# Skilled Nursing Facility FY 2020 PDPM Overview

Implementation Date: October 1, 2019

MOLINA HEALTHCARE

# Patient-Driven Payment Model (PDPM) Overview

Effective October 1, 2019, CMS will be using a new case-mix model, the Patient-Driven Payment Model, which focuses on the patient's condition and resulting care needs rather than on the amount of care provided in order to determine Medicare payment.

The new model is designed to improve the incentives to treat the needs of the whole patient, instead of focusing on the volume of services the patient receives.

The new case-mix model, PDPM, focuses on clinically relevant factors (rather than volume-based service) by using ICD-10 diagnosis codes and other patient characteristics as the basis for patient classification and payment.

# Patient Assessment

The 5-day assessment and the PPS Discharge Assessment are required. The Interim Payment Assessment (IPA) is optional and will be completed when providers determine that the patient has undergone a clinical change that would require a new PPS assessment.

## PDPM Assessment Schedule

| Medicare MDS Assessment 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 an IPA is completed) |
| **Interim Payment Assessment (IPA)** | Optional 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 |

# Case Rate Impacts

## Variable Per Diem (VPD)

Physical Therapy/ Occupational Therapy (PT/OT) - A variable per-diem adjustment (VPD) factor is applied to Physical and Occupational Therapy pricing to more accurately account for variability in patient therapy costs.

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

Non -Therapy Ancillary (NTA) - a VPD factor is also applied to NTA pricing in the first three days to more accurately account for variability in patient non-therapy costs.

- NTA Component

| Day in Stay | Adjustment Factor |
|---|---|
| 1-3 | 3.00 |
| 4-100 | 1.00 |

# Provider Specific Impacts

**PDPM Rates will be adjusted for Value Based Purchasing and Quality Reporting.**

- PDPM rates will reflect the Value-Based Purchasing (VBP) adjustment factor for the particular provider.
- PDPM rates will also reflect a Quality Reporting Program (QRP) reduction in the market basket adjustment for a given year in cases where a provider fails to report data required.

**PDPM rates will still be labor-adjusted in the same way as under RUG-IV.**

- PDPM uses the same labor adjustment methodology, specifically the application of the SNF PPS wage index to the labor-related share of the total case-mix adjusted per diem rate.

**PDPM rates will be updated by the SNF Market Basket Adjustment each year.**

- PDPM base rates will continue to reflect annual adjustments due to the SNF market basket, including an adjustment for productivity.

# Concurrent & Group Therapy Limits

- Under RUG-IV, no more than 25% of the therapy services delivered to SNF patients, for each discipline, may be provided in a group therapy setting, while there is no limit on concurrent therapy.

- Under PDPM, there is a combined limit of both concurrent and group therapy to be no more than 25% of the therapy received by SNF patients, for each therapy discipline.

- Definitions:
  - Concurrent Therapy: One therapist with two patients doing different activities
  - Group Therapy: One therapist with four patients doing the same or similar activities

# Interrupted Stay Policy *

If a patient is discharged from a SNF and readmitted to the same SNF no more than 3 consecutive calendar days after discharge, the subsequent stay is considered a continuation of the previous stay:

- The assessment schedule continues from the point just prior to discharge
- The variable per diem (VPD) schedule continues from the point just before discharge.

* This policy is designed to mitigate the potential incentive for a provider to discharge SNF patients and then readmit in order to reset the variable per diem schedule.

# “HARD” Transition from RUG-IV to PDPM

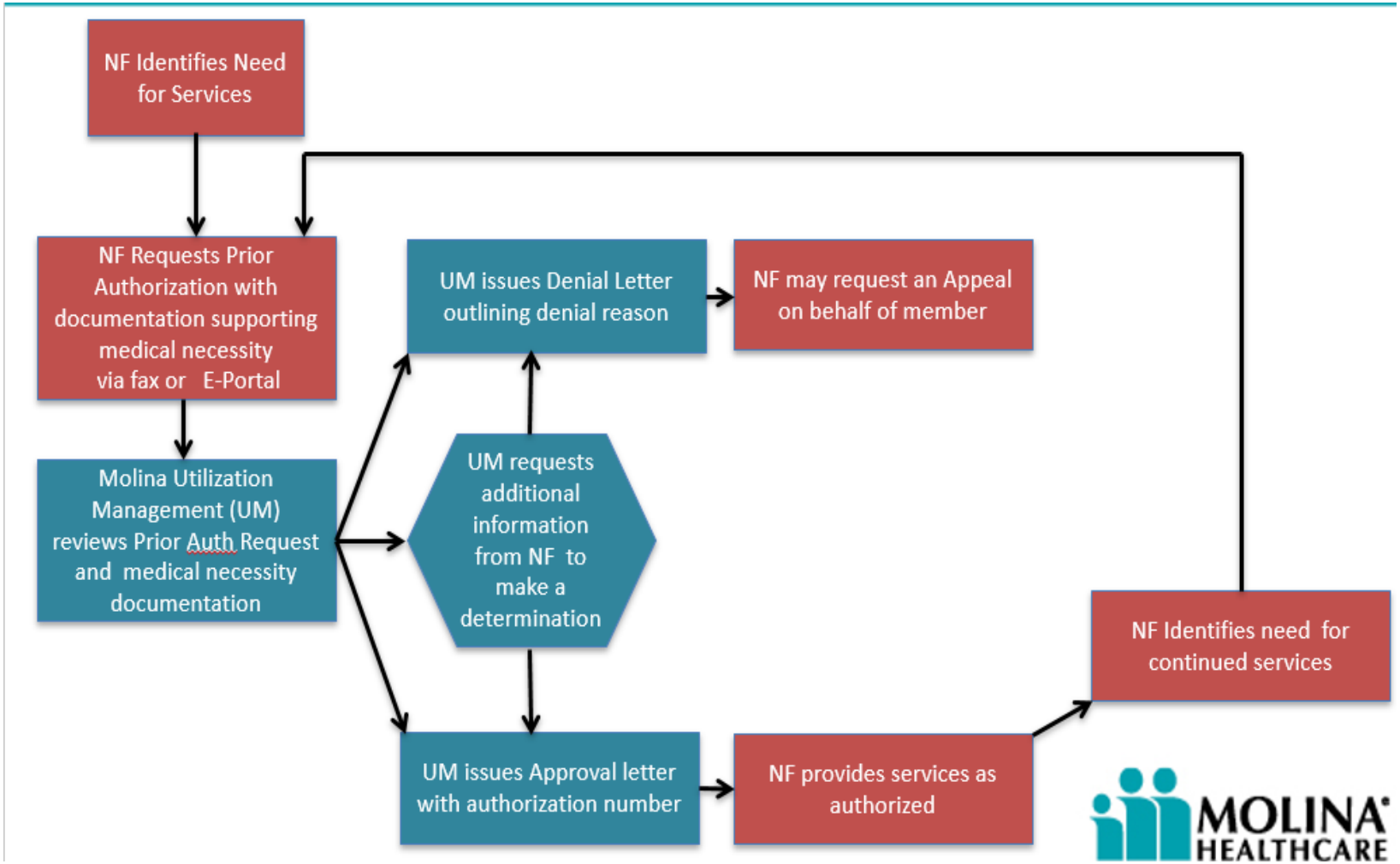
- In order to prevent payment disruption, action is required to modify claim billing practices. There is no transition period between RUG-IV and PDPM. RUG-IV billing ends September 30, 2019. PDPM billing begins October 1, 2019.
- All dates of service on or prior to September 30, 2019 should be billed under RUG-IV, while all dates of service beginning October 1, 2019 should be billed under PDPM.
- In accordance with CMS, all current SNF patients who were admitted prior to the PDPM effective date (October 1, 2019) are to receive a new Interim Payment Assessment (IPA) under PDPM, even though they may have been assessed already under the previous RUG-IV model.
- To receive a PDPM HIPPS code that can be used for billing beginning October 1, 2019, all providers will be required to complete an IPA with an Assessment Reference Date (ARD) no later than October 7, 2019 for all SNF Part A patients.
- All assessments (MDS) follow the normal submission/transmission process per CMS guidelines

# Skilled Nursing Facility Services
## (MMP/Medicare Options/Marketplace)

All Skilled Services (SNF) require Prior Authorization through the Molina Prior Authorization (PA) Process:

- Molina Portal
- Via Fax
- See Molina Prior Authorization Guide: http://www.molinahealthcare.com/providers/tx/medicaid/forms/PDF/MHT-Prior-Auth-Guide-Q1-2017.pdf

# Prior Authorization Work Flow



# PDPM Claims and Processing

Molina is utilizing **Optum Insight** software to group and price SNF claims

- It calculates the five components of the new PDPM rate which are based on published rate tables from CMS as well as wage indices that are based on the geographic location of the provider.
- Accounts for all applicable PDPM adjustments in accordance with the CMS FY 2020 SNF Final Rule and the CMS provider specific data release schedule.
- PDPM base rates will continue to reflect annual adjustments due to the SNF market basket (including an adjustment for productivity), value-based purchasing (VBP), and quality reporting (QRP).

# SNF Claims for Services Prior to October 1, 2019

- Will process under the CMS RUG-IV Methodology
- Reimbursement of a skilled nursing facility (SNF) stay will be the lesser of billed charges or the Medicare Resource Utilization Group (RUG) at the negotiated contract rate for each RUG:
  - Day 1 – 20  Molina reimburses the lesser of billed charges or the full contracted amount for each Medicare RUG for a SNF stay.
  - Days 21 – 100 Members receiving approved skilled services are reimbursed at the lesser of billed charges  or the contracted amount for each Medicare RUG minus the member's prorated daily applied income as set by the State Medicaid Eligibility Worker.
- Clean Claims will be adjudicated within 10 days of submission
- Nursing Facilities must continue to collect Applied Income as designated by the State.
- Filing Deadlines
  - 365 Days from the beginning date of service; OR
  - 95 Days after the date on the Remittance and Status (R&S) Report or explanation of payment from another carrier.

# SNF Claims for Services Starting October 1, 2019

- Will process in accordance with the CMS PDPM methodology
- All current SNF patients who were admitted prior to the PDPM effective date (October 1, 2019) are to receive a new Interim Payment Assessment (IPA) under PDPM, even though they may have been assessed already under the previous RUG-IV model.
- To receive a PDPM HIPPS code that can be used for billing beginning October 1, 2019, all providers will be required to complete an IPA with an Assessment Reference Date (ARD) no later than October 7, 2019 for all SNF Part A patients.
- October 1, 2019 will be considered Day 1 of the variable per diem schedule under PDPM, even if the patient began his/her stay prior to October 1, 2019.
- Both VBP and Sequestration is applied to Medicare claims. Sequestration is not applicable to Marketplace
- We anticipate deploying the final rate updates by the end of October. Any PDPM claims submitted prior to this deployment will be temporarily held by Molina.

# SNF Claims for Services Starting October 1, 2019

- Therapy services shall not be required to be present on SNF/Swing bed claims with discharge dates of October 1, 2019 or later.
- Molina reimburses the lesser of billed charges or the contracted amount for each Medicare PDPM RUG for a SNF stay.
- Clean Claims will be adjudicated within 10 days of submission
- Nursing Facilities must continue to collect Applied Income as designated by the State.
- Filing Deadlines:
  - 365 Days from the beginning date of service; OR
  - 95 Days after the date on the Remittance and Status (R&S) Report or explanation of payment from another carrier.

# SNF Benefit Periods

- There is no anticipated change to the SNF Benefit Period calculations.
- Reimbursement of a skilled nursing facility (SNF) stay will be the lesser of billed charges or the Medicare Resource Utilization Group (RUG) at the negotiated contract rate for each RUG:
  - Day 1 – 20  Molina reimburses the lesser of billed charges or the full contracted amount for each Medicare RUG for a SNF stay.
  - Days 21 – 100 Members receiving approved skilled services are reimbursed at the lesser of billed charges  or the contracted amount for each Medicare RUG minus the member's prorated daily applied income as set by the State Medicaid Eligibility Worker.
- Coinsurance will be paid from data received from the State, therefore 3619's must be completed timely, or secondary payment will be delayed.

- **Claims corrections, appeals, and reconsiderations must be completed within <u>120 days from the remittance advice date.</u>**

# STAR+PLUS Impact

Texas STAR+PLUS Nursing Facility rates will continue to utilize RUG-III as the basis for patient classification and case-mix determination

- CMS will continue to report RUG III HIPPS codes, based on Texas State requirements through 9/30/2020
- Medicaid required assessments must continue to be completed and submitted as required by HHSC

**Providers must continue to submit Form 3618 or Form 3619, as applicable,** to HHSC's administrative services contractor electronically no later than 72 hours after a Member's admission or discharge from the Medicaid nursing facility vendor payment system, as required by 40 TAC 19.2615

# Resources

Medicare SNF PDPM website:

https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/PDPM.html

Patient-Driven Payment Model: Frequently Asked Questions (FAQs):

https://www.cms.gov/Medicare/Medicare-Fee-for-Service Payment/SNFPPS/Downloads/PDPM_FAQ_Final_v2_508.pdf

Transmittals:

R2270OTN - Implementation of the Skilled Nursing Facility (SNF) Patient Driven Payment Model (PDPM)

Medicare Claims Processing Manual (100-04), Chapter 6:

https://www.cms.gov/Regulations-and Guidance/Guidance/Manuals/Downloads/clm104c06.pdf

STAR+PLUS and MMP Quick Reference Training Guide:

https://www.molinahealthcare.com/providers/tx/medicaid/comm/PDF/2017-nursing-facility-quick-reference-training-guide.pdf