

## Eli's Rehab Report

### NEWS BRIEFS: SNFs--CMS Reveals 2008 SNF PPS Final Rule

Skilled nursing facilities' services paid under the Prospective Payment System will see a payment increase of about \$690 million in 2008, according to the final rule CMS published in the Federal Register on Aug. 3. That's a 3.3 percent increase from 2007, CMS said.

Among several changes, the final rule "rebases" the SNF market basket to reflect more recent fiscal year data, according to a press release. The rule also updates some of the variables used for RUG calculations, says **Steven R. Jones, CPA**, shareholder with Moore Stephens Lovelace PA in Clearwater, Fla. CMS also changed indices for Core Based Statistical Areas, but not significantly.

Compared to the proposed rule from May, unadjusted federal rates for rural SNFs increased slightly and rural rates declined slightly, Jones tells Eli. "Surprisingly, the portion of the rates that is adjusted by the geographic wage index decreased from almost 74 percent to just above 70 percent; that means areas with relatively high wage indices may see declines from the proposed rule, while areas with low indices may see increases."

**Example:** The highest RUG (RUX) in Florida's rural areas increased about \$2.50 PPD above the proposed rule because of the de-emphasis of the wage component, Jones says.

**Don't overlook:** Although every SNF has a stake in these PPS changes, experts say they should be more concerned about the Part B rates facing major cuts in the proposed rule for the Physician Fee Schedule.