

CMS Update  
New Initiatives in Post Acute Care

OHCA  
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Proposed Rule for FY 2010  
Summary

Recalibration of case-mix indexes  
Update FY2010 payment rates under PPS for SNF  
Update of RUG-III classification model to RUG-IV classification model effective October 1, 2010

Proposed Rule for FY 2010  
Recalibration of Case-Mix Indices

The January 2006 refinements were intended to be budget neutral.

- The impact of the refinements was projected by estimating the change in the distribution of days across the RUG-53 Model.
- The case mix indices were adjusted upward to keep the aggregate expenditures the same.
- Subsequent analysis showed that actual expenditure levels were substantially higher than projected.
- A recalibration proposal introduced in the FY 2009 proposed rule was deferred.
- The recalibration proposal was reintroduced in the FY 2010 proposed rule.
- Since January 2006, Medicare payments exceeded the intended levels by approximately 3.3 percent or \$1.050 billion per year.
- Effective October 1, 2010, CMS is proposing to adjust the system prospectively to the intended levels.

Proposed Rule for FY 2010  
Annual Update PPS SNF Payment Rates

Impact on FY 2010 Rates

- Recalibration to eliminate excess payments = -1.050 billion
- 2.1 percent SNF Market Basket Index Update = \$660 million
- 1.2 percent net decrease in FY 2010 = \$390 million

Proposed Rule for FY 2010  
Updated RUG-III to RUG-IV Classification Model

Reflects current medical practice and staff resource use

RUG IV is more sensitive to differences in patient complexity and SNF resources needed to provide quality care

- Number of case-mix groups expands to 66 from 53

More effectively captures:

- Patient's functional status
- Resources provided to those with medically complex conditions involving respiratory illness and
- Infections

RUG-IV better targets payments to beneficiaries with greater needs

- Improved accuracy of Medicare payments
- Access to high quality SNF care will be maintained and enhanced

Update will be achieved in a budget-neutral adjustment subsequent to recalibration

Proposed Rule for FY2010  
Proposed & Modified Characteristics by Category

*Rehabilitation Plus Extensive*

Concurrent therapy to be allocated  
Changes in Extensive Services

*Rehabilitation*

Concurrent therapy to be allocated

*Extensive*

Change: Tracheostomy and ventilator/respirator care must be given post-admission to SNF

Added: Infection isolation as a post-admission treatment

Moved

    To Special Care High – Parenteral/IV feeding

    To Clinically Complex – IV Medication

Dropped: Suctioning

*Special Care High*

Includes the following from RUG-III Special Care Category:

    Quadriplegia

    Respiratory therapy for 7 days

    Fever with dehydration, or pneumonia, or vomiting, or weight loss

Added

    Up from Clinically Complex

        Septicemia

        Comatose

        Diabetes with injections requiring physician order changes on 2 or more days

Down from Extensive: Parenteral/ IV

Shortness of breath with emphysema/COPD

Signs of depression used for ends-splits

Dropped

    Residents having qualifying conditions for Extensive Services but not meeting the minimum ADL requirement for the Extensive Services category

    Fever with tube feeding with food/fluid requirements

*Special Care Low*

Includes the following from the RUG-III Special Care Category

    Multiple Sclerosis

    Cerebral Palsy

    2 or more stage II pressure ulcers, or one stage III, or one stage IV pressure ulcer with treatment

    Radiation therapy

Added

    Parkinson's Disease

    Signs of depression used for end splits

    Up from Clinically Complex

        Dialysis

        Oxygen Therapy

    Tube feeding with volume requirements (aphasia requirement dropped)

    Foot infection or open lesions on the foot with treatment

Proposed Rule for FY2010  
Proposed & Modified Characteristics by Category

*Special Care Low*

Moved

Down to Clinically Complex

Surgical wounds or open lesions with treatment

Residents having qualifying condition for Extensive Services but not meeting the minimum ADL requirement for the Extensive Services category

*Clinically Complex*

Added

Moved down from Special Care

Surgical wounds or open lesions with treatment

Residents having qualifying condition for Extensive Services but not meeting the minimum ADL requirement for the Extensive Services category

Moved down from Extensive: IV medications delivered post-admission in the SNF

Signs of depression used for end splits

Dropped

Moved to Special Care High

Septicemia

Comatose

Diabetes with injections requiring physician order changes on 2 or more days

Moved to Special Care Low

Dialysis

Oxygen Therapy

Foot infections or open lesions on the foot with treatment

Dropped

Internal Bleeding

Dehydration

Physician Orders

*Behavioral Symptoms & Cognitive Performance*

Combines Impaired Condition category and Behavior Problems category into one category

Residents having one or both of the following qualify:

Cognitive impairment in decision-making, recall and short-term memory. They must score a threshold amount on the MDS 3.0 brief interview for mental status

Displays behavior such as wandering, verbally or physically abusive or socially inappropriate, resists care on 4 or more days, or experience hallucinations or delusions

*Reduced Physical Function*

No change

Rehabilitative Nursing factor