

NCHA Financial Feature



August 3, 2018

CMS Finalizes Skilled Nursing Facility FY 2019 PPS Update

The Centers for Medicare and Medicaid Services (CMS) has issued a final rule that will update the Resource Utilization Groups, Version IV (RUG IV) payment rates used under the prospective payment system (PPS) for skilled nursing facilities (SNFs), for fiscal year 2019 (discharges occurring on or after Oct. 1, 2018, and on or before Sept. 30, 2019).

The rule will replace the existing case-mix classification methodology, the RUG-IV model, with a revised case-mix methodology called the Patient-Driven Payment Model (PDPM) beginning on Oct. 1, 2019 (FY 2020).

The rule also finalizes updates to the SNF Quality Reporting Program (QRP) and the Skilled Nursing Facility Value-Based Purchasing (VBP) Program.

The document is currently on display at the ***Federal Register***. Publication is scheduled for Aug. 8. The 424-page document is at <https://s3.amazonaws.com/public-inspection.federalregister.gov/2018-16570.pdf>. This link will be superseded upon publication in the ***Federal Register***.

Comment

CMS notes that the aggregate impact of the payment update will be an increase of approximately \$820 million in payments to SNFs in FY 2019. However, the overall economic impact of the SNF VBP Program is an estimated reduction of \$211 million in aggregate payments during FY 2019.

The material below identifies page numbers in red to the display copy.

SNF PPS Rate Setting Methodology and FY 2019 Update (Page 16)

Section 53111 of the ***Bipartisan Budget Act of 2018*** established a SNF special rule for FY 2019 that requires the market basket percentage, after the application of the multi-factor productivity adjustment (MFP) required by the ***Affordable Care Act*** (ACA), to be 2.4 percent.

CMS notes that without the above requirement, the SNF market basket would have been 2.8 percent. This amount would have been reduced by an MFP of 0.8 percent resulting in a net increase of 2.0 percent.

SNFs that fail to submit required quality data will be subject to a 2.0 percentage point reduction to the otherwise applicable annual market basket percentage update.

Forecast error correction (Page 18)

The SNF PPS is the only PPS that requires a market basket forecast for errors. However, CMS's rule only makes corrections if the error is 0.5 percent or more.

There will be no correction for FY 2019.

Case-Mix and Rates (Page 25)

The FY 2019 payment rates will continue to use the RUG-IV case-mix classification system from Oct. 1, 2018, through Sept. 30, 2019.

The two tables below reflect the updated components of the unadjusted federal rates for FY 2019, prior to adjustments for case-mix. **(Page 25)**

FY 2019 Unadjusted Federal Rate Per Diem--URBAN

Rate Component	Nursing - Case-Mix	Therapy-Case-Mix	Therapy-Non-Case-mix	Non-Case-Mix
Per Diem Amount	\$181.44	\$136.67	\$18.00	\$92.60

FY 2019 Unadjusted Federal Rate Per Diem—RURAL

Rate Component	Nursing-Case-Mix	Therapy-Case- Mix	Therapy Non-Case-mix	Non-Case-Mix
Per Diem Amount	\$173.34	\$157.60	\$19.23	\$94.31

The rule’s Tables 6 and 7 **(Pages 29-32)** contain the RUG IV Case-Mix Adjusted Federal Rates. These tables only reflect the “total” rate. They do not adjust the rates for labor and non-labor amounts. The labor, non-labor and total amounts are shown in the rule’s Tables 9 and 10 **(Pages 40 and 41)**.

The rate amounts shown in Tables 6 and 7 appear to be in error. They are not the same as those shown in the rule’s Tables 9 and 10. It appears CMS has copied the proposed total amounts in Tables 6 and 7 rather than the refined amounts in Tables 9 and 10. The tables below have corrected accordingly.

These tables do not reflect the AIDS add-on; which CMS applies only after making all other adjustments (such as the wage index. The AIDS add-on is equal to 128 percent). **(Page 29)**

**RUG-IV Case-Mix Adjusted Federal Rates and Associated Indexes
URBAN**

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor	Non-Labor	Total Rate
RUX	2.67	1.87	\$484.44	\$255.57		\$92.60	\$586.99	\$245.62	\$832.61
RUL	2.57	1.87	\$466.30	\$255.57		\$92.60	\$574.20	\$240.27	\$814.47
RVX	2.61	1.28	\$473.56	\$174.94		\$92.60	\$522.48	\$218.62	\$741.10
RVL	2.19	1.28	\$397.35	\$174.94		\$92.60	\$468.75	\$196.14	\$664.89
RHX	2.55	0.85	\$462.67	\$116.17		\$92.60	\$473.37	\$198.07	\$671.44
RHL	2.15	0.85	\$390.10	\$116.17		\$92.60	\$422.20	\$176.67	\$598.87
RMX	2.47	0.55	\$448.16	\$75.17		\$92.60	\$434.23	\$181.70	\$615.93
RML	2.19	0.55	\$397.35	\$75.17		\$92.60	\$398.41	\$166.71	\$565.12
RLX	2.26	0.28	\$410.05	\$38.27		\$92.60	\$381.35	\$159.57	\$540.92
RUC	1.56	1.87	\$283.05	\$255.57		\$92.60	\$445.01	\$186.21	\$631.22
RUB	1.56	1.87	\$283.05	\$255.57		\$92.60	\$445.01	\$186.21	\$631.22
RUA	0.99	1.87	\$179.63	\$255.57		\$92.60	\$372.10	\$155.70	\$527.80

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor	Non-Labor	Total Rate
RVC	1.51	1.28	\$273.97	\$174.94		\$92.60	\$381.76	\$159.75	\$541.51
RVB	1.11	1.28	\$201.40	\$174.94		\$92.60	\$330.60	\$138.34	\$468.94
RVA	1.10	1.28	\$199.58	\$174.94		\$92.60	\$329.32	\$137.80	\$467.12
RHC	1.45	0.85	\$263.09	\$116.17		\$92.60	\$332.66	\$139.20	\$471.86
RHB	1.19	0.85	\$215.91	\$116.17		\$92.60	\$299.40	\$125.28	\$424.68
RHA	0.91	0.85	\$165.11	\$116.17		\$92.60	\$263.59	\$110.29	\$373.88
RMC	1.36	0.55	\$246.76	\$75.17		\$92.60	\$292.24	\$122.29	\$414.53
RMB	1.22	0.55	\$221.36	\$75.17		\$92.60	\$274.34	\$114.79	\$389.13
RMA	0.84	0.55	\$152.41	\$75.17		\$92.60	\$225.73	\$94.45	\$320.18
RLB	1.50	0.28	\$272.16	\$38.27		\$92.60	\$284.14	\$118.89	\$403.03
RLA	0.71	0.28	\$128.82	\$38.27		\$92.60	\$183.08	\$76.61	\$259.69
ES3	3.58		\$649.56		\$18.00	\$92.60	\$535.91	\$224.25	\$760.16
ES2	2.67		\$484.44		\$18.00	\$92.60	\$419.50	\$175.54	\$595.04
ES1	2.32		\$420.94		\$18.00	\$92.60	\$374.74	\$156.80	\$531.54
HE2	2.22		\$402.80		\$18.00	\$92.60	\$361.95	\$151.45	\$513.40
HE1	1.74		\$315.71		\$18.00	\$92.60	\$300.55	\$125.76	\$426.31
HD2	2.04		\$370.14		\$18.00	\$92.60	\$338.92	\$141.82	\$480.74
HD1	1.60		\$290.30		\$18.00	\$92.60	\$282.63	\$118.27	\$400.90
HC2	1.89		\$342.92		\$18.00	\$92.60	\$319.73	\$133.79	\$453.52
HC1	1.48		\$268.53		\$18.00	\$92.60	\$267.29	\$111.84	\$379.13
HB2	1.86		\$337.48		\$18.00	\$92.60	\$315.90	\$132.18	\$448.08
HB1	1.46		\$264.90		\$18.00	\$92.60	\$264.73	\$110.77	\$375.50
LE2	1.96		\$355.62		\$18.00	\$92.60	\$328.69	\$137.53	\$466.22
LE1	1.54		\$279.42		\$18.00	\$92.60	\$274.96	\$115.06	\$390.02
LD2	1.86		\$337.48		\$18.00	\$92.60	\$315.90	\$132.18	\$448.08
LD1	1.46		\$264.90		\$18.00	\$92.60	\$264.73	\$110.77	\$375.50
LC2	1.56		\$283.05		\$18.00	\$92.60	\$277.52	\$116.13	\$393.65
LC1	1.22		\$221.36		\$18.00	\$92.60	\$234.03	\$97.93	\$331.96
LB2	1.45		\$263.09		\$18.00	\$92.60	\$263.45	\$110.24	\$373.69
LB1	1.14		\$206.84		\$18.00	\$92.60	\$223.80	\$93.64	\$317.44
CE2	1.68		\$304.82		\$18.00	\$92.60	\$292.87	\$122.55	\$415.42
CE1	1.50		\$272.16		\$18.00	\$92.60	\$269.85	\$112.91	\$382.76
CD2	1.56		\$283.05		\$18.00	\$92.60	\$277.52	\$116.13	\$393.65
CD1	1.38		\$250.39		\$18.00	\$92.60	\$254.50	\$106.49	\$360.99
CC2	1.29		\$234.06		\$18.00	\$92.60	\$242.99	\$101.67	\$344.66
CC1	1.15		\$208.66		\$18.00	\$92.60	\$225.08	\$94.18	\$319.26
CB2	1.15		\$208.66		\$18.00	\$92.60	\$225.08	\$94.18	\$319.26
CB1	1.02		\$185.07		\$18.00	\$92.60	\$208.45	\$87.22	\$295.67
CA2	0.88		\$159.67		\$18.00	\$92.60	\$190.54	\$79.73	\$270.27
CA1	0.78		\$141.52		\$18.00	\$92.60	\$177.74	\$74.38	\$252.12
BB2	0.97		\$176.00		\$18.00	\$92.60	\$202.05	\$84.55	\$286.60
BB1	0.90		\$163.30		\$18.00	\$92.60	\$193.10	\$80.80	\$273.90
BA2	0.70		\$127.01		\$18.00	\$92.60	\$167.52	\$70.09	\$237.61
BA1	0.64		\$116.12		\$18.00	\$92.60	\$159.84	\$66.88	\$226.72

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor	Non-Labor	Total Rate
PE2	1.50		\$272.16		\$18.00	\$92.60	\$269.85	\$112.91	\$382.76
PE1	1.40		\$254.02		\$18.00	\$92.60	\$257.06	\$107.56	\$364.62
PD2	1.38		\$250.39		\$18.00	\$92.60	\$254.50	\$106.49	\$360.99
PD1	1.28		\$232.24		\$18.00	\$92.60	\$241.70	\$101.14	\$342.84
PC2	1.10		\$199.58		\$18.00	\$92.60	\$218.68	\$91.50	\$310.18
PC1	1.02		\$185.07		\$18.00	\$92.60	\$208.45	\$87.22	\$295.67
PB2	0.84		\$152.41		\$18.00	\$92.60	\$185.42	\$77.59	\$263.01
PB1	0.78		\$141.52		\$18.00	\$92.60	\$177.74	\$74.38	\$252.12
PA2	0.59		\$107.05		\$18.00	\$92.60	\$153.44	\$64.21	\$217.65
PA1	0.54		\$97.98		\$18.00	\$92.60	\$147.05	\$61.53	\$208.58

**RUG-IV Case-Mix Adjusted Federal Rates and Associated Indexes
RURAL**

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor	Non-Labor	Total Rate
RUX	2.67	1.87	\$462.82	\$294.71		\$94.31	\$600.55	\$251.29	\$851.84
RUL	2.57	1.87	\$445.48	\$294.71		\$94.31	\$588.32	\$246.18	\$834.50
RVX	2.61	1.28	\$452.42	\$201.73		\$94.31	\$527.66	\$220.80	\$748.46
RVL	2.19	1.28	\$379.61	\$201.73		\$94.31	\$476.33	\$199.32	\$675.65
RHX	2.55	0.85	\$442.02	\$133.96		\$94.31	\$472.55	\$197.74	\$670.29
RHL	2.15	0.85	\$372.68	\$133.96		\$94.31	\$423.67	\$177.28	\$600.95
RMX	2.47	0.55	\$428.15	\$86.68		\$94.31	\$429.44	\$179.70	\$609.14
RML	2.19	0.55	\$379.61	\$86.68		\$94.31	\$395.22	\$165.38	\$560.60
RLX	2.26	0.28	\$391.75	\$44.13		\$94.31	\$373.78	\$156.41	\$530.19
RUC	1.56	1.87	\$270.41	\$294.71		\$94.31	\$464.90	\$194.53	\$659.43
RUB	1.56	1.87	\$270.41	\$294.71		\$94.31	\$464.90	\$194.53	\$659.43
RUA	0.99	1.87	\$171.61	\$294.71		\$94.31	\$395.24	\$165.39	\$560.63
RVC	1.51	1.28	\$261.74	\$201.73		\$94.31	\$393.23	\$164.55	\$557.78
RVB	1.11	1.28	\$192.41	\$201.73		\$94.31	\$344.36	\$144.09	\$488.45
RVA	1.10	1.28	\$190.67	\$201.73		\$94.31	\$343.13	\$143.58	\$486.71
RHC	1.45	0.85	\$251.34	\$133.96		\$94.31	\$338.13	\$141.48	\$479.61
RHB	1.19	0.85	\$206.27	\$133.96		\$94.31	\$306.35	\$128.19	\$434.54
RHA	0.91	0.85	\$157.74	\$133.96		\$94.31	\$272.14	\$113.87	\$386.01
RMC	1.36	0.55	\$235.74	\$86.68		\$94.31	\$293.79	\$122.94	\$416.73
RMB	1.22	0.55	\$211.47	\$86.68		\$94.31	\$276.68	\$115.78	\$392.46
RMA	0.84	0.55	\$145.61	\$86.68		\$94.31	\$230.25	\$96.35	\$326.60
RLB	1.50	0.28	\$260.01	\$44.13		\$94.31	\$280.91	\$117.54	\$398.45
RLA	0.71	0.28	\$123.07	\$44.13		\$94.31	\$184.36	\$77.15	\$261.51
ES3	3.58		\$620.56		\$19.23	\$94.31	\$517.54	\$216.56	\$734.10
ES2	2.67		\$462.82		\$19.23	\$94.31	\$406.33	\$170.03	\$576.36
ES1	2.32		\$402.15		\$19.23	\$94.31	\$363.56	\$152.13	\$515.69
HE2	2.22		\$384.81		\$19.23	\$94.31	\$351.34	\$147.01	\$498.35
HE1	1.74		\$301.61		\$19.23	\$94.31	\$292.68	\$122.47	\$415.15

RUG-IV Category	Nursing Index	Therapy Index	Nursing Component	Therapy Component	Non-case Mix Therapy Comp	Non-case Mix Component	Labor	Non-Labor	Total Rate
HD2	2.04		\$353.61		\$19.23	\$94.31	\$329.34	\$137.81	\$467.15
HD1	1.60		\$277.34		\$19.23	\$94.31	\$275.57	\$115.31	\$390.88
HC2	1.89		\$327.61		\$19.23	\$94.31	\$311.01	\$130.14	\$441.15
HC1	1.48		\$256.54		\$19.23	\$94.31	\$260.91	\$109.17	\$370.08
HB2	1.86		\$322.41		\$19.23	\$94.31	\$307.34	\$128.61	\$435.95
HB1	1.46		\$253.08		\$19.23	\$94.31	\$258.47	\$108.15	\$366.62
LE2	1.96		\$339.75		\$19.23	\$94.31	\$319.57	\$133.72	\$453.29
LE1	1.54		\$266.94		\$19.23	\$94.31	\$268.24	\$112.24	\$380.48
LD2	1.86		\$322.41		\$19.23	\$94.31	\$307.34	\$128.61	\$435.95
LD1	1.46		\$253.08		\$19.23	\$94.31	\$258.47	\$108.15	\$366.62
LC2	1.56		\$270.41		\$19.23	\$94.31	\$270.68	\$113.27	\$383.95
LC1	1.22		\$211.47		\$19.23	\$94.31	\$229.13	\$95.88	\$325.01
LB2	1.45		\$251.34		\$19.23	\$94.31	\$257.24	\$107.64	\$364.88
LB1	1.14		\$197.61		\$19.23	\$94.31	\$219.36	\$91.79	\$311.15
CE2	1.68		\$291.21		\$19.23	\$94.31	\$285.35	\$119.40	\$404.75
CE1	1.50		\$260.01		\$19.23	\$94.31	\$263.35	\$110.20	\$373.55
CD2	1.56		\$270.41		\$19.23	\$94.31	\$270.68	\$113.27	\$383.95
CD1	1.38		\$239.21		\$19.23	\$94.31	\$248.69	\$104.06	\$352.75
CC2	1.29		\$223.61		\$19.23	\$94.31	\$237.69	\$99.46	\$337.15
CC1	1.15		\$199.34		\$19.23	\$94.31	\$220.58	\$92.30	\$312.88
CB2	1.15		\$199.34		\$19.23	\$94.31	\$220.58	\$92.30	\$312.88
CB1	1.02		\$176.81		\$19.23	\$94.31	\$204.70	\$85.65	\$290.35
CA2	0.88		\$152.54		\$19.23	\$94.31	\$187.59	\$78.49	\$266.08
CA1	0.78		\$135.21		\$19.23	\$94.31	\$175.37	\$73.38	\$248.75
BB2	0.97		\$168.14		\$19.23	\$94.31	\$198.58	\$83.10	\$281.68
BB1	0.90		\$156.01		\$19.23	\$94.31	\$190.03	\$79.52	\$269.55
BA2	0.70		\$121.34		\$19.23	\$94.31	\$165.59	\$69.29	\$234.88
BA1	0.64		\$110.94		\$19.23	\$94.31	\$158.26	\$66.22	\$224.48
PE2	1.50		\$260.01		\$19.23	\$94.31	\$263.35	\$110.20	\$373.55
PE1	1.40		\$242.68		\$19.23	\$94.31	\$251.14	\$105.08	\$356.22
PD2	1.38		\$239.21		\$19.23	\$94.31	\$248.69	\$104.06	\$352.75
PD1	1.28		\$221.88		\$19.23	\$94.31	\$236.47	\$98.95	\$335.42
PC2	1.10		\$190.67		\$19.23	\$94.31	\$214.47	\$89.74	\$304.21
PC1	1.02		\$176.81		\$19.23	\$94.31	\$204.70	\$85.65	\$290.35
PB2	0.84		\$145.61		\$19.23	\$94.31	\$182.70	\$76.45	\$259.15
PB1	0.78		\$135.21		\$19.23	\$94.31	\$175.37	\$73.38	\$248.75
PA2	0.59		\$102.27		\$19.23	\$94.31	\$152.15	\$63.66	\$215.81
PA1	0.54		\$93.60		\$19.23	\$94.31	\$146.03	\$61.11	\$207.14

Wage Index (Page 42)

The final budget neutrality factor for FY 2019 is 0.9999. It was proposed at 1.0002. The wage indexes applicable to FY 2019 are set forth in Tables A and B available on the CMS website at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/WageIndex.html>.

Labor Share and revised and rebased market basket (Page 38)

The FY 2019 SNF labor share will be **70.5** percent, down from a proposed value of 70.7 percent. The current amount is 70.8 percent.

SNF Value-Based Purchasing Program (VBP) (Page 47 and Page 361)

Beginning with payment for services furnished on Oct. 1, 2018, Section 1888(h) of the Act requires the Secretary to reduce the adjusted Federal per diem by 2.0 percent, and to adjust the resulting rate for a SNF by the value-based incentive payment amount earned by the SNF based on the SNF’s performance score for that fiscal year under the SNF VBP Program.

CMS says that it is not proposing any changes to the Program’s measures at this time

CMS is providing the numerical values of the achievement threshold and the benchmark for the FY 2020 program year as issued in the FY 2018 final rule.

FY 2020 SNF VBP Program Performance Standards

Measure ID	Measure Description	Achievement Threshold	Benchmark
SNFRM	SNF 30-Day All-Cause Readmission Measure (NQF #2510)	0.80218	0.83721

CMS is finalizing the numerical values for the FY 2021 SNF VBP Program based on the FY 2017 baseline period. Those values follow below

Final FY 2021 SNF VBP Program Performance Standards

Measure ID	Measure Description	Achievement Threshold	Benchmark
SNFRM	SNF 30-Day All-Cause Readmission Measure (NQF #2510)	0.79476	0.83212

The rule describes in detail how CMS will calculate SNF VBP payments, time frames, and Scoring Adjustment for Low-Volume SNFs.

SNF Quality Reporting Program (QRP) (Page 350)

Measures Currently Adopted

The SNF QRP currently has 12 measures for the FY 2020 program year.

Quality Measures Currently Adopted for the FY 2020 SNF QRP

Short Name	Measure Name & Data Source
Resident Assessment Instrument Minimum Data Set	
Pressure Ulcer	Percent of Residents or Patients With Pressure Ulcers That Are New or Worsened (Short Stay) (NQF #0678)*
Pressure Ulcer/Injury	Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury.
Application of Falls	Application of Percent of Residents Experiencing One or More Falls with Major Injury (Long Stay) (NQF #0674).
Application of Functional Assessment /Care Plan	Application of Percent of Long-Term Care Hospital (LTCH) Patients with an Admission and Discharge Functional Assessment and a Care Plan That Addresses Function (NQF #2631).
Change in Mobility Score	Application of IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients (NQF #2634).
Discharge Mobility Score	Application of IRF Functional Outcome Measure: Discharge Mobility Score for Medical Rehabilitation Patients (NQF #2636).
Change in Self-Care Score	Application of the IRF Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients (NQF #2633).
Discharge Self-Care Score	Application of IRF Functional Outcome Measure: Discharge Self-Care Score for Medical Rehabilitation Patients (NQF #2635).
DRR	Drug Regimen Review Conducted With Follow-Up for Identified Issues- Post Acute Care (PAC) Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).
Claims-Based	
MSPB SNF	Medicare Spending Per Beneficiary (MSPB)—Post-Acute Care (PAC) Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).
DTC	Discharge to Community-Post Acute Care (PAC) Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).
PPR	Potentially Preventable 30-Day Post-Discharge Readmission Measure for Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).

* The measure will be replaced with the Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury measure, effective October 1, 2018.

CMS is neither adding nor deleting any of these 12 measures.

Revisions to SNF PPS Case-Mix Classification Methodology (Page 65)

Comment

This is a long and complex section extending some 271 pages of the final rule. CMS is trying to convey its rational in developing and adopting the components of the PDPM system.

Modernizing the SNF PPS Case-mix Classification System

In May 2017, CMS released an Advanced Notice of Proposed Rulemaking (ANPRM) which outlined a new SNF case-mix model, called the Resident Classification System, Version I (RCS-I), that the agency was considering to replace the existing Resource Utilization Group, Version IV (RUG-IV). Since the ANPRM was issued, CMS says it has continued stakeholder engagement efforts to identify and address the concerns and questions raised by commenters. As a result, CMS notes it has made significant changes to the RCS-I model, which has resulted in renaming this model as the SNF Patient-Driven Payment Model (PDPM).

Information on training and education resources and opportunities associated with implementing the PDPM will be available on the CMS website at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/index.html>.

Revisions to SNF PPS Federal Base Payment Rate Components (Page 85)

CMS says that there are four federal base payment rate components which may factor into SNF PPS payment. Two of these components, “nursing case-mix” and “therapy case-mix,” are case-mix adjusted components, while the remaining two components, “therapy non-case-mix” and “non-case-mix,” are not case-mix adjusted.

CMS will separate the “therapy case-mix” rate component into “Physical Therapy” (PT), “Occupational Therapy” (OT), and “Speech-Language Pathology” (SLP) components.

CMS will also separate the “nursing case-mix” rate component into a “Nursing” component and a “Non-Therapy Ancillary” (NTA) component.

For illustration purposes, the rule’s Tables 12 and 13 (Page 98) show what the unadjusted federal per diem rates for each of the case-mix adjusted components would be if CMS were to apply the PDPM to the FY 2019 RUG IV base rates.

TABLE 12: FY 2019 PDPM Unadjusted Federal Rate Per Diem—Urban

Rate Component	Nursing	NTA	PT	OT	SLP	Non-Case-Mix
Per Diem Amount	\$103.46	\$78.05	\$59.33	\$55.23	\$22.15	\$92.63

Table 13: FY 2019 PDPM Unadjusted Federal Rate Per Diem—Rural

Rate Component	Nursing	NTA	PT	OT	SLP	Non-Case-Mix
Per Diem Amount	\$98.83	\$74.56	\$67.63	\$62.11	\$27.90	\$94.34

CMS will, as proposed, eliminate the “therapy non-case-mix” rate component under the PDPM and distribute the dollars associated with this current rate component amongst the PDPM therapy components. The existing non-case-mix component would be maintained as it is currently constituted under the existing SNF PPS.

Updates and Wage Adjustments of Revised Federal Base Payment Rate Components (Page 102)

Under PDPM, CMS will continue to update the federal base payment rates and adjust for geographic differences in wages following its current methodology used for such updates and wage index adjustments.

Resident Classification under PDPM (Pages 108-205)

Comment

CMS spends nearly 100 pages identifying and discussing resident characteristics. CMS will separately identify and adjust five different case-mix components for the varied needs and characteristics of a resident’s care and then combine these together with the non-case-mix component to form the full SNF

PPS per diem rate for that resident. This information is too detailed to summarize in this analysis. It requires in-depth review by those who understand and record such information.

Payment Classifications under PDPM (Page 205)

RUG-IV classifies each resident into a single RUG, with a single payment for all services. By contrast, the PDPM would classify each resident into five components (PT, OT, SLP, NTA, and nursing) and provide a single payment based on the sum of these individual classifications.

The payment for each component would be calculated by multiplying the CMI for the resident’s group first by the component federal base payment rate, then by a specific day of service in a variable per diem adjustment schedule.

Additionally, for residents with HIV/AIDS indicated on their claim, the nursing portion of payment would be multiplied by 1.18. These payments would then be added together along with the non-case-mix component payment rate to create a resident’s total SNF PPS per diem rate under the PDPM.

Variable Per Diem Adjustment Factors and Payment Schedule (Page 207)

Currently under the SNF PPS, each RUG is paid at a constant per diem rate, regardless of how many days a resident is classified in that particular RUG. CMS says constant per diem rates, by definition, do not track variations in resource use throughout a SNF stay. CMS will adopt, as proposed, variable adjustment factors in calculating per-diem amounts.

The two tables below provide adjustment factors and schedules CMS will use for the PT and OT components, and for the NTA component.

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 table below sets for the final PDPM Variable Per Diem Payment Adjustment Factors and Schedule for the NTA component.

Variable Per-diem Adjustment Factors and Schedule – NTA

Medicare Payment Days	Adjustment Factor
1-3	3.0
4-100	1.0

Use of the Resident Assessment Instrument—Minimum Data Set, Version 3 (Page 217)

To classify residents under the SNF PPS, CMS uses the MDS 3.0 Resident Assessment Instrument.

The following table sets forth the SNF PPS assessment schedule, which will be effective Oct. 1, 2019 concurrently with the PDPM.

PPS Assessment Schedule under PDPM

Medicare MDS assessment schedule type	Assessment reference date	Applicable standard Medicare payment days
5-day Scheduled PPS Assessment	Days 1-8	All covered Part A days until Part A discharge (unless an IPA is completed).
Interim Payment Assessment (IPA)	No later than 14 days after change in resident’s first tier classification criteria is identified	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.

Comment

The changes being made to the timings of reporting items for the MDS appear complex.

Additions to the Swing Bed PPS Assessment (Page 237)

For purposes of the PDPM, CMS will add three items to the Swing Bed PPS Assessment. Until now, these additional items have not been part of the Swing Bed PPS Assessment form because they have not been used for payment.

Items to Add to Swing Bed PPS Assessment

MDS Item Number	Item name	Related PDPM Payment component
K0100	Swallowing Disorder	SLP
I4300	Active Diagnoses: Aphasia	SLP
O0100D2	Special Treatments, Procedures and Programs: Suctioning, While a Resident	NTA

Items to be Added to the PPS Discharge Assessment (Page 238)

The rule’s Table 35 contains 18 items that CMS will finalize for the PPS discharge assessment requirements.

Comment

There are several additional items CMS describes including (1) Revisions to Therapy Provision Policies under the SNF PPS, (2) Interrupted Stay Policy, (3) Relationship of the PDPM to Existing Skilled Nursing Facility Level of Care Criteria, (4) Effect of PDPM on Temporary AIDS Add-on Payment, and (5) Potential Impacts of Implementing the PDPM and Parity Adjustment.

Our Washington liaison, Larry Goldberg of Larry Goldberg Consulting, has provided us with this summary and comments. For questions, please contact Jeff Weegar, NCHA, at 919-677-4231, jweegar@ncha.org or Ronnie Cook, NCHA, at 919-677-4225, rcook@ncha.org.