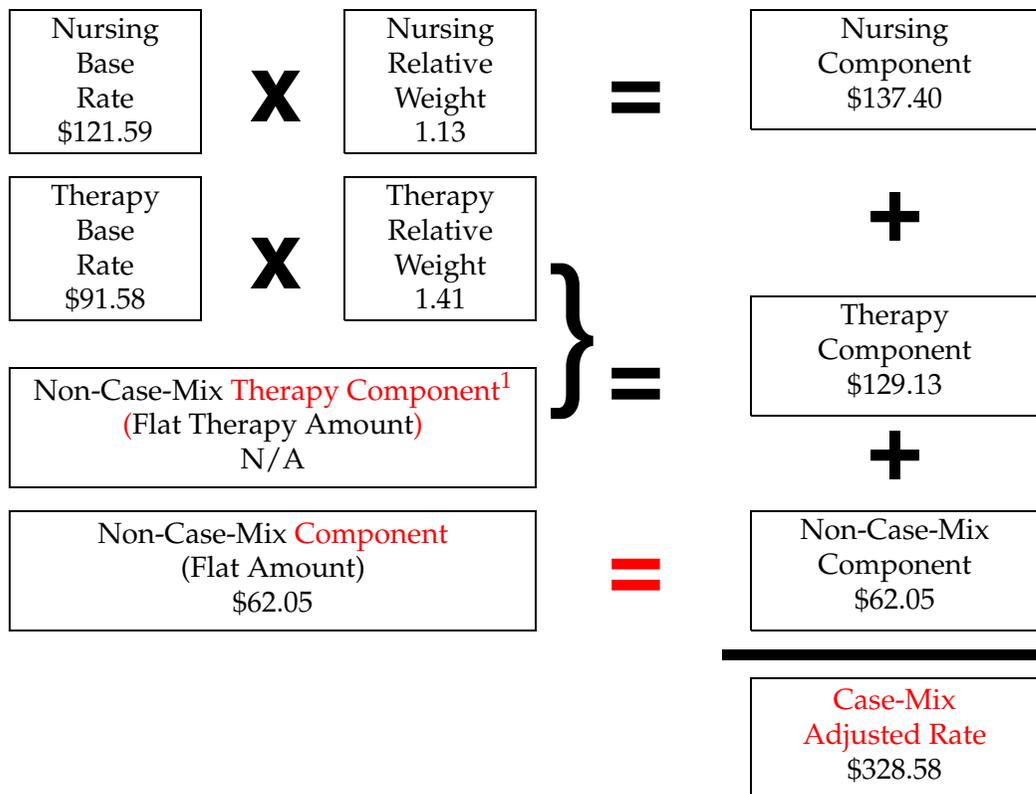


CHAPTER 8  
 ADDENDUM D (FY 2003)

ILLUSTRATION OF PER DIEM RATE CALCULATIONS FOR SNF  
 FOR FISCAL YEAR 2003

ILLUSTRATION OF PER DIEM RATE CALCULATIONS FOR AN URBAN SNF IN STATE COLLEGE, PA  
 FOR RUG-III SERVICE CATEGORY SUBGROUP CODE - RVC FY 2003

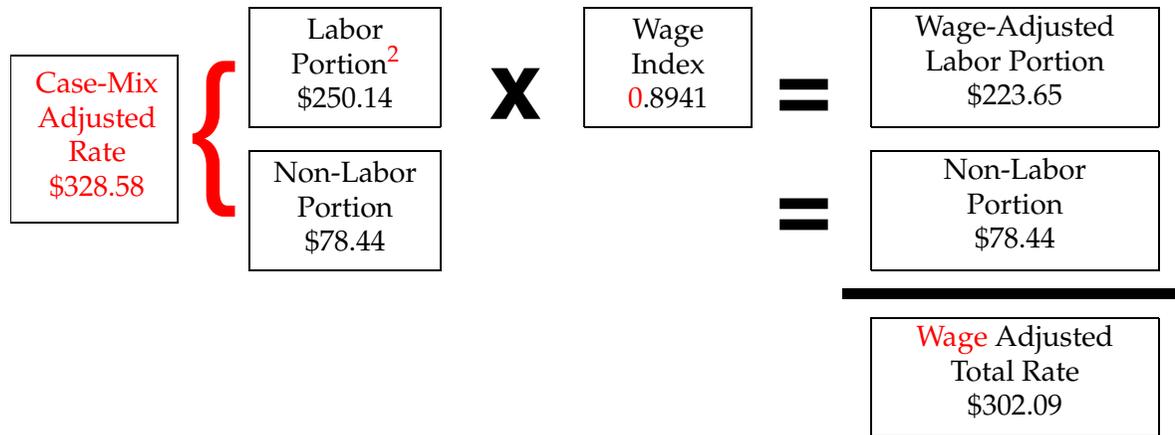
STEP 1: CALCULATE CASE-MIX ADJUSTED PPS PER DIEM RATE BY RUG-III CATEGORY CODE



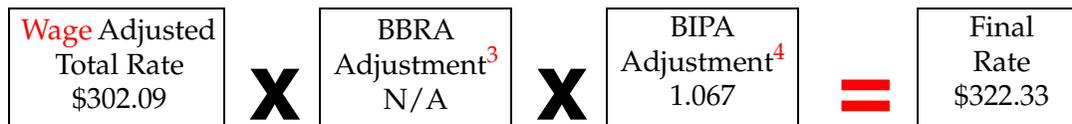
<sup>1</sup> The non-case-mix therapy component (flat therapy amount) of \$12.06 for urban SNFs and \$12.88 for rural SNFs does not apply to the RVC RUG-III category nor any of the other 13 rehabilitation RUG-III categories (ones that have a first letter of "R"). For non-rehabilitation RUG-III categories, the flat therapy amount replaces the weighted therapy amount.

**ILLUSTRATION OF PER DIEM RATE CALCULATIONS FOR AN URBAN SNF IN STATE COLLEGE, PA  
 FOR RUG-III SERVICE CATEGORY SUBGROUP CODE - RVC FY 2003 (CONTINUED)**

**STEP 2: CALCULATE WAGE ADJUSTED FEDERAL PER DIEM RATE**



**STEP 3: CALCULATE PAYMENT ADJUSTMENTS**



<sup>2</sup> The wage index adjustment is applied to the labor related portion of the rate, which is 76.128 percent of the total case-mix adjusted rate for FY2003.

<sup>3</sup> The Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (BBRA) provides a 20 percent increase to the Wage Adjusted Total Rate for 12 RUGs-III groups (ones that have a first letter of "S" or "C").

<sup>4</sup> All 14 rehabilitation RUGs receive a 6.7 percent increase to the Wage Adjusted Total Rate (Medicare, Medicaid, and SCHIP Benefits Improvement Act of 2000 (BIPA)).

Source: 67 FR 49798; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities-Update; Notice: July 31, 2002.

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