

APRIL 2025

MEDICARE SKILLED NURSING FACILITY PROSPECTIVE PAYMENT SYSTEM – RULE SUMMARY

Overview and Resources

On April 11, 2025, the Centers for Medicare & Medicaid Services (CMS) released the proposed federal fiscal year (FFY) 2026 payment rule for the Skilled Nursing Facility (SNF) Prospective Payment System (PPS). The proposed rule reflects the annual updates to the Medicare fee-for-service (FFS) SNF payment rates and policies.

A copy of the proposed rule and other resources related to the SNF PPS are available [here](#).

An online version of the proposed rule is available [here](#).

Program changes proposed by CMS would be effective for discharges on or after October 1, 2025, unless otherwise noted. CMS estimates the overall economic impact of this payment rate update to be an increase of \$997 million in aggregate payments to SNFs in FFY 2026 over FFY 2025 and a reduction of \$208.36 million due to the SNF Value-Based Purchasing (VBP) Program carve-out.

Comments on this proposed rule are due to CMS by June 10, 2025 and can be submitted electronically at <http://www.regulations.gov> by using the website’s search feature to search for file code “CMS-1827-P.”

Request for information (RFI) - Deregulation

On Jan. 31, 2025, President Trump issued Executive Order (EO) 14192 ‘Unleashing Prosperity Through Deregulation,’ which states the Administration policy to significantly reduce the private expenditures required to comply with Federal regulations to secure America’s economic prosperity and national security and the highest possible quality of life for each citizen. We would like public input on approaches and opportunities to streamline regulations and reduce administrative burdens on providers, suppliers, beneficiaries, and other interested parties participating in the Medicare program. CMS has made available an RFI at <https://www.cms.gov/medicare-regulatory-relief-rfi>. Submit all comments in response to this RFI through the provided weblink.

SNF Payment Rates

The tables below show the proposed urban and rural SNF Patient-Driven Payment Model (PDPM) federal per-diem payment rates for FFY 2026 compared to the rates currently in effect. These rates apply to hospital-based and freestanding SNFs, as well as to payments made for non-Critical Access Hospital swing-bed services.

Unadjusted Case-Mix Rate Component		Urban SNFs		
		Final FFY 2025	Proposed FFY 2026	Percent Change
Nursing	Nursing	\$127.68	\$131.47	+2.96%
	Non-Therapy Ancillary (NTA)	\$96.33	\$99.19	
Therapy	Physical Therapy (PT)	\$73.25	\$75.42	
	Occupational Therapy (OT)	\$68.18	\$70.20	

	Speech-Language Pathology (SLP)	\$27.35	\$28.16
Non-Case-Mix		\$114.34	\$117.73

Unadjusted Case-Mix Rate Component		Rural SNFs		
		Final FFY 2025	Proposed FFY 2026	Percent Change
Nursing	Nursing	\$121.99	\$125.61	+2.96%
	Non-Therapy Ancillary (NTA)	\$92.03	\$94.76	
Therapy	Physical Therapy (PT)	\$83.50	\$85.98	
	Occupational Therapy (OT)	\$76.69	\$78.96	
	Speech-Language Pathology (SLP)	\$34.46	\$35.48	
Non-Case-Mix		\$116.46	\$119.91	

The table below provides details of the proposed updates to the SNF payment rates for FFY 2026.

Proposed CY 2026 Update Factor Component	SNF Rate Updates
Market Basket (MB) Update	+3.0%
Affordable Care Act (ACA)-Mandated Productivity Adjustment	-0.8 Percentage Points (PPTs)
Forecast Error Adjustment	+0.6 PPTs
Wage Index/Labor-Related Share Budget Neutrality	+0.16%
Net Rate Update	+2.96%

Wage Index, Labor-Related Share, and revised CBSA Delineations

The wage index, which is used to adjust payment for differences in area wage levels, is applied to the portion of the SNF rates that CMS considers to be labor-related. CMS is proposing to continue the use of the pre-floor, pre-reclassification IPPS wage index. The labor-related share for FFY 2026 is proposed at 71.9%, compared to 72.0% in FFY 2025. This update reflects labor related cost categories from the adopted market basket revisions.

CMS applies a 5% cap on any decrease to the SNF wage index, compared with the previous year's wage index. The cap is applied regardless of the reason for the decrease and implemented in a budget neutral manner. This also means that if a SNF's prior FFY wage index is calculated with the application of the 5% cap, the following year's wage index will not be less than 95% of the SNF's capped wage index in the prior FFY. A new SNF is paid the wage index for the area in which it is geographically located for its first full or partial FFY with no cap applied, because a new SNF would not have a wage index in the prior FFY.

CMS is proposing a wage index and labor-related share budget neutrality factor of 1.0016 for FFY 2026 to ensure that aggregate payments made under the SNF PPS are not greater or less than would otherwise be made if wage adjustments had not changed. This includes the budget neutrality for the permanent 5% cap on wage index decreases.

A complete list of the proposed wage indexes used for payment in FFY 2026 is available on the CMS website at <https://www.cms.gov/medicare/payment/prospective-payment-systems/skilled-nursing-facility-snf/wage-index>.

Case-Mix Adjustment

CMS uses the PDPM classification system to adjust payments to account for the relative resource utilization of different patient types. The case-mix components of the PDPM address costs associated with an individual’s specific needs and characteristics, while the non-case-mix component addresses consistent costs that are incurred for all residents, such as room and board and various capital-related expenses. Under PDPM, patients are classified based on PT, OT, SLP, Nursing, and NTA. The case-mix adjusted PDPM payment rates for FY 2026 are separately listed for urban and rural SNFs. These payments are added together along with the non-case-mix component payment rate to create a resident’s total SNF PPS per diem rate.

The proposed FFY 2026 PDPM updates for each component are found in Tables 5 and 6 on pages 21–22. SNF VBP adjustments and variable per diem rates are not reflected in these tables.

For FFY 2026, CMS is also proposing a change to the clinical category assignment for 34 ICD-10 code mappings that were effective on October 1, 2024:

Type 1 Diabetes Mellitus			
ICD-10 Code	ICD-10 Description	Current Category Mapping	Proposed Category Mapping
E10.A0	Type 1 diabetes mellitus, presymptomatic, unspecified	Medical Management	Return to Provider
E10.A1	Type 1 diabetes mellitus, presymptomatic, Stage 1	Medical Management	Return to Provider
E10.A2	Type 1 diabetes mellitus, presymptomatic, Stage 2	Medical Management	Return to Provider
E10.9	Type 1 diabetes mellitus without complications	Medical Management	Return to Provider

Hypoglycemia			
ICD-10 Code	ICD-10 Description	Current Category Mapping	Proposed Category Mapping
E16.A1	Hypoglycemia level 1	Medical Management	Return to Provider
E16.A2	Hypoglycemia level 2	Medical Management	Return to Provider
E16.A3	Hypoglycemia level 3	Medical Management	Return to Provider
E16.0	Drug-induced hypoglycemia without coma	Medical Management	Return to Provider
E16.1	Other hypoglycemia	Medical Management	Return to Provider
E16.2	Hypoglycemia, unspecified	Medical Management	Return to Provider
E16.3	Increased secretion of glucagon	Medical Management	Return to Provider
E16.4	Increased secretion of gastrin	Medical Management	Return to Provider

E16.8	Other specified disorders of pancreatic internal secretion	Medical Management	Return to Provider
E16.9	Disorder of pancreatic internal secretion, unspecified	Medical Management	Return to Provider

Obesity			
ICD-10 Code	ICD-10 Description	Current Category Mapping	Proposed Category Mapping
E66.811	Obesity, class 1	Medical Management	Return to Provider
E66.812	Obesity, class 2	Medical Management	Return to Provider
E66.89	Other obesity not elsewhere classified	Medical Management	Return to Provider
E66.01	Morbid (severe) obesity due to excess calories	Medical Management	Return to Provider
E66.09	Other obesity due to excess calories	Medical Management	Return to Provider
E66.1	Drug-induced obesity	Medical Management	Return to Provider
E66.3	Overweight	Medical Management	Return to Provider
E66.9	Obesity, unspecified	Medical Management	Return to Provider

Anorexia Nervosa, Restricting Type			
ICD-10 Code	ICD-10 Description	Current Category Mapping	Proposed Category Mapping
F50.010	Anorexia nervosa, restricting type, mild	Medical Management	Return to Provider

Anorexia Nervosa, Binge Eating/Purging Type			
ICD-10 Code	ICD-10 Description	Current Category Mapping	Proposed Category Mapping
F50.020	Anorexia nervosa, binge eating/purging type, mild	Medical Management	Return to Provider
F50.021	Anorexia nervosa, binge eating/purging type, moderate	Medical Management	Return to Provider

Bulimia Nervosa			
ICD-10 Code	ICD-10 Description	Current Category Mapping	Proposed Category Mapping
F50.21	Bulimia nervosa, mild	Medical Management	Return to Provider
F50.22	Bulimia nervosa, moderate	Medical Management	Return to Provider

Binge Eating Disorder			
ICD-10 Code	ICD-10 Description	Current Category Mapping	Proposed Category Mapping
F50.810	Binge eating disorder, mild	Medical Management	Return to Provider
F50.81	Binge eating disorder, moderate	Medical Management	Return to Provider

Pica and Rumination Disorder			
ICD-10 Code	ICD-10 Description	Current Category Mapping	Proposed Category Mapping
F50.83	Pica in adults	Medical Management	Return to Provider
F50.84	Rumination disorder in adults	Medical Management	Return to Provider
F98.21	Rumination disorder of infancy and childhood	Medical Management	Return to Provider
F98.3	Pica of infancy and childhood	Medical Management	Return to Provider

Serotonin Syndrome			
ICD-10 Code	ICD-10 Description	Current Category Mapping	Proposed Category Mapping
G90.81	Serotonin syndrome	Acute Neurologic	Medical Management

Consolidated Billing

CMS requires SNFs to submit consolidated Medicare bills to its Medicare Administrative Contractor that must include services its residents received during a covered Part A stay. A small list of services are currently excluded from consolidated billing and are separately billable under Part B when furnished to a SNF's Part A resident. CMS seeks public comment to identify additional Healthcare Common Procedure Coding System (HCPCS) codes that, due to recent medical advances, might meet the criteria for exclusion from SNF consolidated billing in the following five service categories: chemotherapy items, chemotherapy administration services, radioisotope services, customized prosthetic devices, and blood clotting factors.

CMS is soliciting comments on HCPCS codes in any of the five service categories that represent recent medical advances and meet criteria for exclusion from SNF consolidated billing. CMS will identify the additional excluded services by means of the HCPCS codes that are in effect on October 1, 2025 through the rule making process. CMS plans on making routine updates to these codes through internal reviews and feedback solicited through this annual rulemaking process.

The latest list of excluded codes can be found on CMS' SNF Consolidated Billing website at <https://www.cms.gov/medicare/coding-billing/skilled-nursing-facility-snf-consolidated-billing>.

SNF VBP Program

CMS is required by the Protecting Access to Medicare Act of 2014 (PAMA) to utilize a VBP program for SNFs under which value-based incentive payments are made to the SNFs. CMS withholds 2% of SNFs' fee-for-service Part A Medicare payments to fund the program. CMS redistributes 60% of the withheld payments to SNFs as incentive payments based on the quality of care they provide to Medicare beneficiaries, as measured by a SNF readmission measure.

Measure Changes

CMS is not proposing additional measures for inclusion at this time.

The previously adopted SNF VBP measures are shown in the table below:

Previously Adopted SNF VBP Program Measures			
Measure Name	Measure ID	First Program Year	First Performance Period
SNF 30-Day All-Cause Readmission Measure	SNFRM	FFY 2017 (to be replaced with SNF WS PPR in FFY 2028)	FFY 2015
SNF Healthcare-Associated Infections Requiring Hospitalization Measure	SNF HAI	FFY 2026	FFY 2024
Total Nurse Staffing Hours per Resident Day Measure	Total Nurse Staffing	FFY 2026	FFY 2024
Total Nurse Staff Turnover Measure	Nursing Staff Turnover	FFY 2026	FFY 2024
Discharge to Community (DTC)—Post-Acute Care Measure (PAC) for SNFs	DTC PAC SNF	FFY 2027	FFYs 2024-2025
Percent of Residents Experiencing One or More Falls with Major Injury (Long-Stay) Measure	Falls with Major Injury (Long-Stay)	FFY 2027	FFY 2025
Discharge Function Score for SNFs Measure	DC Function	FFY 2027	FFY 2025
Number of Hospitalizations per 1,000 Long Stay Resident Days Measure	Long Stay Hospitalization	FFY 2027	FFY 2025
SNF Within-Stay Potentially Preventable Readmissions Measure	SNF WS PPR	FFY 2028	FFYs 2025-2026

Performance Standards

CMS is providing estimates of the following performance standards for the FFY 2028 and FFY 2029 program years, with final values to be published with the FFY 2026 SNF final rule. Note that most of these align with what were previous finalized for the FFY 2027 and FFY 2028 program years (respectively):

Estimated FFY 2028 SNF VBP Program Performance Standards		
Measure ID	Achievement Threshold	Benchmark
SNF HAI Measure	0.92219	0.94693
Total Nurse Staffing Measure	3.21488	5.81159

Nurse Staff Turnover Measure	0.40230	0.75655
Falls with Major Injury (Long-Stay) Measure	0.95349	0.99950
Long Stay Hospitalization Measure	0.99758	0.99959
DC Function Measure	0.40000	0.78800

Estimated FFY 2029 SNF VBP Program Performance Standards		
Measure ID	Achievement Threshold	Benchmark
DTC PAC SNF Measure	0.42612	0.67309
SNF WS PPR Measure	0.86372	0.92363

Scoring Methodology

Beginning with the FFY 2028 program year, CMS is proposing to align the scoring methodology for the SNF WS PPR measure with that which applies to all other measures in the SNF VBP Program measure set.

Separately, CMS is proposing to remove the health equity adjustment that was set to begin FFY 2027 from the SNF VBP program’s scoring methodology to simplify the program and provide clearer incentives for SNFs.

Review and Correction Process

CMS previously adopted the utilization of their Phase One review and correction process for all SNF VBP Program measures, regardless of data source, beginning with the FFY 2026 program. For corrections to be incorporated into the SNF VBP Program's quarterly confidential feedback reports, SNFs must rectify any errors in the underlying data before the specified "snapshot date." Below are the measures and their respective snapshot dates.

- SNF Healthcare Associated Infections, Discharge to Community – Post-Acute Care SNF, and SNF WS PPR:
 - Snapshot Date: 3 months following the last SNF discharge.
- Long Stay Hospitalization Measure:
 - Snapshot Date: 3 months following the final quarter of the baseline or performance period
- Payroll-Based Journal Measures (Total Nurse Staffing and Nursing Staff Turnover):
 - Snapshot Date: 45 calendar days after the last day in each fiscal quarter.
- MDS-Based Measures (DC Function and Falls with Major Injury Long-Stay):
 - Snapshot Date: February 15th that is 4.5 months after the last day of the baseline or performance period, with adjustments for weekends or federal holidays.

Beginning with the FFY 2027 SNF VBP program year, CMS is proposing to implement an additional reconsideration request process beyond the existing Phase One and Phase Two review and correction process. In order to request this additional reconsideration, SNFs would first need to submit a valid review and correction request to CMS, via email, within 15 calendar days of the date that CMS issues a decision on a review and correction request. The reconsideration request must include the following:

- The SNF’s CMS Certification Number (CCN).
- The SNF’s name.
- The issue for which the SNF submitted a review and correction request, received a review and correction request decision, and are requesting reconsideration of.

- The reason why the SNF is requesting reconsideration, which can be supported by any applicable documentation or other evidence.

SNF QRP

The Improving Medicare Post-Acute Care Transformation (IMPACT) Act of 2014 mandates a quality reporting program for SNFs. The IMPACT Act requires a two PPT penalty applied to the standard market basket rate adjustment, for those SNFs that fail to submit required quality data to CMS.

Currently SNF QRP has 15 adopted measures for the FFY 2026 SNF QRP, which are listed below and in Table 11 on page 45. CMS is not adopting any new measures for this timeframe.

Summary Table of Domains and Measures Previously Adopted for the FFY 2026 SNF QRP	
Short Name	Measures
Resident Assessment Instrument Minimum Data Set Measures (Assessment-Based)	
Pressure Ulcer/Injury	Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury
Application of Falls	Application of Percent of Residents Experiencing One of More Falls with Major Injury (Long Stay) (NQF #0674)
Patient/Resident COVID-19 Vaccine	COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date
Discharge Mobility Score	Application of IRF Functional Outcome Measure: Discharge Mobility Score for Medical Rehabilitation Patients (NQF #2636)
DC Function	Discharge Function Score
Discharge Self-Care Score	Application of IRF Functional Outcome Measure: Discharge Self-Care Score for Medical Rehabilitation Patients (NQF #2635)
DRR	Drug Regimen Review Conducted with Follow-Up for Identified Issues
TOH-Provider	Transfer of Health (TOH) Information to the Provider Post-Acute Care (PAC)
TOH-Patient	Transfer of Health Information to the Patient PAC
Claims-Based Measures	
MSPB SNF	Medicare Spending per Beneficiary (MSPB)
DTC	Discharge to Community
PPR	Potentially Preventable 30-Day Post Discharge Readmission Measure
SNF HAI	SNF Healthcare-Associated Infections (HAI) Requiring Hospitalization
National Healthcare Safety Network (NHSN)	
HCP COVID-19 Vaccine	COVID-19 Vaccination Coverage among Healthcare Personnel (HCP)
HCP Influenza Vaccine	Influenza Vaccination Coverage among Healthcare Personnel (HCP)

CMS is proposing to remove the four social determinants of health (SDOH) items that were added with the FFY 2025 SNF final rule from the standardized patient assessment data elements beginning with the FFY 2027 SNF QRP:

- Living Situation – What is your living situation today?
- Food – Within the past 12 months, you worried that your food would run out before you got money to buy more.
- Food – Within the past 12 months, the food you bought just didn't last and you didn't have money to get more.
- Utilities – In the past 12 months, has the electric, gas, oil, or water company threatened to shut off services in your home?

CMS is also looking to amend its reconsideration policy and process request by:

- Proposing to replace the term “extenuating circumstances” with “extraordinary circumstances,” including an explanation of the term’s meaning, to align with the Extraordinary Circumstances Exception (ECE) policy.
- Proposing that the SNF must submit its request for an extension to file a reconsideration request to CMS via email to SNFQRPreconsiderations@cms.hhs.gov no later than 30 calendar days from the date of the written notification of noncompliance.
- Proposing that SNFs would be notified by CMS of its final decision in writing by way of an email from CMS; and
- Proposing to modify the policy to state that CMS will grant a timely request for reconsideration, and reverse an initial finding of non-compliance, only if CMS determines that the SNF was in full compliance with the SNF QRP requirements for the applicable program year.

RFI – Quality Measure Concepts Under Consideration for Future Years

CMS is seeking input on the importance, relevance, appropriateness, and applicability of the following concepts under consideration for SNF QRP measures in future rulemaking: Interoperability, Well-being, Nutrition, and Delirium. CMS states that it will prioritize evidence-based outcome measures.

RFI – Potential Revision of the Final Data Submission Deadline from 4.5 months to 45 days

In order to reduce the lag time between the data collection period and public reporting of measures under the SNF QRP, CMS is seeking input on a potential future reduction of the SNF QRP data submission deadline from 4.5 months to 45 days. Specifically, CMS is looking for comment on:

- How this potential change could improve the timeliness and actionability of SNF QRP quality measures;
- How this potential change could improve public display of quality information; and
- How this potential change could impact SNF workflows or require updates to systems.

RFI – Advancing Digital Quality Measurement in the SNF QRP

In order to improve healthcare quality data by promoting the adoption of interoperable health information technology (IT) using Fast Healthcare Interoperability Resources® (FHIR®) standards, CMS is seeking comment on the current state of health IT use.

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