ACP® Outcomes Accelerated

PDPM: Patient Driven Payment Model

Understanding the Basics

In April of 2018, CMS proposed a new reimbursement model – the Patient Driven Payment Model (PDPM) to replace RUG-IV for Medicare A PPS billing for skilled nursing facilities (SNF). After a comment period to gather input from stakeholders, CMS finalized PDPM with an implementation date of **October 1, 2019.**

As the name implies, the Patient Driven Payment Model is intended to move Medicare A reimbursement away from the volume-based reimbursement of RUGS-IV PPS to a value-based model predicated on patient characteristics. PDPM will classify patients into five components – PT, OT, SLP, non-therapy ancillary and nursing – based on information entered into the admission MDS during the first seven days of a SNF stay. A single per-diem payment for SNF services will be based on the sum of these classifications. Every patient will be categorized into each component, regardless of services provided.

PDPM Clinical Categories

Residents will be placed into a PDPM clinical category using item I0020B of the MDS 3.0, augmented by the selection of a surgical procedure category within MDS items J2100-J5000 to identify any relevant surgical procedure that occurred during the patient's preceding hospital stay, as needed. The combination of these codes would be mapped to one of these ten clinical categories:

Major Joint Replacement or Spinal Surgery	Cancer
Non-Surgical Orthopedic/Musculoskeletal	Pulmonary
Orthopedic Surgery (Except Major Joint Replacement or Spinal Surgery)	Cardiovascular and Coagulations
Acute Infections	Acute Neurologic
Medical Management	Non-Orthopedic Surgery

PT and OT Component Factors

In the PDPM Model, individual disciplines of therapy will be split apart to each have their own component. While the PT and OT components are distinct from one another, both components are determined with the same two factors: clinical category and functional score at admission. To arrive at the clinical category for PT and OT, the ten overall categories listed above are further collapsed into four PT and OT clinical categories, as shown here:

PDPM Clinical Category	Collapsed PT and OT Clinical Category
Major Joint Replacement or Spinal Surgery	Major Joint Replacement or Spinal Surgery
Non-Orthopedic Surgery	Non-Orthopedic Surgery Acute Neurologic
Acute Neurologic	
Non-Surgical Orthopedic/Musculoskeletal	Other Orthopedic
Orthopedic Surgery (Except Major Joint Replacement or Spinal Surgery)	
Medical Management	Medical Management
Acute Infections	
Cancer	
Pulmonary	
Cardiovascular and Coagulations	

The function factor that combines with the clinical category for the PT and OT components is derived from ten items from Section GG:

Section GG Item		Score
GG0130A1	Self-care: Eating	0 – 4
GG0130B1	Self-care: Oral Hygiene	0 – 4
GG0130C1	Self-care: Toileting Hygiene	0 – 4
GG0170B1	Mobility: Sit to lying	0 – 4 (average of 2 items)
GG0170C1	Mobility: Lying to sitting on side of bed	
GG0170D1	Mobility: Sit to stand	0 – 4 (average of 3 items)
GG0170E1	Mobility: Chair/bed-to-chair transfer	
GG0170F1	Mobility: Toilet transfer	
GG0170J1	Mobility: Walk 50 feet with 2 turns	0 – 4 (average of 2 items)
GG0170K1	Mobility: Walk 150 feet	

When the clinical category and the functional score are combined, individuals will be assigned to one of the PT and OT Case-Mix 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

SLP Component Factors

For the SLP component, two bundled factors are used to classify the patient into the case-mix group. These include:

1. Presence of Acute Neurologic Condition, SLP Related Comorbidity, or Cognitive Impairment
2. Mechanically Altered Diet or Swallowing Disorder

SLP Related Comorbidity	
Aphasia	Laryngeal Cancer
CVA, TIA, or Stroke	Apraxia
Hemiplegia or Hemiparesis	Dysphagia
Traumatic Brain Injury	ALS
Tracheostomy Care (While a Resident)	Oral Cancers
Ventilator or Respirator (While a Resident)	Speech and Language Deficits

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 Component Factors

For Nursing, patients will be categorized based on existing RUG-IV methodology, but the number of nursing categories will be collapsed down from the current 43 nursing RUGS into only 25 PDPM case mix groups by decreasing the number of distinctions based on function. Additionally, the nursing function score will be updated to move away from Section G scoring to Section GG scoring, as noted here:

Section GG Item		ADL Score
GG0130A1	Self-care: Eating	0-4
GG0130C1	Self-care: Toileting Hygiene	0-4
GG0170B1	Mobility: Sit to lying	0-4 (average of 2 items)
GG0170C1	Mobility: Lying to sitting on side of bed	
GG0170D1	Mobility: Sit to stand	0-4 (average of 3 items)
GG0170E1	Mobility: Chair/bed-to-chair transfer	
GG0170F1	Mobility: Toilet transfer	

Non-Therapy Ancillary (NTA) Component Factors

In PDPM, non-therapy ancillaries (NTA) services are split out from nursing services. The PDPM assigns points to conditions or extensive services needed by the patient. Each of the comorbidities and services that factor into a resident's NTA classification is assigned a certain number of points based on its relative impact on a resident's NTA costs. Those conditions and services with a greater impact on NTA costs are assigned more points, while those with less of an impact are assigned fewer points. The sum of the points associated with all the patient's comorbidities and services will be the NTA Score and will be used to classify the resident into an NTA case-mix group:

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

Variable Per Diem Adjustment Factors

To account for changes in resource utilization historically seen over the course of a SNF stay, CMS will apply adjustments to the PT, OT, and NTA components in PDPM. For the NTA adjustment factor, the PDPM will apply an adjustment factor of 3.0 for days 1 to 3 to reflect extremely high initial costs. The adjustment factor will reset to 1.0 for subsequent days of the Med A stay.

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

For the PT and OT components, the PDPM will apply an adjustment factor such that payment will decline 2% every 7 days after day 20.

Medicare Payment Days	Adjustment Factor
1-20	1.0
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

How is the Overall Per Diem Payment Calculated?

The new model would use the 5-day SNF PPS scheduled assessment to 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 combined with the non-case-mix component for the entirety of his or her Part A SNF stay. The payment for each component will be calculated by multiplying the case-mix index (CMI) for the patient's group first by the component federal base payment rate, then by the specific day in the variable per diem adjustment. Additionally, for residents with HIV/AIDS indicated on their claim, the nursing portion of the payment will be multiplied by 1.18. These payments would then be added together along with the non-case-mix (consistent costs incurred for all residents, such as room and board and various capital-related expenses) component payment rate to create a resident's total SNF PPS per diem rate under PDPM.

Patient Example of Applied PDPM Compared to RUG-IV

Under the SNF PPS, the patients depicted as Resident A and Resident B in the table below would each be classified into the same RUG-IV group, as they both received rehab, did not receive extensive services, received 730 minutes of therapy, and have an ADL score of 9. This places the two residents into the "RUB" RUG-IV group and SNFs would be paid at the same rate ($631.22 – urban; $659.43 – rural), despite the many differences between these two residents in terms of their characteristics, expected care needs, and predicted costs of care.

Resident Characteristics	Resident A	Resident B
Rehabilitation Received?	Yes	Yes
Therapy Minutes	730	730
Extensive Services	No	No
ADL Score	9	9
Clinical Category	Acute Neurologic	Major Joint Replacement
PT and OT Function Score	10	10
Nursing Function Score	7	7
Cognitive Impairment	Moderate	Intact
Swallowing Disorder?	No	No
Mechanically Altered Diet?	Yes	No
SLP Comorbity?	No	No
Comorbidity Score	7 (IV Medication and DM)	1 (Chronic Pancreatitis)
Other Conditions	Dialysis	Septicemia
Depression?	No	Yes

Under the proposed PDPM, however, these two residents would be classified differently. With regard to the PT and OT components, Resident A would fall into group TO, as a result of his categorization in the Acute Neurologic group and a function score within the 10 to 23 range. For the SLP component, Resident A would be classified into group SH, based on his categorization in the Acute Neurologic group, the presence of moderate cognitive impairment, and the presence of Mechanically-Altered Diet. For the Nursing component, following the existing nursing case-mix methodology, Resident A would fall into group LBC1, based on his use of dialysis services and a nursing function score of 7. Finally, with regard to NTA classification, Resident A would be classified in group NC, with an NTA score of 7:

Rate Component	Nursing	NTA	PT	OT	SLP	Non-Case Mix	Total Per Diem Rate
Per Diem Base Rate (Rural)	$98.83	$74.56	$67.63	$62.11	$27.90	$94.34	
CMI	LBC1 - 1.43	NC = 1.85	TO = 1.55	TO = 1.55	SH = 2.85	---	
Per Diem Component Rate	$141.33	$137.94 (x3, days 1-3 = $413.82)	$104.83	$96.27	$79.52	$94.34	$654.23 ($930.11 days 1-3)

- At day 21, due to the per diem adjustment factor for the PT and OT components, the per diem for PT would become $102.73 and the OT per diem would become $94.34, reducing the total per diem rate by $4.03 (to $650.20) for days 21-27.
- The PT and OT per diem continues to drop 2% every 7 days.
- The lowest PT/OT component rates would be days 98-100, at which point the adjustment factor would be 0.76. For days 98-100, the PT component per diem rate would be $79.67 and the OT component per diem rate would be $73.17. Together, these would reduce the total per diem rate for days 98-100 by $48.26 (to $605.97).

Resident B, however, would fall into group TC for the PT and OT components, as a result of his categorization in the Major Joint Replacement group and a function score within the 10 to 23 range. Resident B would be classified into group SA for the SLP component, based on his categorization in the Non-Neurologic group, the absence of cognitive impairment or any SLP-related comorbidity, and the lack of any swallowing disorder or mechanically-altered diet. Resident B would fall into nursing group HBC2, due to the diagnosis of septicemia, presence of depression, and a nursing function score of 7. Resident B would be classified in group NE, with an NTA score of 1:

Rate Component	Nursing	NTA	PT	OT	SLP	Non-Case Mix	Total Per Diem Rate
Per Diem Base Rate (Rural)	$98.83	$74.56	$67.63	$62.11	$27.90	$94.34	
CMI	HBC2 = 2.23	NE = 0.96	TC = 1.88	TC = 1.68	SA = 0.68	---	
Per Diem Component Rate	$220.39	$71.58 (x3, days 1-3 = $214.73)	$127.14	$104.34	$18.97	$94.34	$636.76 ($779.92 days 1-3)

- At day 21, due to the per diem adjustment factor for the PT and OT components, the per diem for PT would become $124.60 and the OT per diem would become $102.25, reducing the total per diem rate by $4.63 (to $632.13) for days 21-27.
- The PT and OT per diem continues to drop 2% every 7 days.
- The lowest PT/OT component rates would be days 98-100, at which point the adjustment factor would be 0.76. For days 98-100, the PT component per diem rate would be $96.63 and the OT component per diem rate would be $79.30. Together, these would reduce the total per diem rate for days 98-100 by $55.55 (to $581.21).

What are the Changes to the MDS?

In view of the greater reliance of the SNF PDPM (as compared to the RUG–IV model) on resident characteristics that are relatively stable over a stay and CMS's general focus on reducing administrative burden for providers across the Medicare program, CMS is revising the assessments required during a Medicare PPS Part A SNF stay from five assessments under the RUG-IV model (5-day, 14-day, 30-day, 60-day, 90-day) to two (5-day scheduled PPS Assessment and PPS Discharge Assessment) under PDPM. Specifically, the 5-day SNF PPS scheduled assessment will classify a resident into a case-mix group under PDPM for the entirety of his or her Part A SNF stay effective beginning FY2020, unless a facility opts to complete an Interim Payment Assessment (IPA) to address changes in patient clinical status. The ARD for an IPA will be the date the facility chooses to initiate the assessment and payment based on the IPA will begin the same day as the ARD.

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

Additionally, CMS will require a PPS Discharge Assessment to be completed at the time of facility discharge for Part A residents as well as for resident's whose Medicare A stay ends, but the resident remains in the facility. The adjustment of SNF discharge assessment criteria is intended to assure that residents are receiving therapy that is reasonable, necessary, and specifically tailored to meet their unique needs.

Items Added to the SNF PPS Discharge Assessment

MDS Item Number	Item Name
O0400A5	Speech-Language Pathology and Audiology Services: Therapy Start Date
O0400A6	Speech-Language Pathology and Audiology Services: Therapy End Date
O0400B5	Occupational Therapy: Therapy Start Date
O0400B6	Occupational Therapy: Therapy End Date
O0400C5	Physical Therapy: Therapy Start Date
O0400C6	Physical Therapy: Therapy End Date
O0425A1	Speech-Language Pathology and Audiology Services: Total Individual Minutes
O0425A2	Speech-Language Pathology and Audiology Services: Total Concurrent Minutes
O0425A3	Speech-Language Pathology and Audiology Services: Total Group Minutes
O0425A4	Speech-Language Pathology and Audiology Services: Total Co-Treatment Minutes
O0425A5	Speech-Language Pathology and Audiology Services: Number of days this therapy was administered for at least 15 minutes a day
O0425B1	Occupational Therapy: Total Individual Minutes
O0425B2	Occupational Therapy: Total Concurrent Minutes
O0425B3	Occupational Therapy: Total Group Minutes
O0425B4	Occupational Therapy: Total Co-Treatment Minutes
O0425B5	Occupational Therapy: Number of days this therapy was administered for at least 15 minutes a day
O0425C1	Physical Therapy: Total Individual Minutes
O0425C2	Physical Therapy: Total Concurrent Minutes
O0425C3	Physical Therapy: Total Group Minutes
O0425C4	Physical Therapy: Total Co-Treatment Minutes
O0425C5	Physical Therapy: Number of days this therapy was administered for at least 15 minutes a day
O0430	Distinct Calendar Days of Part A Therapy: Record the number of calendar days that the resident received Speech-Language Pathology and Audiology Services, Occupational Therapy, or Physical Therapy for at least 15 minutes

CMS Commentary Regarding Expectations of Provider Behavior Post-PDPM Implementation

"For the proposed items which refer to the total number of minutes for each therapy discipline and each therapy mode, this would allow CMS to both conduct reviews of changes in the volume and intensity of therapy services provided to SNF residents under the proposed PDPM, compared to that provided under RUG-IV, as well as to assess compliance with the proposed group and concurrent therapy limit discussed in section V.F of this proposed rule. The proposed "total days" items for each discipline and mode of therapy would further support our monitoring efforts for therapy, as requested by commenters on the ANPRM, by allowing us to monitor not just the total minutes of therapy provided to SNF residents under the proposed PDPM, but also assess the daily intensity of therapy provided to SNF residents under the proposed PDPM, as compared to that provided under RUG-IV. Ultimately, these proposed items would allow facilities to easily report therapy minutes provided to SNF residents and allow us to monitor the volume and intensity of therapy services provided to SNF residents under the proposed PDPM, as suggested by commenters on the ANPRM. If we discover that the amount of therapy provided to SNF residents does change significantly under the proposed PDPM, if implemented, then we will assess the need for additional policies to ensure that SNF residents continue to receive sufficient and appropriate therapy services consistent with their unique needs and goals."

"As part of our regular monitoring efforts on SNF Part A services, we would monitor group and concurrent therapy utilization under the proposed PDPM and consider making future proposals to address abuses of this proposed policy or flag providers for additional review should an individual provider be found to consistently exceed the proposed threshold after the implementation of the proposed PDPM. We would note that as the proportion of group and/or concurrent therapy (which are, by definition, non-individual modes of therapy provision) increases, the chances that the provider is still meeting the individualized needs of each resident would diminish. ...excessive levels of group and/or concurrent therapy could constitute a reason to deny SNF coverage..."[1]

Strategies for Success: How ACP Can Help You

Success in PDPM will depend on delivering optimal clinical outcomes in an efficient manner. ACP partners with SNF Operators and Rehabilitation Providers to achieve success in PDPM by:

- *Delivering clinical programs, pathways and technologies that **optimize patient outcomes***
- *Delivering **efficient treatment delivery models** that guide clinicians to implement efficacious clinical programs, pathways and technologies in group and concurrent formats*
- ***Leveraging labor efficiencies** to refocus therapist time on the care needs of the long-term care population*
- *Providing education and pathways to **interdisciplinary care** collaborators to optimize clinical outcomes for older adults receiving long-term SNF care*
- ***Optimizing performance** with other regulatory CMS mandates that will be in place alongside PDPM – 5-star QM, VBP, and QRP*

To learn more about how ACP can be a partner for PDPM success, please reach out to us at 800-350-1100 or visit our website at acplus.com. In addition please follow us on Facebook and LinkedIn to learn more about our educational webinars on PDPM and a variety of other topics.

1. Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities (SNF) Proposed Rule for FY 2019, SNF Value-Based Purchasing Program, and SNF Quality Reporting Program, CMS, April 1018