

Pulling the RUG Out from Under Long Term Care

The Switch to PDPM

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OBJECTIVES

- Compare PDPM to existing Resource Utilization Group (RUG)
- Define Patient Driven Payment Model (PDPM)
- Identify each component that will directly impact reimbursement under PDPM
- Identify and address compliance risks under PDPM

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BACKGROUND

Resource Utilization Group (RUG) History



RUGs have been used for the last 20 years.



MDS (minimum data set) puts each resident into a RUG level that sets payment for the corresponding payment time frame.



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BACKGROUND

What impacts reimbursement under RUGs?



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INDUSTRY CONCERNS RELATED TO RUG

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Therapy trumped all other care provided.
The more therapy provided, the higher the reimbursement.

Resident 1

- 720 minutes of therapy
 - low pharmacy cost
 - minimal co-morbidities
- Reimbursement = **\$600/day**

Resident 2

- 500 minutes of therapy
 - pneumonia
 - IV medications
 - multiple co-morbidities
- Reimbursement = **\$500/day**

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INDUSTRY CONCERNS RELATED TO RUG

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Referrals with low cost were selected vs. residents with multiple co-morbidities and higher costs.

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Providers often times provided more therapy, regardless if it was medically necessary, to receive the higher reimbursement.

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CONCERNS RELATED TO THE RUG PAYMENT SYSTEM



CMS, OIG and MedPAC have voiced these concerns for years.



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PATIENT DRIVEN PAYMENT MODEL (PDPM)

Implementation starting October 1, 2019



Focused on patient characteristics vs. the amount of therapy provided



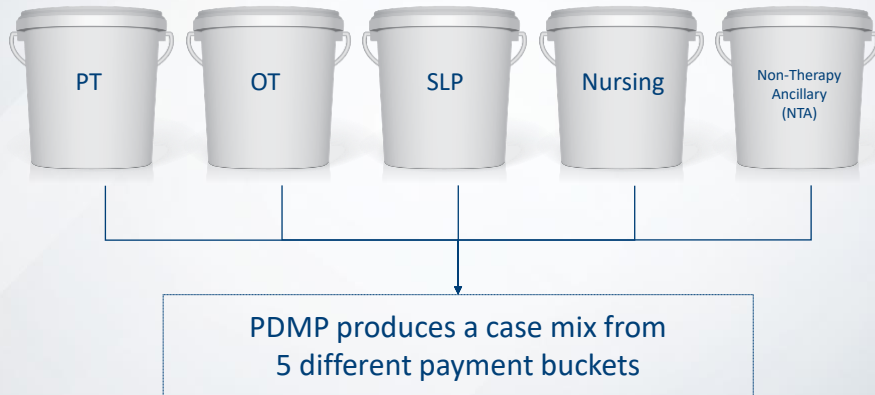
Emphasis on diagnosis coding and co-morbidities treated during a skilled stay



The amount of therapy doesn't impact reimbursement

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PATIENT DRIVEN PAYMENT MODEL (PDPM)



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PT/OT CASE MIX

For PT and OT, two classifications are used:

- Clinical category - Principle Primary Diagnosis
- Functional score (MDS Section GG)

The number of minutes provided does not impact reimbursement.



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PT/OT PAYMENT STRUCTURE & RATES

Clinical Categories	PT/OT GG-based Function Score	PT & OT Casemix Group	PT CMI	PT Rate	OT CMI	OT Rate	PT/OT Combined Rate	Day in Stay	PT/OT Adjustment Factor
Major Joint Replacement or Spinal Surgery	0-5	TA	1.53	\$90.77	1.49	\$82.29	\$173.07	1-20	1.00
Major Joint Replacement or Spinal Surgery	6-9	TB	1.69	\$100.27	1.63	\$90.02	\$190.29	21-27	0.98
Major Joint Replacement or Spinal Surgery	10-23	TC	1.88	\$111.54	1.68	\$92.79	\$204.33	28-34	0.96
Major Joint Replacement or Spinal Surgery	24	TD	1.92	\$113.91	1.53	\$84.50	\$198.42	35-41	0.94

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SPEECH LANGUAGE PATHOLOGY CASE MIX

For SLP, PDPM uses a number of different patient characteristics:

- Acute Neurological Condition (Principle Primary Diagnosis)
- SLP-related comorbidities
- Cognitive impairment
- Mechanically altered diet
- Swallowing disorder



The number of minutes provided does not impact reimbursement.

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SPEECH (SLP) PAYMENT STRUCTURE & RATES

Presence of Acute Neurologic Condition, SLP-Related Comorbidity, or Cognitive Impairment	Mechanically Altered Diet or Swallowing Disorder	CMI	SLP Casemix Group	Rate
None	Neither	0.68	SA	\$15.06
None	Either	1.82	SB	\$40.31
None	Both	2.66	SC	\$58.92
Any One	Neither	1.46	SD	\$32.34
Any One	Either	2.33	SE	\$51.61
Any One	Both	2.97	SF	\$65.79
Any Two	Neither	2.04	SG	\$45.19
Any Two	Either	2.85	SH	\$63.13
Any Two	Both	3.51	SI	\$77.75
All Three	Neither	2.98	SJ	\$66.01
All Three	Either	3.69	SK	\$81.73
All Three	Both	4.19	SL	\$92.81

Unadjusted Urban Base Rates

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NURSING CASE MIX

For Nursing, PDPM has a similar structure as RUG but with modifications:

- 44 different nursing categories under the RUG system were combined down to 25 different PDM case mix scores



There is now a dollar amount tied to the nursing component.

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NURSING RUG PAYMENT STRUCTURE & RATES

Nursing RUG	GG-based Function Score	Nursing CMI	Rate
ES3	0-14	4.04	\$417.98
ES2	0-14	3.06	\$316.59
ES1	0-14	2.91	\$301.07
HDE2	0-5	2.39	\$247.27
HDE1	0-5	1.99	\$205.89
HBC2	6-14	2.23	\$230.72
HBC1	6-14	1.85	\$191.40
LDE2	0-5	2.07	\$214.16
LDE1	0-5	1.72	\$177.95

Unadjusted Urban Base Rates

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NTA CASE MIX

For NTA, PDPM uses the presence of certain comorbidities or use of extensive services:

- Points are associated with each comorbidity treated during a skilled stay
- Paid 3x higher for the first 3 days
- Based on coding in section I (diagnosis) and other parts of the MDS



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NTA PAYMENT STRUCTURE & RATES

Non Therapy Ancillary Component					Day in Stay	NTA Adjustment Factor
NTA Score	NTA Group	NTA CMI	Days 1-3	Days 4-100		
0	NF	0.72	\$168.59	\$56.20	1-3	3.00
1-2	NE	0.96	\$224.78	\$74.93	4-100	1.00
3-5	ND	1.34	\$313.76	\$104.59		
6-8	NC	1.85	\$433.18	\$144.39		
9-11	NB	2.53	\$592.40	\$197.47		
12+	NA	3.25	\$760.99	\$253.66		

Unadjusted Urban Base Rates

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BASE RATE CASE MIX

Base Rate is based on your MSA (Metropolitan Statistical Area).



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EFFECT OF PDPM

By addressing individual patient's needs independently, PDPM improves payment accuracy and encourages a more patient-driven care model.



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PDPM SCENARIO #1

	Level	Dollar Amount
PT/OT	TC	\$204.33
SLP	SD	\$32.34
Nursing	BAB1	\$102.43
NTA	NE	\$74.93
Base Rate		\$92.63
TOTAL	Day 1-3	Day 4-20
	\$656.52	\$506.66

	Level	Dollar Amount
PT/OT	TC	\$204.33
SLP	SD	\$32.34
Nursing	PBC1	\$116.91
NTA	NE	\$56.20
Base Rate		\$92.63
TOTAL	Day 1-3	Day 4-20
	\$614.81	\$502.41

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PDPM SCENARIO #2

	Level	Dollar Amount
PT/OT	TC	\$175.24
SLP	SD	\$32.34
Nursing	HDE2	\$247.27
NTA	NB	\$197.47
Base Rate		\$92.63
TOTAL	Day 1-3	Day 4-20
	\$1139.89	\$744.95

	Level	Dollar Amount
PT/OT	TC	\$175.24
SLP	SD	\$15.06
Nursing	PBC1	\$205.89
NTA	NE	\$104.59
Base Rate		\$92.63
TOTAL	Day 1-3	Day 4-20
	\$802.59	\$593.31

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NEW RISK: MDS ACCURACY

Under PDPM – Accurately capturing the clinical condition early “within the first 7 days of admission” will be essential to receiving the correct reimbursement.

That one assessment could determine the reimbursement for that entire stay.

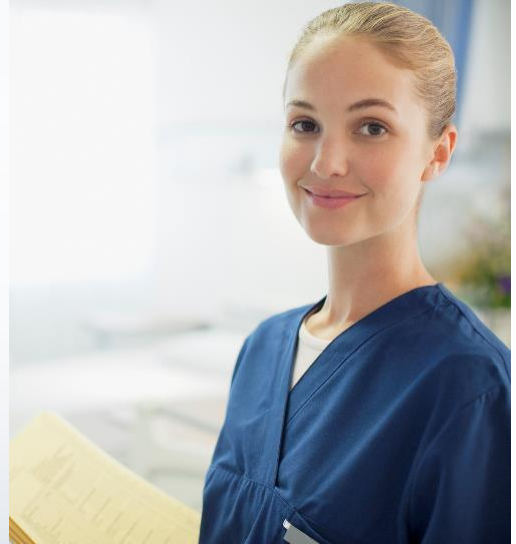


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NEW RISK: THERAPY MINUTES

CMS will look for substantial reductions in therapy compared to RUGs data.

They will focus on outcomes and documentation supporting the therapy provided.

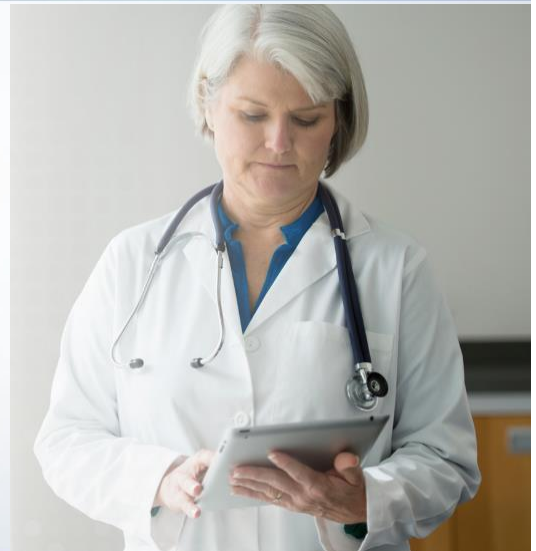


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NEW RISK: MECHANICALLY ALTERED DIET

CMS will look at any sudden changes in the number of times this is coded on the MDS compared to what was coded under RUGs.

Documentation must support this coding.



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NEW RISK: NON-THERAPY ANCILLARY (NTA)

CMS will look for any abnormalities in the number of NTAs coded under PDPM vs. RUG.

Again, documentation must support the coding of these items.

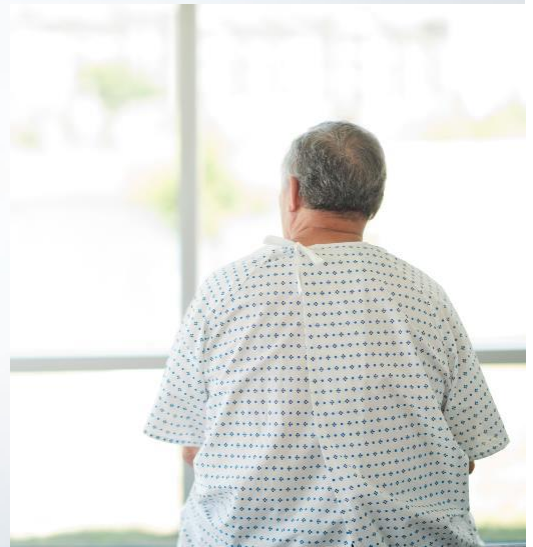


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NEW RISK: DEPRESSION

CMS will look for an increase in coding of depression because the financial impact can be upwards of \$40 a day just for depression alone.

Again, documentation is key.



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TO BE SUCCESSFUL

Did you notice a common theme in what CMS will be looking at? **DOCUMENTATION**



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THANK YOU



Questions? Contact me!

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