July 31, 2025

AHCA AMERICAN HEALTH CARE ASSOCIATION NCAL NATIONAL CENTER FOR ASSISTED LIVING

CMS Issues FY 2026 SNF Final Payment Rule

The Centers for Medicare and Medicaid Services (CMS) today issued the final rule for the skilled nursing facility (SNF) prospective payment system (PPS) fiscal year (FY) 2026. We're pleased to report that **rates will increase by 3.2%**, or approximately $1.16 billion, beginning October 1, 2025. This is a slight increase in the final net update as compared to the proposed rule, which was 2.8%.

The 3.2% increase is based on:

- A 3.3% market basket increase
- Plus, a 0.6% market basket forecast error adjustment, and
- A negative 0.7% productivity adjustment.

The net update will vary geographically.

AHCA staff are currently reviewing the final rule and will share a more detailed summary in the coming days. In the meantime, additional highlights include some promising developments on reducing reporting burden and improving the reconsideration processes for SNFs.

PDPM ICD-10 Code Mappings Updates: CMS finalized several substantive changes to the PDPM ICD-10 code mappings (as proposed).

SNF Quality Reporting Program (QRP):

- CMS finalized removing four items previously adopted as standardized patient assessment data elements under the social determinants of health category beginning with the FY 2027 SNF QRP:
    - one item for Living Situation (R0310),
    - two items for Food (R0320A and R0320B), and
    - one item for Utilities (R0330) beginning with residents admitted on or after October 1, 2025, as previously finalized.
- CMS did not change any quality measures.

- CMS also finalized amending the SNF QRP reconsideration policy and process. CMS will allow SNFs to request an extension to file a request for reconsideration and is updating the bases on which CMS can grant a reconsideration request.

SNF Value-Based Purchasing (VBP) Program: There are no changes for the upcoming FY 2026 program year.

- CMS set final performance standards for the FY 2028 and FY 2029 program years to comply with the Program's statutory notice deadline.
- CMS removed the SNF VBP Health Equity Adjustment that was set to begin in the FY 2027 program year.
- CMS adopted a reconsideration process that will allow SNFs to seek reconsideration of a review and correction request if they are not satisfied with CMS's decision on that request, beginning with the FY 2027 program year.

Request for Information for Streamlining Regulations and Reducing Administrative Burdens: CMS continues to solicit comments through September 15, 2025, around President Trump's Executive Order "Unleashing Prosperity Through Deregulation." AHCA/NCAL has already submitted extensive comments to CMS and other federal agencies around rationalizing SNF regulations.

Learn more about the final rule from the CMS fact sheet and view the final rule in the Federal Register.

Thank you for your continued support. Please contact AHCA/NCAL's SVP of Reimbursement Policy John Kane with any questions.
