



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

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Note: We revised this article on May 6, 2019, to reflect a revised CR11152 that CMS issued on May 3. The changes to the CR did not affect the substance of the article. In the article, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.

PROVIDER TYPE AFFECTED

This MLN Matters Article is for SNFs billing Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

PROVIDER ACTION NEEDED

CR 11152 effectuates changes to the SNF Prospective Payment System (PPS) that are required for the PDPM. These changes were finalized in the FY 2019 SNF PPS Final Rule (83 FR 39162). SNFs billing on Type of Bill (TOB) 21X and hospital swing bed providers billing on TOB 18X, (subject to SNF PPS) will be subject to these requirements. Make sure your billing staff is aware of these changes.

BACKGROUND

Currently under the SNF PPS, revenue code 0022 indicates that the claim is being paid under the SNF PPS. This revenue code can appear on a claim as often as necessary to indicate different Health Insurance Prospective Payment System (HIPPS) Rate Code(s) and assessment periods. The HCPCS/Rates field must contain a 5-digit "HIPPS Code". Currently, the first three positions of the code contain the Resource Utilization Group (RUG) group, and the last two positions of the code contain a 2-digit assessment indicator (AI) code.

PDPM Changes

Under the PDPM, the HIPPS code is structured differently. There are five case-mix adjusted rate components under the revised model:

- The first position represents the Physical and Occupational Therapy case-mix group.
- The second position represents the Speech-Language Pathology case-mix group.
- The third character represents the nursing case-mix group.
- The fourth character represents the Non-Therapy Ancillary case-mix group.

- The fifth character represents the AI code.

This also affects the number of potentially valid HIPPS codes under PDPM, as compared to RUG-IV.

PPS Assessment Schedule

The PPS assessment schedule under PDPM is also significantly different from that used under the current case-mix classification system, the RUG Version IV (RUG-IV) model. The only required assessments under PDPM that would produce a HIPPS code would be the 5-day PPS assessment, which follows the same schedule as under the current SNF PPS, and an Interim Payment Assessment (IPA), which may be completed at any point during a PPS stay.

Per Diem Adjustment

Additionally, under PDPM, SNF PPS payments will be reduced according to a prescribed schedule, referred to as the variable per diem adjustment. Under the current SNF PPS, all days within any given RUG during a covered stay are paid at the same per diem rate. Under PDPM, however, the per diem rate for a given day of the SNF PPS stay may be different from the prior day, depending on an adjustment factor that may be applied against the SNF PPS rate connected with the HIPPS code. Moreover, the variable per diem schedule applies only to the Physical Therapy (PT), Occupational Therapy (OT), and Non-Therapy Ancillary (NTA) components of the per diem rate, with different schedules for the PT/OT components than for the NTA component. More details on this are available in Table 30 of the [FY 2019 SNF PPS Final Rule \(83 FR 39228\)](#). A similar adjustment exists under the Inpatient Psychiatric Facility (IPF) PPS.

Interrupted Stay Policy

PDPM also includes an interrupted stay policy, similar to that which exists in the Inpatient Rehabilitation Facility (IRF) PPS and the Inpatient PPS (IPPS). Specifically, if a patient in a covered Part A SNF stay is discharged from the SNF but returns to the same SNF no more than three consecutive calendar days after having been discharged, then this would be considered a continuation of the same SNF stay. In such cases, no new patient assessments are required and the variable per diem adjustment is not reset. If the patient returns to the same SNF after the 3-day window, or returns to a different SNF, then this would be considered a new PPS stay. The interrupted stay would be recorded on the claim in the same manner as is done for the IRF PPS and IPPS.

AIDS/HIV Patients

As under the current SNF PPS, patients with a “B20” code on the SNF claim, meaning the patient has AIDS/HIV, receive an adjustment factor for their PPS rate. Under PDPM, the adjustment factor is different from that used under the current SNF PPS. Rather than a 128 percent adjustment for the entire PPS per diem rate, the adjustment under PDPM is an increase of 18 percent in the nursing component of the per diem rate and a reclassification under the NTA component to a higher rate category.

Transition to PDPM

With regard to transition between the current SNF PPS and PDPM, CMS anticipates that days paid under RUG-IV would stop on September 30, 2019, and days would be paid under PDPM

beginning October 1, 2019. All other adjustment factors, such as adjustments for geographic variation in wage costs, remain the same under PDPM as under the current SNF PPS.

ADDITIONAL INFORMATION

The official instruction, CR 11152, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2019Downloads/R2299OTN.pdf>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

DOCUMENT HISTORY

Date of Change	Description
May 6, 2019	We revised this article to reflect a revised CR11152 that CMS issued on May 3. The changes to the CR did not affect the substance of the article. In the article, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.
March 14, 2019	We revised this article to reflect a revised CR11152 that CMS issued on March 13. The changes to the CR did not affect the substance of the article. In the article, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.
February 8, 2019	Initial article released.

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