

CAPITOL STREET

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Proposed 2027 SNF Pay + 2.4%

Rates In Line as CMS Looks to Address PDPM “Case Mix Creep”

Relevant Companies



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The proposed 2027 Medicare pay is +2.4% for skilled nursing facilities (SNFs) ([here](#)). Urban and rural facilities would experience pay +2.4% and +2.7%, respectively. For-profit facilities would experience rates +2.4%. The comment deadline is June 1, 2026. The final rule will be released around August 1 with new payments starting October 1, the start of FY27.

»» Key Points

The proposed 2027 SNF market basket percentage update is +3.2%, which is generally in line with other provider payment rules (Hospice, Psych, etc). The update includes a -0.8% productivity adjustment. This translates to an estimated +\$888 M in aggregate payments to SNFs nationwide. No forecast error adjustment was triggered this year, as the difference between the forecasted and actual FY 2025 market basket increase fell below the 0.5% point threshold. CMS also proposes to continue using the concurrent pre-floor, pre-reclassified IPPS hospital wage index as the basis for the SNF wage index, and is separately soliciting comments on whether an SNF-specific wage index should be developed for potential use in future years.

CMS issued a Request for Information (RFI) seeking stakeholder input on its methodology for identifying and addressing case-mix creep under the PDPM (patient-driven payment model).

- Case-mix creep is the tendency for average patient acuity scores, and therefore Medicare payments, to rise over time due to more aggressive documentation and coding, rather than patients actually becoming sicker.
- The agency is requesting comment on: (1) the overall framework for quantifying case-mix creep (2) the data sources used to assess real population health and utilization changes (3) the approach to estimating real-time trends using a study period spanning FY 2017–2024 (4) alternative approaches to implementing adjustments, including component-specific versus system-wide factors.
- Notably, CMS is floating a 0.957 system-wide correction factor representing a ~3.6% reduction in total SNF payments.

CMS proposes to remove two COVID-19-related measures from the SNF quality reporting program beginning with the FY 2028 program year. These include the COVID-19 vaccination coverage among

healthcare personnel measures and the COVID-19 vaccine: percent of patients/residents who are up to date measure. The agency estimates these removals will reduce the administrative burden on SNFs by approximately \$8.3 M annually.

CMS also proposes to tighten QRP (quality reporting program) data submission deadlines. This will begin with FY 2029, shifting from 4.5 months after the end of each quarter to the 15th day of the second month following the quarter's close.

CMS proposes to require SNFs to submit minimum data set (MDS) assessments for all residents receiving covered skilled care, regardless of whether the payer is Medicare, Medicaid, or private pay, beginning with the FY 2031 quality reporting program. This is a significant operational expansion, as facilities have historically submitted MDS data only for Medicare residents, meaning this requirement will necessitate new data collection, tracking, and reporting workflows for an entirely new patient population. CMS estimates the cost impact at approximately \$88 M annually to SNFs once the requirement takes effect.

The agency also proposes minor technical changes to the value based purchasing program. These include publishing estimated performance standards for FY 2029 and FY 2030 as required by statute, with final standards to be issued in the FY 2027 final rule, and making a minor regulatory cross-reference correction.

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