

SNF Baseline Expenditure Data Used to Calculate Impact Analysis for FY 2012 SNF PPS
Proposed Rule

The baseline information used to calculate the impacts, in dollars, of the policies discussed in the FY 2012 SNF PPS proposed rule may be found in Table 1 below.

Table 1: SNF Baseline Expenditure Data (in millions)

Fiscal Year	Incurred	Coinsurance	Total
2011	29,305	6,179	35,485

To determine the dollar impact (\$4.47 billion) for the option discussed in the FY 2012 proposed rule (76 FR 26364) which includes the parity adjustment, the 12.6 percent impact from the parity adjustment was applied to the estimated Medicare reimbursement to SNFs in FY 2011, which includes beneficiary cost-sharing. For the FY 2012 rule, the same data and methodology were used as in the FY 2009 rule, which determined that an overpayment of 3.3 percent had been in place since 2006, requiring an adjustment to the nursing case-mix indexes of 9.68 percent (74 FR 22214, May 12, 2009) to replace the 17.90 percent adjustment. However, we believe that the presentation of the dollar impact would be more accurately reflected by applying the appropriate percentage to total SNF payments, including beneficiary cost-sharing amounts. The reason for using these higher payments to determine the dollar impact is because this is how the impact will play out in actual practice. Specifically, the revised 19.81 percent adjustment to the nursing CMIs of the therapy RUG-IV groups, as discussed in the FY 2012 SNF PPS proposed rule, is used to calculate total payments to SNFs, which reflect a combination of reimbursement from Medicare along with beneficiary cost-sharing. However, as the daily coinsurance amount for days 21-100 in the SNF is set by law (in section 1813(a)(3) of the Social Security Act) at one-eighth of the current calendar year's inpatient hospital deductible amount, the beneficiary cost-sharing is unaffected by the change in payments resulting from the recalibration. Thus, although the determination of the total dollar impact changed, the methodology used to determine the need to recalibrate the CMIs did not change from FY 2009 to FY 2012. The total payments to SNFs that are used to determine the dollar impacts are not, in normal practice, explicitly published anywhere, but can be easily estimated by dividing the dollar impacts by the percentage impact. These results can be confirmed by contacting the CMS Office of the Actuary.