

SKILLED NURSING FACILITY (SNF) REIMBURSEMENT

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AUTHORITY: [32 CFR 199.14\(b\)](#)

I. APPLICABILITY

This policy is mandatory for reimbursement of services provided by either network or non-network providers. However, alternative network reimbursement methodologies are permitted when approved by TMA and specifically included in the network provider agreement.

II. ISSUE

How are SNFs to be reimbursed?

III. POLICY

A. For admissions before August 1, 2003:

SNF reimbursement may follow any of the payment methodologies listed for hospitals which are not subject to the TRICARE DRG-based payment system or the mental health per diem payment system. The most common method of reimbursement for covered services of hospitals in which the DRG based payment system or the inpatient mental health per diem payment system is not used is that of billed charges or negotiated rates for network providers. This payment methodology will apply for all admissions before August 1, 2003, for the duration of the covered SNF stay regardless of the date of discharge. In addition, this payment methodology will apply to a covered SNF admission that is not subject to SNF prospective payment system (PPS) regardless of the date of admission, such as children under the age of 10 and Critical Access Hospitals (CAH) swing beds.

B. For admissions on or after August 1, 2003:

SNF reimbursement shall be based on SNF PPS. The Critical Access Hospital (CAH) swing beds and children under age 10 on the date of admission to a SNF will not be subject to SNF PPS. Such children and CAH swing beds will be reimbursed based on the methodology described in [paragraph III.A.](#) above. For SNF PPS policy, see [Chapter 8, Section 2.](#) Overseas SNFs are required to be Medicare certified and SNFs in Puerto Rico and the U.S. Territories (Guam, the Virgin Islands, and American Samoa) will be subject to SNF PPS in accordance

with Chapter 8, Section 2.

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