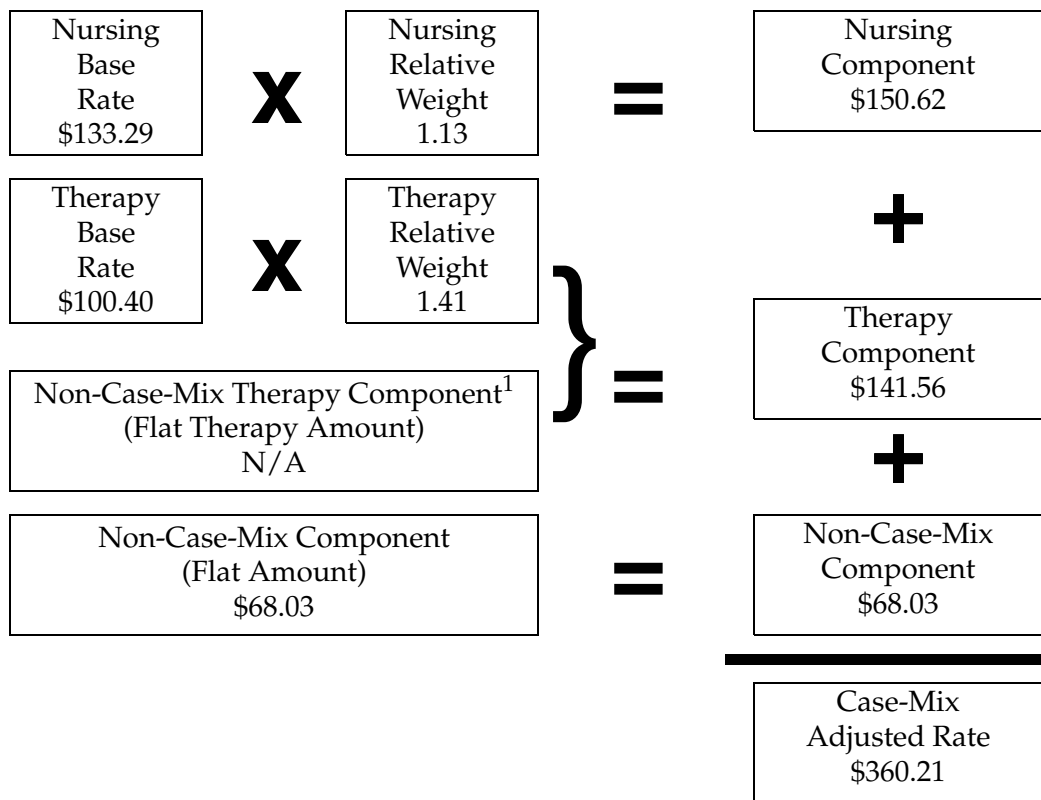


CHAPTER 8
 ADDENDUM D (FY 2005)

ILLUSTRATION OF PER DIEM RATE CALCULATIONS FOR SNF
 FOR FISCAL YEAR 2005

ILLUSTRATION OF PER DIEM RATE CALCULATIONS FOR AN URBAN SNF IN STATE COLLEGE, PA
 FOR RUG-III SERVICE CATEGORY SUBGROUP CODE - RVC FY 2005

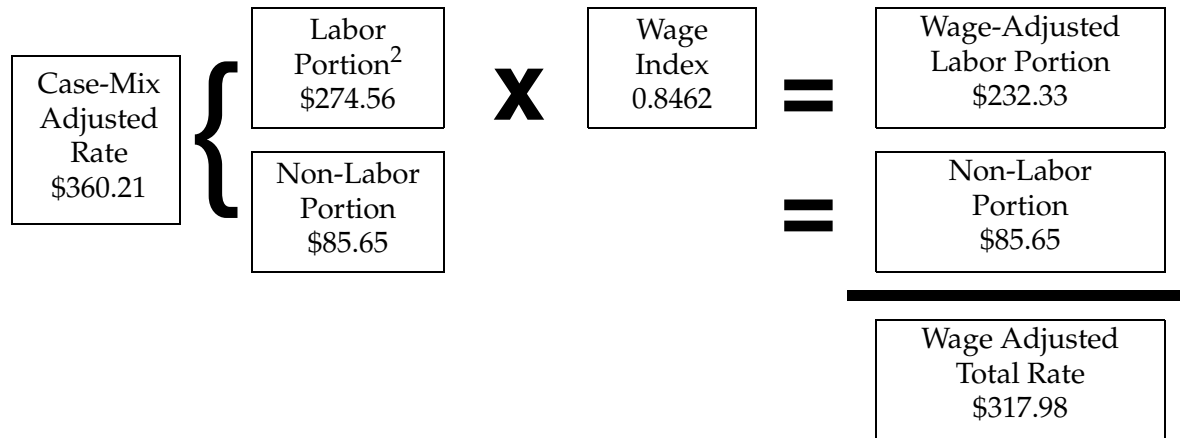
STEP 1: CALCULATE CASE-MIX ADJUSTED PPS PER DIEM RATE BY RUG-III CATEGORY CODE



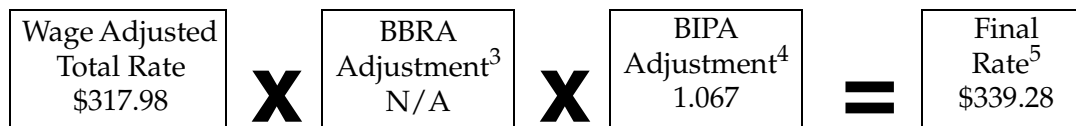
¹ The non-case-mix therapy component (flat therapy amount) of \$13.22 for urban SNFs and \$14.12 for rural SNFs does not apply to the RVC RUG-III category nor any of the other 13 rehabilitation RUG-III categories (ones that have a first letter of "R"). For non-rehabilitation RUG-III categories, the flat 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 2005 (CONTINUED)**

STEP 2: CALCULATE WAGE ADJUSTED FEDERAL PER DIEM RATE



STEP 3: CALCULATE PAYMENT ADJUSTMENTS



² The wage index adjustment is applied to the labor related portion of the rate, which is 76.222 percent of the total case-mix adjusted rate for FY2005.

³ 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").

⁴ 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)).

⁵ 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 in the case-mix adjusted amount instead of the BBRA/BIPA adjustments (Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA)).

Source: 69 FR 45775; Medicare Programs; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities-Update; Notice: July 30, 2004.

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