

Example Of Computation of Adjusted Prospective Payment System (PPS) Rates And Skilled Nursing Facility (SNF) Payment - FY 2007

Using the Skilled Nursing Facility (SNF) XYZ, the following shows the adjustments made to the federal per diem rate to compute the provider's actual per diem Prospective Payment System (PPS) payment. SNF XYZ's total PPS payment would equal \$28,709. The Labor and Non-Labor columns are derived from [Addendum D \(FY 2007\), Figure 8.D.2007-1](#). Wage index is derived from [Addendum E \(FY 2007\)](#).

SNF XYZ: LOCATED IN CEDAR RAPIDS, IA (URBAN CBSA 16300) WAGE INDEX: 0.8888

RUG GROUP	LABOR	WAGE INDEX	ADJ. LABOR	NON-LABOR	ADJ. RATE	PERCENT ADJ.	MEDICARE DAYS	PAYMENT
RVX	\$335.28	0.8888	\$298.00	\$106.81	\$404.81	\$404.81	14	\$5,667.00
RLX	\$230.98	0.8888	\$205.30	\$73.59	\$278.89	\$278.89	30	\$8,367.00
RHA	\$232.51	0.8888	\$206.65	\$74.07	\$280.72	\$280.72	16	\$4,492.00
CC2	\$197.08	0.8888	\$175.16	\$62.79	\$237.95	*\$542.54	10	\$5,425.00
IA2	\$131.37	0.8888	\$116.76	\$41.85	\$158.61	\$158.61	30	\$4,758.00
							100	\$28,709.00

* Reflects a 128% adjustment from section 511 of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003, which provides that effective for services furnished on or after October 1, 2004, SNF claims with a principal diagnosis code of 042 (AIDS) will receive a 128% increase.

Source: 71 FR 43170; Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities--Update--Notice. July 31, 2006.

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