

REGULATORY REVELATIONS



IN THIS UPDATE:

Current Status of RCS-1

Key Components of PDPM

Additional Aspects of PDPM

REIMBURSEMENT UPDATE

MAY 2018

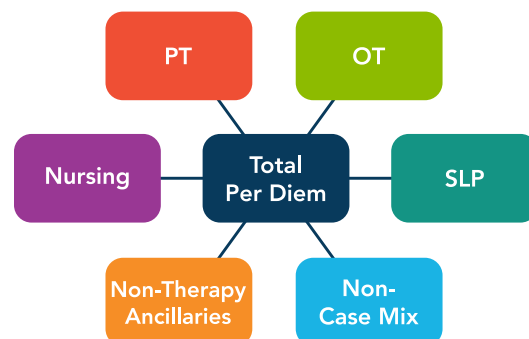
CURRENT STATUS OF RCS-1

On April 27, 2018, CMS released the FY 2019 SNF Proposed Rule. The majority of that document is a description of a proposed new case-mix classification model for SNF Part A reimbursement. The new model is conceptually similar to the model first published in April 2017 as an Advance Notice of Proposed Rule Making (ANPRM) – that model was called the Resident Classification System, Version 1 (RCS-1). In our last update, we indicated that we felt it was unlikely CMS would formally propose to implement the RCS-1 model for fiscal year 2019, and indeed that is the case.

The new model, called the Patient Driven Payment Model (PDPM), essentially replaces RCS-1. Much like RCS-1, the new model moves away from having volume of care delivery drive reimbursement, particularly minutes of therapy services. Residents would be classified into payment groups based on clinical characteristics and needed services instead of on volume of service. The proposed model supports CMS' commitment to shifting Medicare payments away from volume and toward value. The new model is proposed to be implemented effective FY 2020 (effective Oct. 1, 2019).

KEY COMPONENTS OF PDPM

The PDPM creates a daily payment (per diem) from 6 components that provide information about specific resident characteristics.



PT Component

Diagnostic Group

+

ADL Function

OT Component

Diagnostic Group

+

ADL Function

SLP Component

Diagnostic Group

+

Swallowing Function

+

Cognition +
Comorbidities

Nursing Component

Revised ADL scoring; Revised case mix groups

Non-Therapy Ancillaries Component (NTA)

Points totaled for each specific condition or service needed

Non-Case Mix Component

"Overhead" component, static per facility's core-based statistical area

ADDITIONAL ASPECTS OF PDPM

- Variable per diem adjustments during the stay for PT, OT and NTA components
- MDS Changes
 - Uses 5-day assessment to classify entire stay
 - Introduces new interim payment assessment (IPA) for use if clinical status changes
 - Expands Discharge Assessment to include therapy delivered, and is required for all Part A discharges
- Establishes limits on group and concurrent therapy

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