

PUBLICATION

CMS Extends Comment Period for New SNF PPS Methodology Proposal

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On May 4, for the first time in nearly 15 years, CMS issued an Advanced Notice of Proposed Rulemaking (ANPRM) proposing a total overhaul of the current reimbursement methodology for skilled nursing facilities (SNFs). The ANPRM offers stakeholders the opportunity to review and comment on the proposal, which would replace the current methodology for measuring resident resource use known as RUG-IV with a new system known as the "Resident Classification System," or "RCS-I." On June 14, CMS extended the comment period on the ANPRM by 60 days, to August 25. In doing so, CMS noted that industry stakeholders had requested additional time to review the details of the proposal.

The existing RUG methodology, which relies heavily on the provision of skilled therapy services to determine reimbursement levels, has drawn heavy criticism from the Office of Inspector General and MedPAC based on a perception that it allows providers to drive higher reimbursement rates by supplying therapy services in excess of what is medically necessary. Several major SNF providers have settled False Claims Act cases stemming from allegations of such conduct. The new methodology, which we described in [a detailed article](#) when the ANPRM was released, proposes a system that CMS believes will tie reimbursement to "objective resident characteristics." In the ANPRM, CMS wrote that "to better ensure that resident care decisions appropriately reflect each resident's actual care needs, we believe it is important to remove, to the extent possible, service-based metrics from the SNF PPS and derive payments from objective resident characteristics."

Baker Donelson Comments

Comments on the ANPRM are now **due to CMS by August 25**. SNF providers should take advantage of the extra time to familiarize themselves with the proposal and submit comments. Review our May [article](#) for a detailed summary of the rule's provisions.