



## Proposed FY08 SNF PPS Rates for Connecticut Not All Good News

A few weeks ago CMS issued a proposed rule associated with the SNF Prospective Payment System (PPS). If adopted, the rule would update PPS payment rates for FY08. Among other things the rule would revise and rebase the SNF market basket, and would modify the threshold for the adjustment to account for market basket forecast errors.

The purpose of this memorandum is to provide information on how the proposed rule, if finalized in its current form, would impact payments to Connecticut nursing facilities. This information may be useful to individual nursing facilities in terms of their FY08 budgets.

With regard to the market basket rate, the rule would set the FY08 amount at 3.3 percent.

As for the forecast error adjustment, the rule would raise the threshold for triggering an adjustment from 0.25 percentage points to 0.50 percentage points, effective with FY08.

While the proposed market basket percentage would cause *aggregate* nursing facility payments under PPS to increase by 3.3 percent, as in prior years **actual rates to individual facilities would be influenced by the change in the wage indexes for each area**. The following table shows the changes in the wage indexes for each region in Connecticut.

Region	FY07 wage index	FY08 proposed wage index	Percentage change
Fairfield County	1.2659	1.2838	1.41%
New London County	1.1932	1.1493	-3.68%
Hartford, Litchfield, Middlex, Tolland Counties	1.0894	1.0889	-0.05%
New Haven County	1.1953	1.1877	-0.64%
Windam County	1.1709	1.1475	-2.00%

The changes were primarily caused by the use of the full (non-weighted) CBSA-based index. In the prior period the index used was a blend of the MSA-based index and the CBSA-based index.

As a result, based upon the proposed rule some facilities would realize payment increases greater than the market basket rate of 3.3 percent while others would realize increases less than 3.3 percent.

The table that follows outlines the anticipated percentage changes in PPS per diem rates for each region in Connecticut.

Region	Anticipated percentage change in FY08 PPS rates
Fairfield County	3.986%
New London County	0.046%
Hartford, Litchfield, Middlex, Tolland Counties	3.113%
New Haven County	2.456%
Windam County	1.428%

The table indicates that SNFs in Fairfield County would realize PPS rate increases of greater than 3.3 percent, while all other regions in Connecticut would realize rate increases of less than 3.3 percent. New London County would realize the smallest increase due to the significant decrease in the wage index for that geographic region.

The information contained herein is based upon a proposed rule. Actual rates based upon the final rule may be different. The final rule will likely be published in August 2007.

Providers should feel free to contact Vincent Ruocco, LLC, CPA with questions. Mr. Ruocco can be reached at (203) 932-2931.

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