

# CMS Proposes FY 2027 Payment Updates for Skilled Nursing Facilities

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On April 2, 2026, the Centers for Medicare & Medicaid Services (CMS) issued the fiscal year (FY) 2027 [Prospective Payment System \(PPS\) and Consolidated Billing for Skilled Nursing Facilities \(SNFs\)](#) proposed rule. CMS released a [fact sheet](#) accompanying the rule. In this rule, CMS proposes to:

- Increase SNF PPS payment rates by 2.4 percent,
- Remove two COVID-19 vaccination-related measures under the SNF Quality Reporting Program (QRP),
- Update the data submission timeframe for the SNF QRP,
- Require expanded submission of minimum data set (MDS) data as related to the SNF QRP, and
- Amend the “snapshot updates” for two MDS-based measures under the SNF Value-Based Purchasing (VBP) Program.

The proposed rule also includes three Requests for Information (RFIs): 1) an Advanced care planning (ACP) measure in the SNF QRP, 2) observations and analysis in the Patient Driven Payment Model (PDPM), and 3) the potential construction of a SNF-specific wage index.

**This proposed rule is scheduled to be published in the *Federal Register* on April 7, 2026, and comments are due by June 1, 2026.**

## SKILLED NURSING FACILITY PAYMENTS FOR FY 2027

*Pages 8-15, 95 of the unpublished rule<sup>1</sup>*

For FY 2027, CMS proposes a SNF payment update of 2.4 percent. Overall, CMS estimates that payments to SNFs will increase by \$888 million in FY 2027, compared to

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<sup>1</sup> All page numbers shown reference the unpublished proposed rule.



FY 2026. This increase is based on a 3.2 percent market basket update and a -0.8 percent multifactor productivity (MFP) adjustment.<sup>2</sup>

These financial impacts do not include SNF Value-Based Purchasing reductions, which are estimated to be \$208.36 million in FY 2027.

**Table 1. Proposed Unadjusted Federal Rate per Diems for FY 2027<sup>3</sup>**

Rate Component	Physical Therapy Case-Mix	Occupational Therapy Case-Mix	Speech-Language Pathology Case-Mix	Nursing Case-Mix	Non-Therapy Ancillaries Case-Mix	Non-Case Mix
Unadjusted Per Diem - Urban	\$77.45	\$72.09	\$28.92	\$134.99	\$101.85	\$120.89
Unadjusted Per Diem - Rural	\$88.29	\$81.09	\$36.44	\$128.98	\$97.31	\$123.13

**While CMS proposes to increase SNF payments, net updates will ultimately vary geographically across SNFs.**

## PROPOSED CHANGES TO THE SKILLED NURSING FACILITY QUALITY REPORTING PROGRAM

*Pages 45-70*

Beginning with the FY 2028 SNF QRP, CMS proposes to remove two measures. CMS proposes removing the COVID-19 Vaccination Coverage Among Healthcare Personnel (HCP) Measure, which was originally implemented during the COVID-19 Public Health Emergency (PHE), due to the agency’s belief that the continued burden on providers to report this measure may outweigh the benefits. The COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date Measure is also proposed for removal as the agency believes that certain associated parameters no longer apply given Centers for Disease Control and Prevention (CDC) clinical guidance that recommends shared clinical decision-making for COVID-19 vaccination.

CMS also proposes to amend the timeframe for data submission beginning with the FY 2029 SNF QRP to no later than the fifteenth day of the second month after the end of the calendar quarter. The largest factor leading to a 9-month lag between the end of

<sup>2</sup> The MFP adjustment is a 10-year moving average of changes in annual economy-wide private nonfarm business multifactor productivity.

<sup>3</sup> See Tables 3 and 4 of the unpublished proposed rule.

the data collection period and the public reporting of measures is the current 4.5-month data submission timeframe. The agency indicates that reducing the submission timeframe could potentially reduce this lag by up to 3 months, leading to more timely public reporting of data.

To enhance the relevance of the SNF QRP to the community and consumers and facilitate coordinated care, beginning with the FY 2031 SNF QRP, CMS proposes to require the submission of MDS data on all residents receiving covered skilled care in a SNF, regardless of payer. This expanded submission of MDS data would apply when certain criteria in a specified patient population are met.

CMS also seeks stakeholder input through an RFI on future quality measure concepts, with a focus on ACP.

**CMS is prioritizing alignment of policies along with more timely and actionable quality data reporting and submission. This is while signaling a broader shift towards advanced care planning.**

## SKILLED NURSING FACILITY VALUE-BASED PURCHASING PROGRAM UPDATES

*Pages 71-79*

Beginning with FY 2027 data, CMS proposes to amend the “snapshot updates” codified at 42 CFR 413.338(f)(1)(v) for two MDS-based measures: the Falls with Major Injury (Long-Stay) and Discharge Function Score for SNFs (DC Function) measures. This is to maintain alignment with the newly proposed SNF QRP submission deadlines for MDS assessment data.

To comply with the Program’s statutory notice deadline, CMS provides estimated performance standards for FY 2029 and FY 2030 program years.<sup>4</sup>

## REQUESTS FOR INFORMATION

*Pages 36-44*

### Patient Driven Payment Model

CMS notes the development of a regression framework to quantify the extent to which recent case-mix trends may reflect nominal coding changes, often called “case-mix creep.” To determine how much identified case-mix growth reflects actual changes

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<sup>4</sup> See Tables 16 and 17 of the unpublished proposed rule.

versus coding or documentation shifts, and to implement appropriate adjustments, CMS is exploring a potential approach to address this issue.

CMS seeks feedback on the agency's observations and analysis of the case-mix creep issue in the PDPM and a potential approach to address it. Specifically, CMS solicits input on the methodology for quantifying case-mix creep, data sources and measures, approach to estimating real-time trends, alternative approaches, and additional considerations.

### Skilled Nursing Facility-Specific Wage Index

Currently, CMS uses the Inpatient Prospective Payment System (IPPS) wage index as the basis for the SNF wage index. CMS is seeking input on whether the agency should consider using alternative data sources to construct a SNF-specific wage index for potential use in future years. CMS specifically seeks to understand potential advantages and disadvantages of utilizing alternative data sources, such as Bureau of Labor Statistics (BLS) data and SNF cost reports, in addition to other methodologies.

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