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*Your PDPM Resource*

# PDPM PRIMER

## CONDENSED FY 2019 SNF PPS FINAL RULE

On July 31, 2018, CMS issued the SNF PPS Final Rule. A significant portion of the final rule was devoted to payment methodology change – the Patient Driven Payment Model (PDPM). This is a brief summary of key provisions of PDPM, based on a review by Aegis Therapies.

PDPM was developed to be a model that derives payments almost exclusively from resident characteristics. The model separately identifies and adjusts five different case-mix components for the varied needs and characteristics of a resident's care and then combines these with the non-case-mix component to form the full SNF PPS Per Diem rate for that resident. A very important basic premise is that every patient gets classified into one and only one case mix group in each of the five components. Based on that case mix group and associated case mix index, each component then contributes to the total Per Diem payment.

### Physical and Occupational Therapy Components

There are two characteristic categories used to determine the PT and OT case-mix classification. One is the clinical reason for the SNF stay and the second is functional status. Once the Clinical Category and the Function Score have been determined, the patient can be placed in a Case-Mix category which will determine the Case-Mix Index, as can be seen in Table 21 below.

**TABLE 21: PT and OT Case-Mix Classification Groups**

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

## Speech-Language Pathology Component

Three categories of relevant predictors for SLP were identified. Residents would first be categorized into one of two groups using the clinical reason for the SNF stay – either Acute Neurologic or a Non-Neurologic group. Additionally, CMS analysis confirmed that both a swallowing disorder and a mechanically-altered diet are important components in predicting resident SLP costs. Therefore, "both," "either" and "neither" is used to segment this category. The third aspect of the SLP component is cognitive status and/or presence of a SLP-related comorbidity. SLP costs are higher for residents with mild to moderate cognitive impairment or who had a SLP-related comorbidity.

PDPM proposes 12 case-mix groups for the SLP component. Like the proposed OT and PT groups, all residents would be classified into one and only one of these 12 SLP case-mix groups. The 12 groups are shown in Table 23 below.

**TABLE 23: SLP Case-Mix Classification Groups**

| Presence of Acute Neurologic Condition, SLP-related Comorbidity or Cognitive Impairment | Mechanically Altered Diet or Swallowing Disorder | SLP Case-Mix 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 | 2.85 |
| Any two | Both | SI | 3.51 |
| All three | Neither | SJ | 2.98 |
| All three | Either | SK | 3.69 |
| All three | Both | SL | 4.19 |

## Nursing Case-Mix Component

The PDPM model modifies traditional RUG-IV methodology and decreases the number of groups from 43 to 25. Additionally, unlike the RUG-IV score, because the data now comes from section GG of the MDS the proposed PDPM ADL score assigns higher points to higher levels of independence. This methodology is consistent with the proposed PDPM methodology for PT and OT.

## Non-Therapy Ancillary (NTA) Component

The Non-Therapy Ancillary component is intended to capture cost for care related to other conditions and services that a patient may require. Points are assigned to each condition/service the resident requires. A resident's total comorbidity score is the sum of the points associated with all of that resident's conditions and services and is used to classify the resident into an NTA case-mix group

There are six case-mix groups to classify residents in terms of their NTA costs (Table 28). As with the other components, all residents would be classified into one and only one of these six NTA case-mix groups under the proposed PDPM.

| TABLE 28: NTA Case-Mix Classification Groups | | |
|---|---|---|
| **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 |

## Non-Case-Mix Component

The last piece of determining overall payment is non-case mix adjusted. This flat-rate component is intended to account for things like room and board, capital costs and overhead operating costs for facilities.

## Variable Per Diem Adjustment Factors

The CMS analysis completed for PDPM revealed that PT, OT and NTA costs declined over the course of a stay. PT and OT costs were highest early in a stay and then declined slowly over the stay. NTA costs, by contrast, are significantly higher at the beginning of a stay and then drop to a much lower level and remain flat for the remainder of the stay. As a result, PDPM includes adjustments to the PT, OT and NTA components to account for these changes in resource utilization over a stay. As shown in Table 30, the adjustment factor for PT and OT is set at 1.0 for days 1 to 20 of a stay. The adjustment factor then declines by two percent every seven days.

| TABLE 30: Variable Per Diem Adjustment Factors and Schedule – PT and OT | |
|---|---|
| **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 |

The NTA resource utilization shows a very different pattern, as shown in Table 31. The adjustment factor for the NTA component is set at 3.0 for days 1 to 3 and 1.0 thereafter.

| TABLE 31: Variable Per Diem Adjustment Factors and Schedule – NTA | |
|---|---|
| **Medicare Payment Days** | **Adjustment Factor** |
| 1 – 3 | 3.0 |
| 4 – 100 | 1.0 |

## Changes to the MDS

PDPM uses the five-day MDS assessment to classify residents into the payment groups for the entire stay unless there is a change in patient status. To allow changes to be captured, a new assessment called an Interim Payment Assessment (IPA) will be implemented. The IPA will be considered optional and the provider may decide whether and when an IPA assessment is appropriate. The ARD is designated as the date the provider completes the assessment. New payment rates apply as of that same date. PDPM modifies the assessment schedule as shown in Table 33.

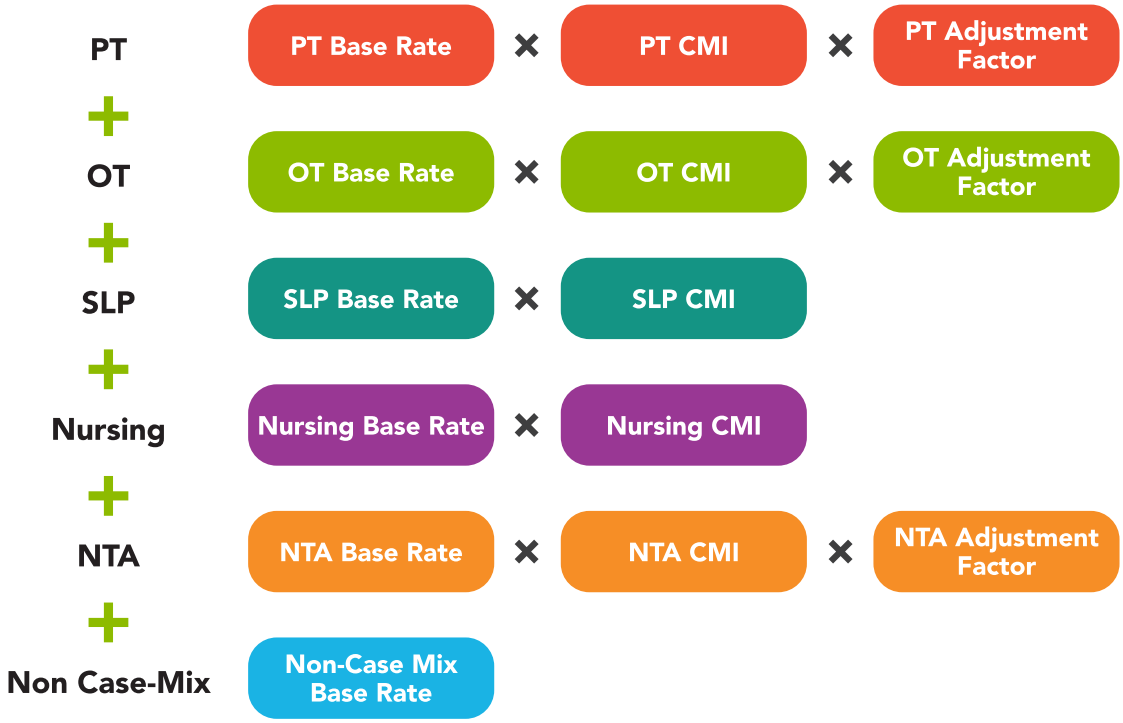
| TABLE 33: PPS Assessment Schedule under PDPM | | |
|---|---|---|
| **Medicare MDS assessment schedule type** | **Assessment reference date** | **Applicable standard Medicare payment days** |
| Five-day Scheduled PPS Assessment | Days 1 - 8 | All covered Part A days until Part A discharge (unless in IPA is completed) |
| Interim Payment Assessment (IPA) | Optional Assessment - ARD is 3 day look back from date of assessment | ARD of the assessment through Part A discharge (unless another IPA assessment is completed) |
| PPS Discharge Assessment | PPS Discharge: Equal to the End Date of the Most Recent Medicare Stay (A2400C) or End Date | N/A |

## Tracking of Therapy Services

CMS stated, "...we believe that, regardless of payment system or case-mix classification model used, residents should continue to receive therapy that is appropriate to their care needs, and this includes both the intensity and modes of therapy utilized." CMS now acknowledges the need to have facilities report the amount of therapy provided "to assure that residents are receiving therapy that is reasonable, necessary and specifically tailored to meet their unique needs." To accomplish this, CMS is adding elements regarding therapy delivery to the Discharge Assessment.

## How the Payment Calculations Work

Note that for each component the Base Rate for that component is multiplied by the case-mix index multiplier for that component. Then, for the components subject to the Variable Rate Per Diem adjustment factor, that product is multiplied by the adjustment factor relevant for any given day in the stay.




## PDPM Summary

While Aegis Therapies sees the final rule as a very positive move forward, we acknowledge that there may be some implementation challenges for providers. It is expected that the publication of the FY2020 Proposed Rule (April or May, 2019) and the revised RAI Manual (August or September, 2019) will address many of these issues.

***Questions about this information? Contact PDPM@AegisTherapies.com or visit our Resource Center for more information at AegisTherapies.com/Resources.***