

Skilled Nursing Facility (SNF) Reimbursement

Issue Date: August 26, 1985
Authority: [32 CFR 199.14\(b\)](#)

1.0 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 the **Defense Health Agency (DHA)** and specifically included in the network provider agreement.

2.0 ISSUE

How are Skilled Nursing Facilities (SNFs) to be reimbursed?

3.0 POLICY

3.1 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 Diagnosis Related Group (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 (CAHs) swing beds.

3.2 For admissions on or after August 1, 2003: SNF reimbursement shall be based on SNF PPS. Children under age 10 will be reimbursed based on the methodology described in [paragraph 3.1](#). For admissions on or after December 1, 2009, CAH swing beds will be reimbursed under the reasonable cost method. Refer to [Chapter 15, Section 1](#) for information on CAH reimbursement. For SNF PPS policy, see [Section 2](#). Unless required by their Memorandum of Understanding (MOU) or Provider Agreement, Department of Veteran Affairs (DVA)/**Veterans Health Administration (VHA)** facilities may not be subject to SNF PPS. SNFs in Puerto Rico and the U.S. Territories (Guam, the U.S. Virgin Islands, and American Samoa) are required to be Medicare certified and will be subject to SNF PPS.

- END -

