

CHAPTER 8  
 ADDENDUM B (FY 2011)

EXAMPLE OF COMPUTATION OF ADJUSTED PPS RATES AND  
 SNF PAYMENT FOR FISCAL YEAR 2011

Using the 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 \$41,979. The Labor and Non-Labor columns are derived from [Addendum D \(FY 2011\)](#). Wage index is derived from [Addendum E \(FY 2011\)](#).

**SNF XYZ: LOCATED IN CEDAR RAPIDS, IA (URBAN CBSA 16300) WAGE INDEX: 0.8844**

RUG-IV GROUP	LABOR	WAGE INDEX	ADJ. LABOR	NON-LABOR	ADJ. RATE	PERCENT ADJ.	SNF DAYS	PAYMENT
RVX	\$545.24	0.8844	\$482.21	\$241.42	\$723.63	\$723.63	14	\$10,131.00
ES2	\$358.74	0.8844	\$317.27	\$158.84	\$476.11	\$476.11	30	\$14,283.00
RHA	\$260.41	0.8844	\$230.31	\$115.30	\$345.61	\$345.61	16	\$5,530.00
CC2	\$207.79	0.8844	\$183.77	\$92.00	\$275.77	*\$628.75	10	\$6,288.00
BA2	\$143.25	0.8844	\$126.69	\$63.42	\$190.11	\$190.11	30	\$5,703.00
							100	\$41,935.00

\* Reflects a 128% adjustment from section 511 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. All CC2 days should be considered to be for a resident with AIDS.

**Source: 75 FR 55802; Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities For FY 2011; Correction Notice. September 14, 2010.**

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