CMS's New Patient-Driven Payment Model for SNFs: Some Things Old, Most Things New, Come Assess How the New Model Will Impact You

Presented by
KING & SPALDING

Dan Hettich, Partner
+1 202 626 9128
dhettich@kslaw.com

Juliet McBride, Partner
+1 713 276 7448
jmcbride@kslaw.com

Alek Pivec, Associate
+1 202 626 2914
apivec@kslaw.com

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Background of the SNF PPS

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Evolution of the SNF PPS
Background of the SNF PPS

- Pursuant to Congressional command that CMS shift from reasonable cost reimbursement to a per diem rate, HHS implemented SNF PPS in May 1998 (RUG-III)
- RUG-IV, adopted in 2010
  - Adopted concurrently with the MDS 3.0 to collect clinical data to classify residents under RUG-IV
- Resident classification
  - Residents are classified primarily by services provided
  - Each resident classification has an assigned case-mix adjustment that is applied to one or two of the base rates to account for differences in cost and resource intensity

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Overview of Changes under the PDPM

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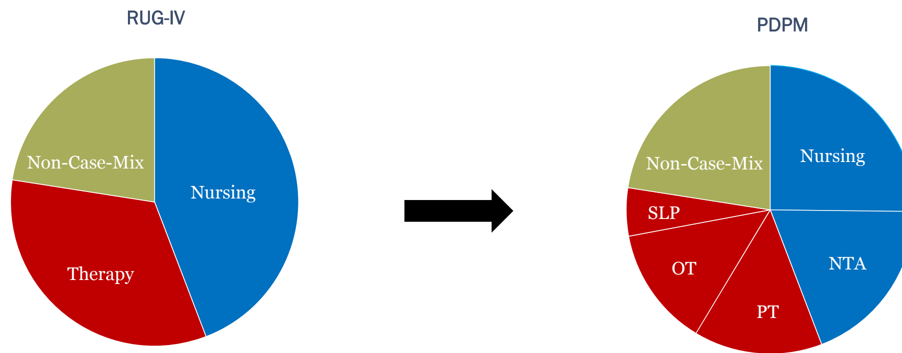
Three More Payment Components
PDPM Changes

Base rate split into three more parts, effectively creating six payment components



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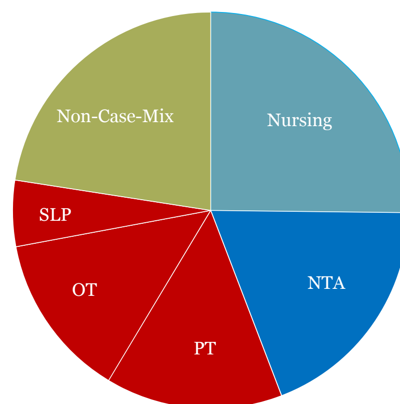
Three More Payment Components (cont.)
PDPM Changes

- Therapy component – Split between physical therapy (PT), occupational therapy (OT) and speech language pathology (SLP)
- Nursing component – Split between nursing and non-therapy ancillary services (NTA)
- Non-Case-Mix component – Unchanged

CMS Rationale: Unbundles weakly-correlated cost categories



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Revamped Reclassification System
PDPM Changes

- Classifications are component-specific
  - Distinct criteria for determining the CMI for each payment component
  - Classification for one component will not determine payment for another
    - Compare to RUG-IV: therapy minutes effectively determine nursing payment
- Classifications based on verifiable clinical characteristics rather than services provided
  - No more chasing therapy minutes!
  - In effect, each resident's condition will determine payment

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Revamped Reclassification System
PDPM Changes

- The breaking out of NTA into its own component is especially significant:
- "Almost since its inception, the SNF PPS has been criticized for encouraging the provision of unnecessary rehabilitation therapy services and not accurately targeting payments for nontherapy ancillary (NTA) services such as drugs. With PDPM CMS has developed a methodology that it believes will case-mix adjust SNF PPS payments more appropriately to reflect differences in NTA costs."

  – March 2016 Report to Congress

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Revamped Reclassification System (Cont.)

PDPM Changes

A factor in CMS's decision to revamp the payment system was concerns about "thresholding"

- SNFs were increasingly providing just enough therapy for a given resident to classify into a high-paying rehabilitation groups
- Percentage of residents receiving just enough therapy to be classified under the highest-paying group increased from 5% in 2005 to 33% in 2013

- Under RUG-IV, The vast majority of Part A SNF days (90%) are paid using rehabilitation groups
  - Problematic because the nursing CMIs assigned to rehabilitation groups are less specifically tailored to the individual nursing costs for a given resident than the nursing CMIs assigned to the nursing groups

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Other Significant Changes

PDPM Changes

- Per diem adjustment factors
  - Payment rate changes based on number of days of SNF stay
  - Only applies to physical therapy, occupational therapy and NTA
- Only one scheduled resident assessment
- Elimination of the 128% per diem rate increase for residents with HIV/AIDS
  - Replaced with upward payment adjustments to non-therapy ancillary component (e.g., drugs, lab tests, etc.) and nursing component

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Payment Structure
RUG-IV

	Component		Formula		
	Therapy Component	=	Therapy Base Rate	x	Therapy CMI
			or		
			Non-Case-Mix Therapy Base Rate		
+	Nursing Component	=	Nursing Base Rate	x	Nursing CMI
+	Non-Case-Mix Component	=	Non-Case-Mix Base Rate		

Per Diem Payment

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Payment Structure
PDPM Changes

	Component						
	Physical Therapy Component	=	PT Base Rate	x	PT CMI	x	PT Per Diem Adjustment Factor
+	Occupational Therapy Component	=	OT Base Rate	x	OT CMI	x	OT Per Diem Adjustment Factor
+	Speech Language Pathology Component	=	SLP Base Rate	x	SLP CMI		
+	Nursing Component	=	Nursing Base Rate	x	Nursing CMI		
+	Non-Therapy Ancillary Component	=	NTA Base Rate	x	NTA CMI	x	NTA Per Diem Adjustment Factor
+	Non-Case-Mix Component	=	Non-Case-Mix Base Rate				

Per Diem Payment

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PDPM Base Rates

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PDPM Base Rates

	Component		Base Rate		CMI		Adjustment
	Physical Therapy Component	=	PT Base Rate	x	PT CMI	x	PT Per Diem Adjustment Factor
+	Occupational Therapy Component	=	OT Base Rate	x	OT CMI	x	OT Per Diem Adjustment Factor
+	Speech Language Pathology Component	=	SLP Base Rate	x	SLP CMI		
+	Nursing Component	=	Nursing Base Rate	x	Nursing CMI		
+	Non-Therapy Ancillary Component	=	NTA Base Rate	x	NTA CMI	x	NTA Per Diem Adjustment Factor
+	Non-Case-Mix Component	=	Non-Case-Mix Base Rate				

Per Diem Payment

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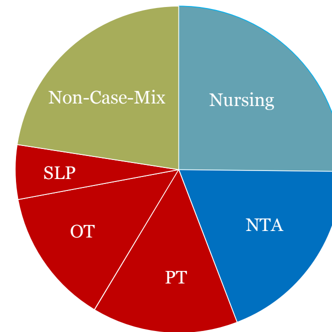
PDPM Base Rates

- Physical Therapy (PT)
- Occupational Therapy (OT)
- Speech Language Pathology (SLP)
- Nursing
  - Nursing staff time
- Non-Therapy Ancillary (NTA)
  - Drugs, lab services, respiratory therapy and medical supplies
- Non-Case-Mix – Room and Board

Cost of Caring for the Average Resident in 1995



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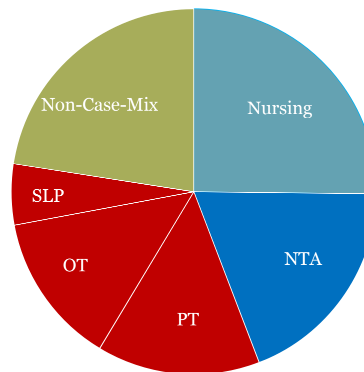
PDPM Base Rates

- PDPM base rates updated for inflation through 2018

	Urban	Rural
Nursing	$ 103.46	$ 98.83
NTA	$ 78.05	$ 74.56
PT	$ 59.33	$ 67.63
OT	$ 55.23	$ 62.11
SLP	$ 22.15	$ 27.90
Non-Case-Mix	$ 92.63	$ 94.34
Totals	$ 410.85	$ 425.37



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Resident Classification Under the PDPM

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Resident Classification under PDPM

- Five of the six PDPM payment components are subject to CMI adjustments based on the resident's classification

	Component		Base Rate		CMI		Adjustment
	Physical Therapy Component	=	PT Base Rate	x	PT CMI	x	PT Per Diem Adjustment Factor
+	Occupational Therapy Component	=	OT Base Rate	x	OT CMI	x	OT Per Diem Adjustment Factor
+	Speech Language Pathology Component	=	SLP Base Rate	x	SLP CMI		
+	Nursing Component	=	Nursing Base Rate	x	Nursing CMI		
+	Non-Therapy Ancillary Component	=	NTA Base Rate	x	NTA CMI	x	NTA Per Diem Adjustment Factor
+	Non-Case-Mix Component	=	Non-Case-Mix Base Rate				

Per Diem Payment

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Physical and Occupational Therapy
Resident Classification under the PDPM

	Urban	Rural
PT	$ 59.33	$ 67.63
OT	$ 55.23	$ 62.11

- PT and OT have the same classification criteria because their costs are highly correlated
- Under PDPM, Residents will be classified into PT and OT groups based on two variables:
  - The clinical reason for the SNF stay; and
  - The resident's functional status

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Clinical Reason for the SNF Stay (PT & OT)
Resident Classification under the PDPM

- Residents will be assigned to clinical categories based on:
  - Clinical condition; and
  - The procedure performed on the resident during preceding inpatient stay, if applicable.
- The clinical condition of the resident
  - To be determined by the ICD-10-CM diagnosis code applicable to the resident's condition
  - Code to be entered on the Minimum Data Set (MDS) 3.0, Item I0020B
- Procedure performed on the resident
  - CMS uses MDS, Section J2000 and will add J2100 – J5000 to determine what surgery occurred during the patient's preceding hospital stay
  - Will generally augment the resident's clinical category

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Clinical Reason for the SNF Stay (PT & OT)

Resident Classification under the PDPM

Four clinical categories

1. Major Joint Replacement or Spinal Surgery
2. Non-Orthopedic Surgery and Acute Neurologic
3. Other Non-Orthopedic
   - Non-Surgical Orthopedic/Musculoskeletal
   - Orthopedic Surgery (except major joint replacement or spinal surgery)
4. Medical Management
   - Acute infections
   - Pulmonary
   - Cancer
   - Cardiovascular

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Functional Status (PT & OT)

Resident Classification under the PDPM

- Functional status is the second factor that will be used to determine a resident's PT and OT classification
- Residents will be scored on ten categories from Section GG of MDS 3.0

MDS 3.0 Category	General Category
Sit to Lying	Bed Mobility
Lying to Sitting	
Sit to Stand	Transfer
Toilet Transfer	
Chair/ bed to chair transfer	
Eating	Eating
Toileting Hygiene	Toileting
Oral hygiene	Oral hygiene
Walk 50 feet with two turns	Walking
Walk 150 feet straight	

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Functional Status (PT & OT)
Resident Classification under the PDPM

- Residents will receive a score between 0 to 4 points for each category
- Higher scores mean greater independence (range is now 0-24)
  - Compare to RUG-IV, where higher scores meant greater dependence
- If one of the activities does not occur, that activity will be assigned a score of zero (dependent)
  - Resident refuses
  - Activity not attempted due to medical condition or safety concerns
  - Compare to RUG-IV, where activity would be scored on the same level as "independent" if it did not occur
  - CMS: "[W]e observed that residents who were unable to complete an activity had similar PT and OT costs as dependent residents." 83 Fed. Reg. at 39203.

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// Functional Status (PT & OT)
Resident Classification under the PDPM

Functional Status (PT & OT)
Resident Classification under the PDPM

- Section GG Scoring Chart (83 Fed. Reg. 39204)

Narrative	Score
Set-up assistance, independent	4
Supervision or touching assistance	3
Partial/moderate assistance	2
Substantial/maximal assistance	1
Dependent, refused, N/A, not attempted, or missing value	0

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PT and OT Classification Groups

Resident Classification under the PDPM

- A resident's clinical category and function score are used to determine the applicable PT and OT case mix group

Clinical Category	Section GG Function Score	PT & OT Case-Mix Group	PT Case-Mix Index	OT Case-Mix Index
Major Joint Replacement or Spinal Surgery	0-5	TA	1.53	1.49
	6-9	TB	1.69	1.63
	10-23	TC	1.88	1.68
	24	TD	1.92	1.53
Other Orthopedic	0-5	TE	1.42	1.41
	6-9	TF	1.61	1.59
	10-23	TG	1.67	1.64
	24	TH	1.16	1.15
Medical Management	0-5	TI	1.13	1.17
	6-9	TJ	1.42	1.44
	10-23	TK	1.52	1.54
	24	TL	1.09	1.11
Non-Orthopedic Surgery and Acute Neurologic	0-5	TM	1.27	1.30
	6-9	TN	1.48	1.49
	10-23	TO	1.55	1.55
	24	TP	1.08	1.09

83 Fed. Reg. 39209

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Speech Language Pathology Classification

Resident Classification under the PDPM

	Urban	Rural
SLP	$ 22.15	$ 27.90

- SLP classification system is based on two variables:
  - Presence of acute neurologic condition, SLP-related comorbidity or cognitive impairment; and
  - Presence of a swallowing disorder or mechanically-altered diet
    - Reported on MDS 3.0 Section K
- Why a separate classification system for SLP?
  - Many resident characteristics found to be predictive of increased PT and OT costs were predictive of lower SLP costs.

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Speech Language Pathology Classification
Resident Classification under the PDPM

Presence of acute neurologic condition, SLP-related comorbidity or cognitive impairment

- If the reason for the SNF stay, as recorded on line item I0020B of MDS 3.0, is an acute neurological condition, or if the resident has any of the following SLP-related comorbidities

Aphasia	Laryngeal cancer
CVA, TIA or Stroke	Apraxia
Hemiplegia or Hemiparesis	Dysphagia
Traumatic brain injury	ALS
Tracheostomy care (while a resident)	Oral cancers
Ventilator or respirator (while a resident)	Speech and language deficits

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Speech Language Pathology
Resident Classification under the PDPM

Presence of acute neurologic condition, SLP-related comorbidity, or cognitive impairment	Mechanically altered diet or swallowing disorder	SLP case-mix index group	SLP case-mix index
None	Neither	SA	0.68
None	Either	SB	1.82
None	Both	SC	2.66
Any one	Neither	SD	1.46
Any one	Either	SE	2.33
Any one	Both	SF	2.97
Any two	Neither	SG	2.04
Any two	Either	SH	2.82
Any two	Both	SI	3.51
Any three	Neither	SJ	2.98
Any three	Either	SK	3.69
Any three	Both	SL	4.19

83 Fed. Reg. 39213

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Nursing Classification
Resident Classification under the PDPM

- PDPM will adopt the nursing classification system under the RUG-IV model with the following modifications
  - Reduce the number of nursing groups by decreasing distinctions based on function score
  - Replace the existing function scoring system with one based on Section GG of the MDS 3.0
  - Apply an 18 percent increase in payment to the nursing component for residents with HIV/AIDS
  - Update the existing nursing CMIs with newer data

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Nursing Classification
Resident Classification under the PDPM

- Reduction to the number of nursing classification groups based on function scores
  - CMS: "[W]e observed that nursing resource use…does not vary markedly between nursing case-mix groups defined by contiguous ADL score bins…." 83 Fed Reg. at 39215.
  - Suggests that collapsing contiguous function score bins is unlikely to affect payment accurate
- 18 percent increase in payment for the nursing component for residents with HIV/AIDS
  - Based on the presence of ICD-10-CM code B20 on the SNF claim

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Nursing Classification
Resident Classification under the PDPM

- Replacing the existing function scoring system with one based on Section GG
  - The GG scoring system for nursing will be nearly identical to the one used for PT and OT scoring
  - However, the GG scoring system for nursing will be based on fewer measures. So the highest possible score is 16 as opposed to 24 for PT and OT

MDS 3.0 Category	General Category
Sit to Lying	Bed Mobility
Lying to Sitting	
Sit to Stand	Transfer
Toilet Transfer	
Chair/ bed to chair transfer	
Eating	Eating
Toileting Hygiene	Toileting

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Nursing Classification
Resident Classification under the PDPM

- The nursing classifications table is too big to fit into this presentation. The full table is available at 83 Fed. Reg. 39217-18.
- Here are some examples of collapsed classification groups

RUG-IV nursing RUGs	Extensive Services	Clinical Condition	Depression	Number of restorative nursing services	GG-based function score	PDPM nursing case-mix group	Nursing case-mix index
HE2/HD2	…	Comatose, septicemia, respiratory therapy	Yes	…	0-5	HDE2	2.39
HC2/HB2	…	Comatose, septicemia, respiratory therapy	Yes	…	6-14	HBC2	2.23
HC1/HB1	…	Comatose, septicemia, respiratory therapy	No	…	6-14	HBC1	1.85
LE2/LD2	…	Radiation therapy or dialysis	Yes	…	0-5	LDE2	2.07
LE1/LD1	…	Radiation therapy or dialysis	No	…	0-5	LDE1	1.72
BB2/BA2	…	Behavioral or cognitive symptoms	…	2+	11-16	BAB2	1.04

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Non-Therapy Ancillary Classification

Resident Classification under the PDPM

	Urban	Rural
NTA	$ 78.05	$ 74.56

- A resident's NTA classification will determine additional payment for drugs, laboratory services, respiratory therapy and medical supplies
- Under PDPM, residents will be scored based on the number of conditions they have (50 listed) and the severity of each condition
  - Each condition is assigned between 1 to 8 points
  - The highest scoring condition is HIV/AIDS (8 points)
  - One of the lowest scoring conditions is Respiratory arrest (1 point)

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Non-Therapy Ancillary Classification

Resident Classification under the PDPM

- NTA Classifications Chart
  - Residents are classified based on the cumulative score for all of the conditions they have that are listed on 83 Fed. Reg. 39222.

NTA Score Range	NTA Case-Mix Group	NTA Case-Mix Index
12+	NA	3.25
9-11	NB	2.53
6-8	NC	1.85
3-5	ND	1.34
1-2	NE	0.96
0	NF	0.72

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Non-Therapy Ancillary Classification
Conditions and Points

Condition/extensive service	Points
HIV/AIDS	8
Parenteral IV Feeding: Level High	7
Special Treatments/Programs: Intravenous Medication Post-admit Code	5
Special Treatments/Programs: Ventilator or Respirator Post-admit Code	4
Parenteral IV feeding: Level Low	3
Lung Transplant Status	3
Special Treatments/Programs: Transfusion Post-admit Code	2
Major Organ Transplant Status, Except Lung	2
Active Diagnoses: Multiple Sclerosis Code	2
Opportunistic Infections	2
Active Diagnoses: Asthma COPD Chronic Lung Disease Code	2
Bone/Joint/Muscle Infections/Necrosis—Except Aseptic Necrosis of Bone	2
Chronic Myeloid Leukemia	2
Wound Infection Code	2
Active Diagnoses: Diabetes Mellitus (DM) Code	2
Endocarditis	1
Immune Disorders	1
End-Stage Liver Disease	1
Other Foot Skin Problems: Diabetic Foot Ulcer Code	1
Narcolepsy and Cataplexy	1
Cystic Fibrosis	1
Special Treatments/Programs: Tracheostomy Care Post-admit Code	1
Active Diagnoses: Multi-Drug Resistant Organism (MDRO) Code	1
Special Treatments/Programs: Isolation Post-admit Code	1

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Non-Therapy Ancillary Classification
Conditions and Points (cont.)

Condition/extensive service	Points
Specified Hereditary Metabolic/Immune Disorders	1
Morbid Obesity	1
Special Treatments/Programs: Radiation Post-admit Code	1
Highest Stage of Unhealed Pressure Ulcer—Stage 4	1
Psoriatic Arthropathy and Systemic Sclerosis	1
Chronic Pancreatitis	1
Proliferative Diabetic Retinopathy and Vitreous Hemorrhage	1
Other Foot Skin Problems: Foot Infection Code, Other Open Lesion on Foot Code, Except Diabetic Foot Ulcer Code	1
Complications of Specified Implanted Device or Graft	1
Bladder and Bowel Appliances: Intermittent Catheterization	1
Inflammatory Bowel Disease	1
Aseptic Necrosis of Bone	1
Special Treatments/Programs: Suctioning Post-admit Code	1
Cardio-Respiratory Failure and Shock	1
Myelodysplastic Syndromes and Myelofibrosis	1
Systemic Lupus Erythematosus, Other Connective Tissue Disorders, and Inflammatory Spondylopathies	1
Diabetic Retinopathy—Except Proliferative Diabetic Retinopathy and Vitreous Hemorrhage	1
Nutritional Approaches While a Resident: Feeding Tube	1
Severe Skin Burn or Condition	1
Intractable Epilepsy	1
Active Diagnoses: Malnutrition Code	1
Disorders of Immunity—Except: RxCC97: Immune Disorders	1
Cirrhosis of Liver	1
Bladder and Bowel Appliances: Ostomy	1
Respiratory Arrest	1
Pulmonary Fibrosis and Other Chronic Lung Disorders	1

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Non-Therapy Ancillary Classification
Conditions not listed

- coronary artery disease
- congestive heart failure
- seizure disorder,
- Parkinson's disease
- Depressive disorders
- anemia
- thyroid disorders
- hepatitis
- paraplegia
- dialysis status

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Variable Per Diem Adjustment Factors

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Variable Per Diem Adjustment Factors

	Component	=	Base Rate	x	CMI	x	Per Diem Adjustment Factor
	Physical Therapy Component	=	PT Base Rate	x	PT CMI	x	PT Per Diem Adjustment Factor
+	Occupational Therapy Component	=	OT Base Rate	x	OT CMI	x	OT Per Diem Adjustment Factor
+	Speech Language Pathology Component	=	SLP Base Rate	x	SLP CMI		
+	Nursing Component	=	Nursing Base Rate	x	Nursing CMI		
+	Non-Therapy Ancillary Component	=	NTA Base Rate	x	NTA CMI	x	NTA Per Diem Adjustment Factor
+	Non-Case-Mix Component	=	Non-Case-Mix Base Rate				

Per Diem Payment

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Variable Per Diem Adjustment Factors

- Under RUG-IV, SNFs are paid at a constant per diem rate, regardless of the length of stay, unless the resident is reclassified into a different RUG during the stay
  - We will discuss the resident assessment requirements in the next section
- Under PDPM, CMS will make variable per diem adjustments to the physical therapy, occupational therapy and non-therapy ancillary services components to account for changes in resource utilization over a stay
  - CMS studies show that resource utilization changes over the course of a SNF stay
  - Notably PT, OT and NTA service costs declined over the course of a stay
- PDPM will not make variable per diem adjustments to the nursing and SLP components
  - Nursing and SLP costs remain relatively constant over the course of a stay

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PT and OT Adjustments

Variable Per Diem Adjustment Factors

- PT and OT rates will remain the same for the first 20 days of a stay
- Thereafter, PT and OT rates will decline by 2 percent every 7 days

Medicare Payment Days	Adjustment Factor
1-20	1.00
21-27	0.98
28-34	0.96
35-41	0.94
42-48	0.92
49-55	0.90
56-62	0.88
63-69	0.86
70-76	0.84
77-83	0.82
84-90	0.80
91-97	0.78
98-100	0.76

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NTA Adjustments

Variable Per Diem Adjustment Factors

- NTA rates will be adjusted 3x from days 1-3
  - Based on CMS finding that NTA costs in days 1-3 are 3x the average
- Thereafter, NTA rates will be multiplied by a factor of 1.0

Medicare payment days	Adjustment factor
1-3	3.0
4-100	1.0

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NTA Adjustments
Variable Per Diem Adjustment Factors

- What about chronic conditions that require consistently high medication costs?
  - Industry asked CMS to have an "exception" list but CMS refused
- Is the cliff in costs Acumen observed the product of incentives under the old payment system?
- How will the "cliff" be managed? 14-day supplies? move to generics?

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Question

What are some of the biggest changes between the old payment system (RUG-IV) and the new payment system (PDPM)?

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Question

What changes between RUG-IV and the PDPM are most likely to affect payment for drugs?

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Changes to the MDS Resident Assessment Requirements

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Changes to the MDS Resident Assessment Requirements

- Under RUG-IV, SNFs are required to perform periodic assessments to determine and/or redetermine a resident's classification
- These assessments determine the resident's classification for a specified period

Assessment Reference Date (ARD)	ARD Grace Days	Determining Payment Between
5	6-8	1 through 14
14	15-18	15 through 30
30	30-33	31 through 60
60	60-63	61 through 90
90	90-93	91 through 100

- In addition to the above scheduled assessments, SNFs are required to perform unscheduled assessments in certain circumstances

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Changes to the MDS Resident Assessment Requirements

- CMS is reducing the number of required assessments
  - A direct response to complaints that the number of required assessments significantly increases the administrative burden associated with the SNF PPS
  - In addition, PDPM relies to a much lesser extent on characteristics that may change over the course of a resident's stay
- Under PDPM, SNFs will only be required to perform the 5-day assessment
  - In other words, the assessment performed at day five will determine the resident's classification for the entirety of his or her Part A stay
  - CMS is also incorporating grace period into the assessment window. In effect, this means that SNFs will have until day-8 to complete the 5-day assessment
- SNFs will still have to complete the PPS Discharge Assessment, as appropriate for each SNF Part A resident at the time of discharge

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PPS Discharge Assessments

Changes to the MDS Resident Assessment Requirements

- PDPM will add several items to the PPS Discharge Assessment
  - CMS is concerned that because PDPM removes the incentive for providers to provide a high volume of therapy minutes, providers may reduce significantly the amount of therapy provided to SNF residents
  - To combat this, CMS added several items to the PPS Discharge Assessment to ensure that residents are receiving an appropriate amount of PT, OT, and SLP therapy

For more information:
See 83 Fed. Reg. 39235

O0425. Part A Therapies
Complete only if A0310H = 1

	A. Speech-Language Pathology and Audiology Services
Enter Number of Minutes	**1. Individual minutes** - record the total number of minutes this therapy was administered to the resident **individually** since the start date of the resident's most recent Medicare Part A stay (A2400B)
Enter Number of Minutes	**2. Concurrent minutes** - record the total number of minutes this therapy was administered to the resident **concurrently with one other resident** since the start date of the resident's most recent Medicare Part A stay (A2400B)
Enter Number of Minutes	**3. Group minutes** - record the total number of minutes this therapy was administered to the resident as **part of a group of residents** since the start date of the resident's most recent Medicare Part A stay (A2400B)
	If the sum of individual, concurrent, and group minutes is zero, → skip to O0425B, Occupational Therapy
Enter Number of Minutes	**4. Co-treatment minutes** - record the total number of minutes this therapy was administered to the resident in **co-treatment sessions** since the start date of the resident's most recent Medicare Part A stay (A2400B)
Enter Number of Days	**5. Days** - record the **number of days** this therapy was administered for **at least 15 minutes** a day since the start date of the resident's most recent Medicare Part A stay (A2400B)

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Interim Payment Assessments

Changes to the MDS Resident Assessment Requirements

- If a change in circumstances occurs that requires a reassessment, providers may complete an Interim Payment Assessment (IPA) using the 5-day SNF PPS MDS Item Set
- IPAs are strictly optional
  - CMS considered making IPAs mandatory under certain conditions, but ultimately abandoned that proposal
- IPAs will not reset a resident's per diem adjustment schedule
  - CMS was concerned that providers may be incentivized to conduct multiple IPAs during the course of a resident's stay to reset the variable per diem adjustment schedule each time the adjustment is reduced

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Limit on Group and Concurrent Therapy

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Limits on Group and Concurrent Therapy

- Concurrent therapy – Two patients performing different activities under the supervision of a single SNF employee
- Group therapy – Four residents performing the same or similar activities
  - 2020 Proposed Rule – Change to two or more residents performing the same or similar activities
- Under RUG-IV, group and concurrent therapy minutes were allocated among the participating residents
  - CMS implemented these allocation rules because it was believed that SNFs were using group and concurrent therapy to maximize therapy minutes at minimum cost
  - After the allocation rules went into effect, group and concurrent therapy declined significantly
- CMS is concerned that group and concurrent therapy will increase after PDPM goes into effect because it is cheaper than individual therapy

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Limits on Group and Concurrent Therapy

- To combat this, CMS is imposing a cap on group and concurrent therapy.
- Under PDPM, group and concurrent therapy may not take up more than 25 percent of a SNF resident's therapy minutes.
  - It is currently estimated that group and concurrent therapy take up about 3% of a SNF residents therapy minutes
- This cap will apply separately to each discipline.
  - If a resident receives 800 PT minutes and 400 OT minutes, only 200 of the PT minutes can be for group and/or concurrent therapy, and only 100 of the OT minutes can be for group and concurrent therapy.

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Interrupted Stay Policy

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Background

Interrupted Stay Policy

- SNF coverage requires a prior, qualifying inpatient hospital stay of at least three consecutive days
- Under current CMS policy, a beneficiary can be readmitted to a SNF after a prior SNF discharge without requiring a new 3-day inpatient stay
  - Beneficiary must be readmitted within 30 days after a SNF discharge
  - 23 percent of SNF benefit periods involve multiple SNF stays
- SNF admissions that occur between 31 and 60 days after a SNF discharge require a new qualifying 3-day inpatient hospital stay

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How interruptions will affect resident classification and the per diem adjustment

- A resident's readmission will be treated as a continuation of the previous stay, for the purposes of both resident classification and the variable per diem adjustment, if:
  - The resident is readmitted to the same SNF, and
  - The resident is readmitted by 12:00 AM at the end of the third day of the interruption window
    - Interruption window – the 3-day period starting with the calendar day of discharge and including the 2 immediately following days
- If a readmission occurs after the 3-day interruption window or at a different SNF:
  - The resident would receive a new 5-day assessment upon admission for resident classification purposes, and
  - The variable per diem adjustment would reset to Day 1

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Adjustment for Residents with HIV/AIDS

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Adjustments for Residents with HIV/AIDS

- In the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("MMA"), Congress directed CMS to make a 128% adjustment to the per diem rate for residents with HIV/AIDS
  - Sunset provision – Requires CMS to stop making the 128% if and when CMS can certify that there is an appropriate adjustment in the case-mix to compensate for the increased costs associated with residents with HIV/AIDS
- CMS is terminating the 128% adjustment effective with PDPM
  - CMS says that the CMI adjustment to the NTA component and specific 118% adjustment to the nursing component will "adequately" reimburse SNFs for the costs of treating HIV/AIDS patients

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Adjustments for Residents with HIV/AIDS

- Commenters to the rulemaking projected an overall decrease in payment for treating residents with HIV/AIDS under PDPM
- Many commenters questioned the adequacy of PDPM in reimbursement SNFs for the cost of caring for residents with HIV/AIDS
  - Many cited a MedPAC report that characterized the PDPM's NTA payment as poorly targeted
  - CMS response: "[I]t is not appropriate to use the MMA adjustment as a benchmark in assessing the accuracy of the PDPM's payment methodology, as the special add-on for SNF residents with AIDS itself was never meant to be a specific benchmark for use in establishing either the appropriate methodology or level of payment for this payment population."

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How PDPM Will Affect Overall Payments to SNFs?

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How PDPM Will Affect Overall Payments to SNFs?

- CMS will make a budget-neutrality adjustment to ensure that payments under the PDPM are no more or less than they would be under RUG-IV
  - CMS will accomplish this by applying “parity” adjustments to the case-mix indices
- Absent these parity adjustments, CMS projects that PDPM would reduce total payments to SNFs by 46%
- While “budget-neutral” from a system-wide prospective, the new system will substantially *redistribute* payments so payments to a particular facility may change markedly.
  - Especially from facilities with high rehab to facilities with more medically complex patients.

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How PDPM Will Affect Overall Payments to SNFs?

- CMS projects most significant shift in payments would be to redirect payments “away from residents who are receiving very high amounts o f therapy under the current SNF PPS, which strongly incentivizes the provision of therapy, to residents with more complex clinical needs.”
- Expected reduction of 8.4% in payments tied to highest level therapy (i.e., RU – ultra-high therapy) and 50.5% increase for residents currently classified as non-rehabilitation.

83 Fed. Reg. 39162, 39257 (Aug. 8, 2018).

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How PDPM Will Affect Overall Payments to SNFs?

Other resident types with anticipated higher relative payments include residents with:

- high NTA costs;
- receive extensive services;
- dually enrolled in Medicare and Medicaid;
- use IV medication;
- have ESRD, diabetes or a wound infection;
- receive amputation/prosthesis care; and/or
- have longer inpatient stays

39258 Federal Register / Vol. 83, No. 153 / Wednesday, August 8, 2018 / Rules and Regulations

TABLE 37—PDPM IMPACT ANALYSIS, RESIDENT-LEVEL—Continued

Resident characteristics	Percent of stays	Percent change
31+ days	1.7	6.7
Most Common Therapy Level:		
RU	58.4	−8.4
RV	22.4	11.4
RH	6.8	27.4
RM	3.3	41.1
RL	0.1	67.5
Non-Rehab	9.1	50.5
Number of Therapy Disciplines Used:		
0	2.3	63.1
1	2.4	44.2
2	51.6	1.6
3	43.7	−3.1
Physical Therapy Utilization:		
No	3.7	50.9
Yes	96.3	−0.7
Occupational Therapy Utilization:		
No	4.5	47.7
Yes	95.5	−0.8
Speech Language Pathology Utilization:		
No	55.0	2.8
Yes	45.0	−2.5
Therapy Utilization:		
PT+OT+SLP	43.7	−3.1
PT+OT Only	50.8	1.3
PT+SLP Only	0.4	27.3
OT+SLP Only	0.4	30.1
PT Only	1.3	41.3
OT Only	0.6	47.9
SLP Only	0.5	46.8
Non-Therapy	2.3	63.1
NTA Costs ($):		
0–10	13.7	−3.5
10–50	44.5	−3.2
50–150	32.2	4.2
150+	9.6	18.7
NTA Comorbidity Score:		
0	23.5	−10.4
1–2	30.5	−4.7
3–5	31.0	4.0
6–8	9.9	15.0
9–11	3.6	24.4
12+	1.4	27.2
Extensive Services Level:		
Tracheostomy and Ventilator/Respirator	0.3	22.2
Tracheostomy or Ventilator/Respirator	0.6	7.3
Infection Isolation	1.1	9.1
Neither	98.0	−0.3

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How PDPM Will Affect Day-to-Day Operations in a SNF?

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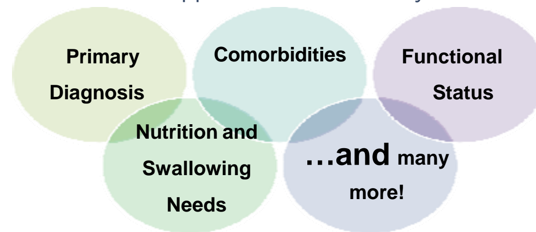
Impact on Day-to-Day Nursing Services

- Increased focus on holistic care and patient-centered care planning
- Greater attention on patient needs rather than therapy volume
- Changing role of the Nurse Assessment Coordinator from focus on payment assessment completion to case management
- Opportunity for clinical decision support tools and care system re-design



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Impact on Day-to-Day Nursing Services

Potential Challenges

- ICD-10 CM Coding of Primary Reason for Medicare A stay (more on next slide)
- Capturing all co-morbidities to fully be reflected in CMI
- Will there be higher acuity patients? Perhaps!
- Need to manage declining payment while ensuring patient outcomes
- Monitoring the need for IPAs and handling Interrupted Stays
- Management of Medicare A Benefit Rules – which stay the same under PDPM!

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Impact on Day-to-Day ICD-10 Assignment

ICD-10 Coding

- Code ONLY diagnosis, symptoms, conditions, or problems from medical record documentation from the physician
- When there is a discrepancy between what the practitioner coded and the ICD coding guidelines, the practitioner must be queried and shown the coding guideline so the proper codes can be selected
- Use a robust query process (nurses can't practice outside their scope)
- Don't make assumptions about diagnosis – ask the physician
- This process requires knowledge, skill and time – all in short supply
- SNFs are not required to have a certified coder, but should have a trained coder

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Impact on Day-to-Day ICD-10 Assignment

ICD-10 Coding and Non-Therapy Ancillaries

- 25 of 50 diagnosis or conditions use ICD-10 diagnosis in section I8000
- 25 of 50 use section I, check boxes
- Accuracy in capturing all 50 diagnosis to be correctly assigned the proper score is key
- NTA's selected based on cost-impact analysis
- Some common diagnosis (e.g. congestive hear failure, seizure disorder) not included – which could lead to selective admissions

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Impact on Day-to-Day Therapy Services

Potential Challenges

- Collaborative setting of Therapy regimens based on input from physician, nursing and therapy – Who is responsible for appropriate care? (Ultimately, the facility.)
- Ensuring that therapy services are appropriate and defensible
- Resident-driven use of group and concurrent therapy modalities
- Method of documenting contract re-negotiations
- Shift from contract to in-house therapy or vice versa

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How PDPM Fits within CMS's Priorities for Healthcare Reform?

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CMS Priorities and Healthcare Reform

PDPM

- Standardizes payment data to more closely match Home Health and other care settings
- Improves communication among different provider types
- Allows for more granular condition tracking related to costs and predictive care modeling
- CMS predicts more comprehensive and broad integrity and data monitoring efforts
- Aligns with the Quality Reporting Program and Value Based Purchasing
- Is a precursor in the development of the Unified Payment Model

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Question

How will the role of pharmacists change under the PDPM?

What can pharmacists do to best serve their SNF clients after PDPM goes into effect?

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Questions?

Dan Hettich
Partner
+1 202 626 9128
dhettich@kslaw.com

Juliet McBride
Partner
+1 713 276 7448
jmcbride@kslaw.com

Alek Pivec
Associate
+1 202 626 2914
apivec@kslaw.com

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