), CMS is finalizing the adoption of four new items in the minimum data set (MDS) under the Social Determinants of Health (SDOH) category: (1) Living Situation (1 item), (2) Food (2 items), and (3) Utilities (1 item).

"The *proposed* Living Situation item asks, "What is your living situation today?" The proposed response options are: (0) I have a steady place to live; (1) I have a place to live today, but I am worried about losing it in the future; (2) I do not have a steady place to live; (7) Resident declines to respond; and (8) Resident unable to respond." (Page 135)

"We *proposed* to adopt two Food items as new standardized patient assessment data elements under the SDOH category. These proposed items are based on the Food items collected in the AHC HRSN Screening Tool and were adapted from the USDA 18-item Household Food Security Survey (HFSS). The

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first proposed Food item states, "Within the past 12 months, you worried that your food would run out before you got money to buy more." The second proposed Food item states, "Within the past 12 months, the food you bought just didn't last and you didn't have money to get more."

"We proposed the same response options for both items: (0) Often true; (1) Sometimes true; (2) Never True; (7) Resident declines to respond; and (8) Resident unable to respond." (Page 137)

"The proposed Utilities item asks, "In the past 12 months, has the electric, gas, oil, or water company threatened to shut off services in your home?" The proposed response options are: (0) Yes; (1) No; (2) Already shut off; (7) Resident declines to respond; and (8) Resident unable to respond." (Page 139)

While the above items say "proposed," CMS is finalizing all. The numbering is correct as shown. (Page 161)

CMS is also finalizing a modification to the data specifications of the new and modified SDOH items so that they exclude any SNF residents who, immediately prior to their hospitalization that preceded a new SNF stay, resided in a NF for at least 366 continuous days. (Page 184)

Modification of the Transportation Item Beginning with the FY 2027 SNF QRP (Page 161)

Beginning with the FY 2027 SNF QRP (beginning with residents admitted on and after October 1, 2025), CMS is finalizing modification of the Transportation item in the MDS, collected under the SDOH category. CMS claims the finalized modifications of the Transportation item will improve and align data collection in three ways: (1) specify the look-back period for identifying if and when a patient experienced a lack of reliable transportation, (2) simplify the response options for the resident, and (3) require collection at admission only, which will decrease provider burden since the current assessment item is collected at both admission and discharge.

Reporting Schedule for the New Standardized Patient Assessment Data Elements, and the Modified Transportation Data Element, Beginning October 1, 2025 for the FY 2027 SNF QRP (Page 173)

CMS will require that SNFs report the new SDOH items above and the modified Transportation item using the MDS beginning with residents admitted on October 1, 2025 through December 31, 2025 for purposes of the FY 2027 SNF QRP. Starting in CY 2026, SNFs would be required to submit data for the entire calendar year for each program year.

Participate in a Validation Process Beginning with the FY 2027 SNF QRP (Page 185)

Beginning with the FY 2027 SNF QRP, CMS is finalizing a policy requiring that SNFs participating in the SNF QRP participate in a validation process. Specifically, CMS is finalizing the adoption of a validation process for the SNF QRP that is similar to the process CMS has adopted for the SNF Value-Based Purchasing Program in the FY 2024 SNF PPS final rule. Approximately 1,500 SNFs will be randomly selected to share a very limited set of medical records for validation. CMS is required by section 1888(h)(12)(A) of the Act (as added by section 111(a)(4) of Division CC of the **Consolidated Appropriations Act**, 2021) to apply a process to validate data submitted under the SNF QRP.

SKILLED NURSING FACILITY VALUE-BASED PURCHASING PROGRAM (Page 203)

For the FY 2025 program year, CMS will reduce each SNFs adjusted Federal per diem rate by 2.0 percent. CMS will then redistribute 60 percent of that 2.0 percent withhold to SNFs based on their measure performance. (Page 292)

Based on the 60 percent payback percentage, CMS estimates that it would redistribute approximately \$281.53 million (of the estimated \$469.22 million in withheld funds) in value-based incentive payments to SNFs, which means that the SNF VBP Program is estimated to result in approximately \$187.69 million in savings to the Medicare Program in FY 2025.

The following table lists the measures that have been adopted for the SNF VBP Program, along with their timeline for inclusion. (Page 207)

SNF VBP Program Measures and Timeline for Inclusion in the Program

Measure	FY 2025 Program Year	FY 2026 Program Year	FY 2027 Program Year	FY 2028 Program Year
Skilled Nursing Facility 30-Day All-Cause Readmission Measure (SNFRM)	Included	Included	Included	
Skilled Nursing Facility Healthcare Associated Infections Requiring Hospitalization (SNF HAI) measure		Included	Included	Included
Total Nursing Hours per Resident Day (Total Nurse Staffing) measure		Included	Included	Included
Total Nursing Staff Turnover (Nursing Staff Turnover) measure		Included	Included	Included
Discharge to Community – Post-Acute Care Measure for Skilled Nursing Facilities (DTC PAC SNF) measure			Included	Included
Percent of Residents Experiencing One or More Falls with Major Injury (Long Stay) (Falls with Major Injury (Long Stay)) measure			Included	Included
Discharge Function Score for SNFs (DC Function) measure			Included	Included
Number of Hospitalizations per 1,000 Long Stay Resident Days (Long Stay Hospitalization) measure			Included	Included
Skilled Nursing Facility Within-Stay Potentially Preventable Readmissions (SNF WS PPR) measure				Included

CMS did not proposing any new measures or measure set adjustments. (Page 214)

Performance Standards for the FY 2027 Program Year (Page 217)

The final numerical values for the FY 2027 program year performance standards are shown below.

FY 2027 SNF VBP Program Performance Standards

Measure Short Name	Achievement Threshold	Benchmark
SNFRM	0.78709	0.82702
SNF HAI Measure	0.92219	0.94693
Total Nurse Staffing Measure	3.21488	5.81159
Nursing Staff Turnover Measure	0.38000	0.72959
Falls with Major Injury (Long Stay) Measure	0.95349	0.99950
Long Stay Hospitalization Measure	0.99758	0.99959
DC Function Measure	0.40000	0.78800
DTC PAC SNF Measure	0.42946	0.66370

Comment

The rule addresses SNF VBP Performance Scoring Methodology (Page 225); Potential Next Steps for Health Equity in the SNF VBP Program (Page 230); Updates to the SNF VBP Review and Correction Process (Page 233); and Updates to the SNF VBP Extraordinary Circumstances Exception Policy (Page 242).

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NURSING HOME ENFORCEMENT (Page 246)

This final rule changes CMS' enforcement policies to impose more equitable and consistent civil monetary penalties (CMPs) for health and safety violations as part of CMS' ongoing work to increase the safety and care provided in the nation's nursing homes.

CMS is revising the regulation to expand the type of CMPs that can be imposed to allow for more per instance and per day CMPs to be imposed, as appropriate. The revisions will permit both types of penalties to be imposed, providing CMS with greater flexibility to impose penalties in a manner that more directly reflects the health and safety impact on residents and incentivizes permanent correction. It is important to note, however, that these CMPs are still subject to statutory daily limits, and CMS can exercise discretion with regard to a nursing home's financial condition in determining the appropriate CMP.

Final Thoughts

The changes being made to the area wage index delineations require attention to details. Providers should download the respective tables available on the CMS website to insure they understand the correct area wage index for their facility and the extent these values are changing.

There are a number of facets and details in this rule that are not identified in the above material. Most of these items are in the SNF quality reporting section and the value-based purchasing provisions.

From our perspective many statements made by CMS regarding quality measures point to potential lack of how collecting and using measures in payment adjustments will, in fact, improve quality outcomes.

Something seems wrong with the SNF mandate about withholding 2.0 percent from all SNF providers, but only returning a portion of 60 percent of the 2.0 percent under the SNF Value-Based Purchasing Program. As noted above, CMS expects to save \$188 million in 2025. Is this returning quality improvements?

Again, actual payment changes are basically easy to understand. Its quality and so-called value-based purchasing that are extensive and complicated.

It is worth repeating that the SNF Market-Basket Forecast Error is something that needs to be expanded to all PPS programs. Not only should it apply to the market-basket, but to all forecast estimations, including the outlier system.

CMS says it is intent on paying fairly for services. Not to accommodate forecast estimation differences violates this tenant.