

Preparing for the Patient-Driven Payment Model

November 15, 2018

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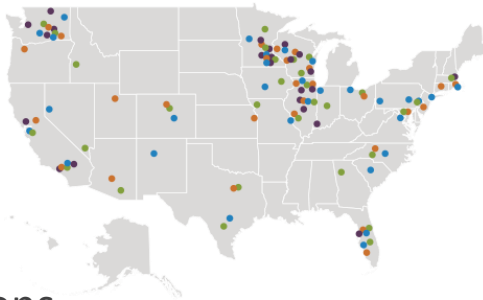
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Speaker Introductions

- Deb Freeland is a principal in CLA's health care practice specializing in reimbursement services for senior living facilities and hospitals. She has extensive experience handling the distinctive issues facing health care organizations in today's challenging environment.
- Jillian Martin is a senior health care consultant with over 12 years of long term health and consulting practice experience. She specializes in operational assessments, survey readiness and preparation, plan of correction guidance, reimbursement best practice, and education for individual and multi-site organizations.



Learning Objectives

At the end of this session, you will be able to:

- Understand how PDPM links payment to residents' conditions and care needs, rather than volume of services provided
- Explore the expansion of case-mix based payment components and how MDS assessment data will be used for payment purposes
- Identify potential operational changes that may be necessary to sustain your organization during the transition to PDPM





PDPM Prospective Payment System

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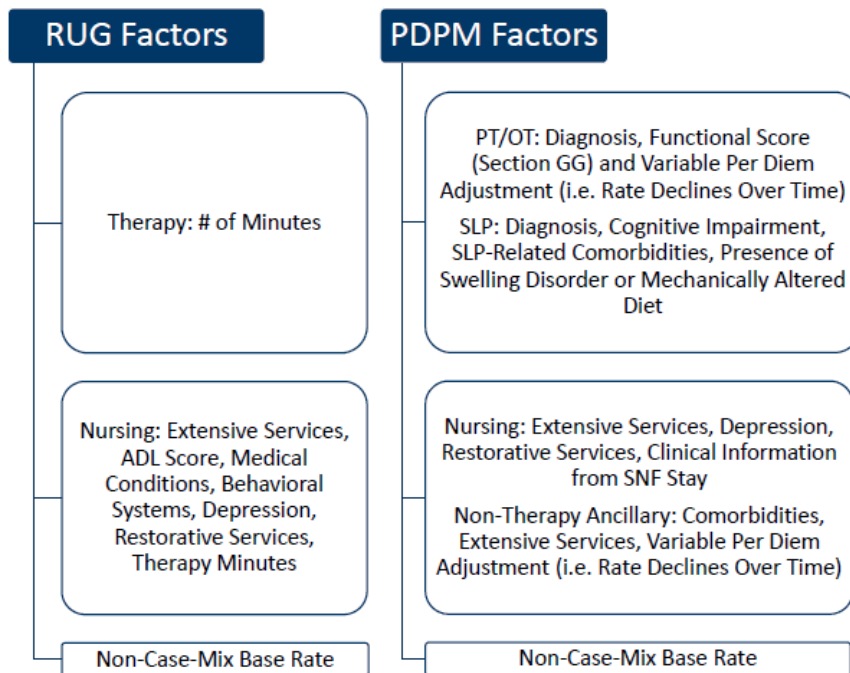
Why PDPM?

“The PDPM would be a significant shift in how SNFs are paid and, we believe, a very positive one. It reflects our belief that we should not be paying providers in ways that drive overuse of services. Instead, we should pay providers based on the patients they treat, while assessing quality fairly.”

Secretary Alex M. Azar, Secretary of Health and Human Services, AHCA/NCAL Congressional Briefing. June 4, 2018.



PDPM Replaces RUG-IV SNF Payment Model on October 1, 2019



Macro Financial Considerations

Budget neutral

- Behavior changes

More winners than losers

- 8,101 of 13,769 providers analyzed by CMS are expected to gain

Therapy cost and utilization

- Varying provider perspectives

What is PDPM?

- PDPM removes the use of therapy minutes to assess residents for a reimbursement level.
- PDPM is based on clinical and diagnosis information rather than amount of service needed.
- Creates a separate payment component for NTA services, using resident characteristics to predict utilization.
- Enhances payment accuracy based on clinical aspects of care.



What is PDPM?

- PDPM consists of five case mix adjusted payment components
 - PT
 - OT
 - SLP
 - Nursing
 - NTA
- A non-case mix component for services that don't vary based on resident characteristics

PDPM Base Rates vs RUGs Base Rates

PDPM

TABLE 12: FY 2019 PDPM Unadjusted Federal Rate Per Diem--Urban³

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

RUG-IV

TABLE 4: 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	\$181.50	\$136.71	\$18.01	\$92.63

TABLE 5: 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	\$173.39	\$157.65	\$19.23	\$94.34

Source: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNPPS/Spotlight.html>



Big Change – Variable Payments

Constant payments do not accurately reflect medical needs and resources used.

Two aspects of variable payment:

- PT/OT rate
 - After 20 days, PT/OT portion of rate declines by 2 percent every 7 days
- Non-Therapy Ancillary (NTA) rate
 - After 3 days, NTA portion of rate declines by 67 percent until discharge

Leading Practices in Preparing for PDPM

Understanding
financial
implications

Recognizing
the financial
drivers

Training and
coordination

Therapy
contract



Understanding Financial Implications and Recognizing the Financial Drivers

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Financial Impact for Facility

- Characteristics of population will determine winners and losers
 - Rehab resident vs resident with co-morbidities
- Acumen provided an analysis of individual facility impact for 2017 MDS data
- CLA model is available to determine facility impact with 2018 or later information

Financial Modeling

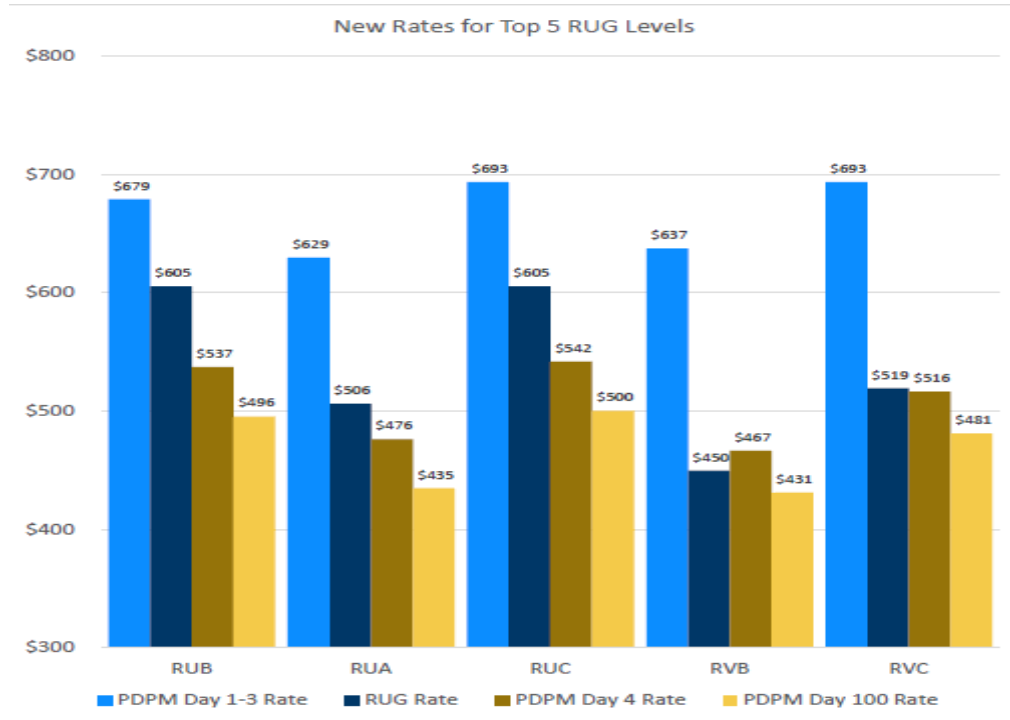
Exploration
of top five
RUG levels

Revenue
modeling-
provider
example

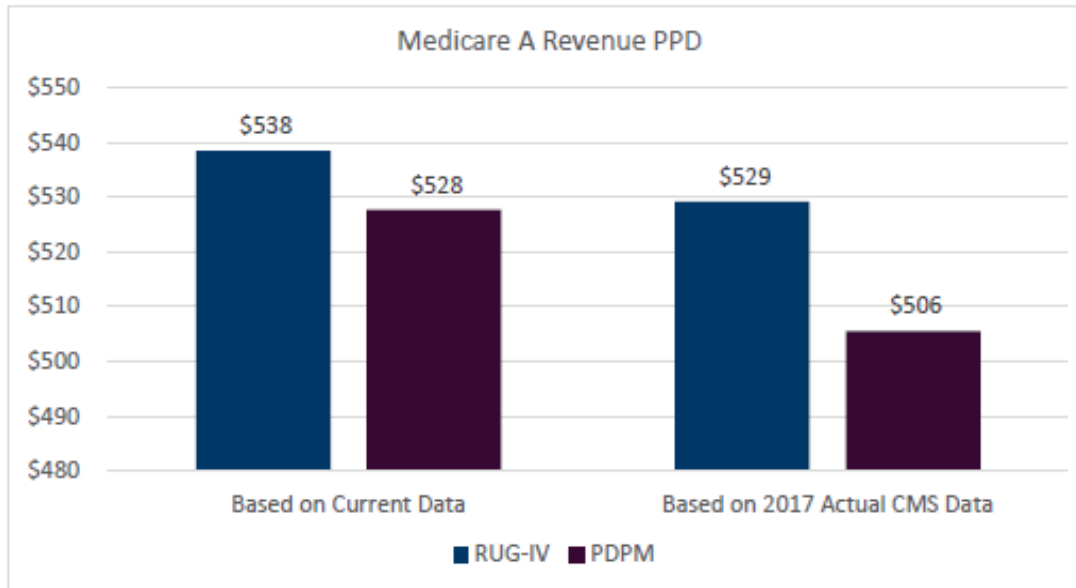
Sensitivity Analysis

- Therapy CMI
- Comorbidity
- Length of Stay

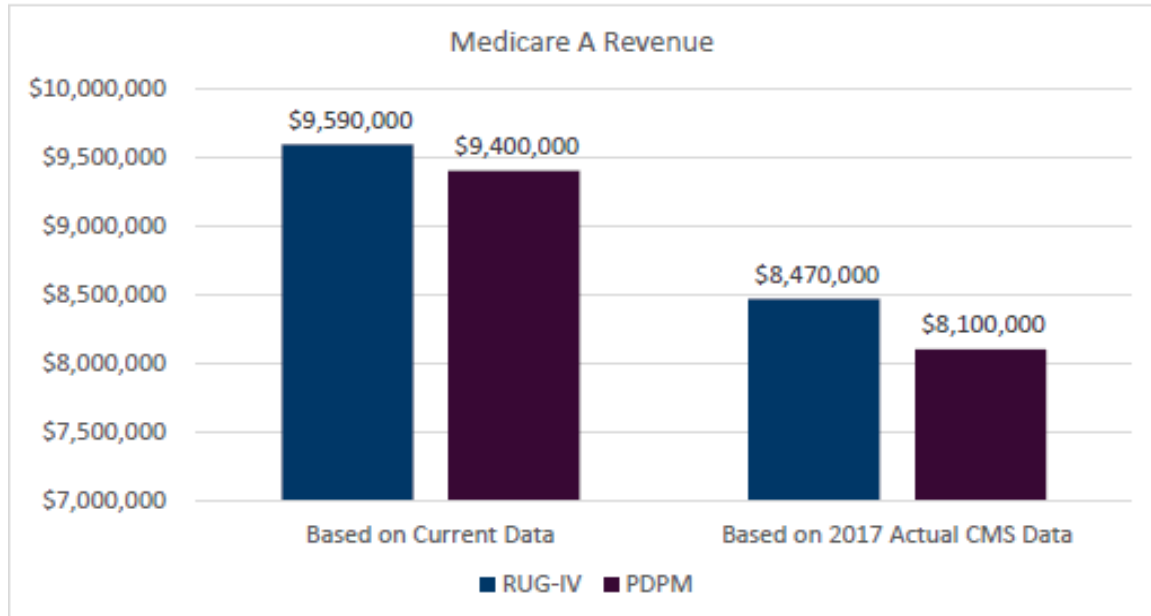
Exploration of Top Five RUG levels



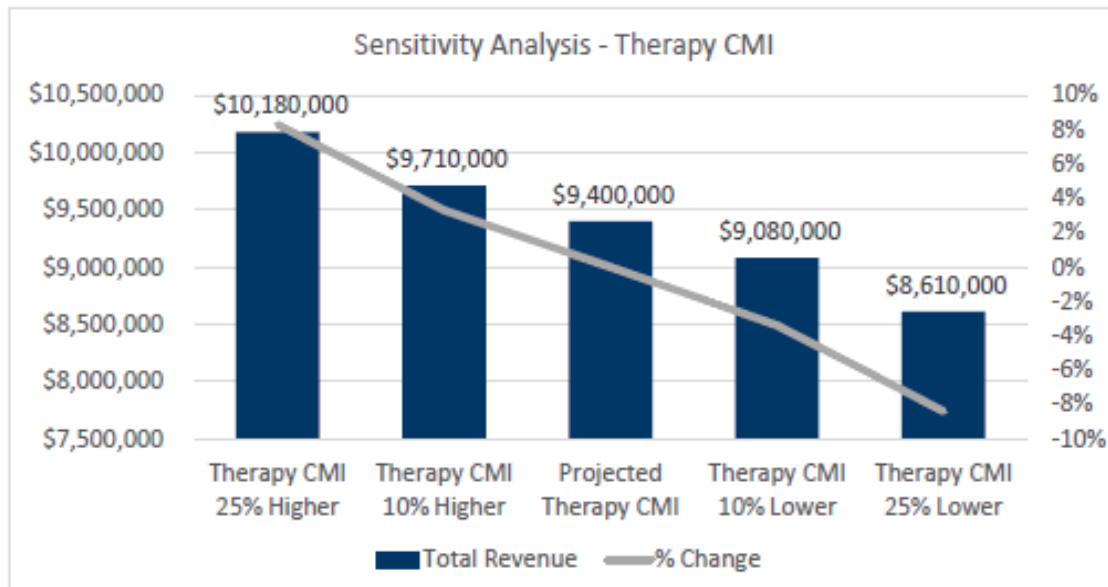
Revenue Modeling – Provider Example



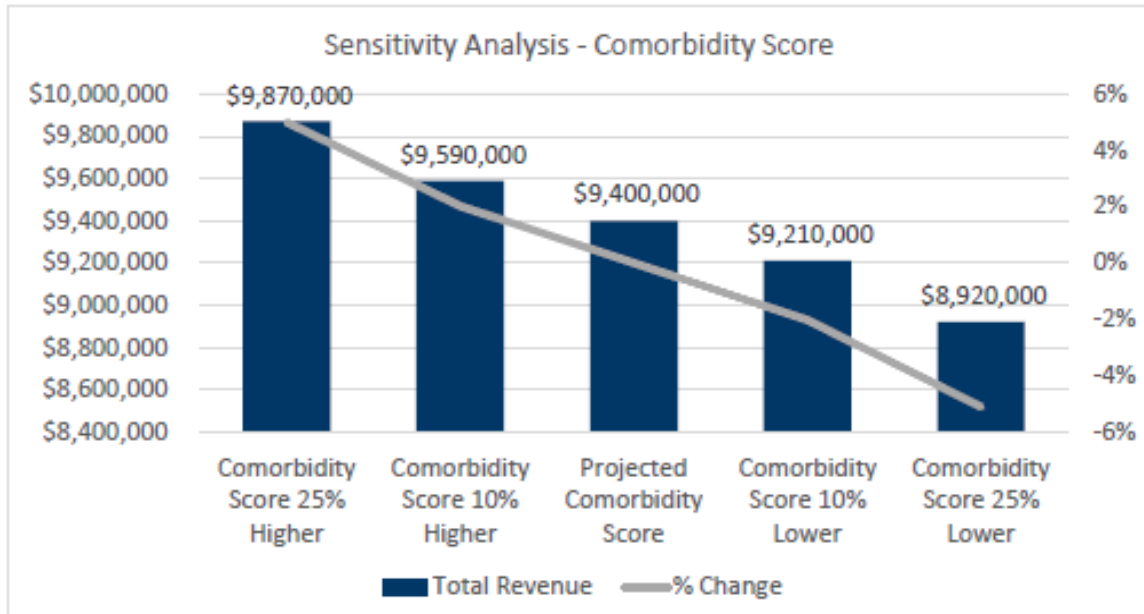
Revenue Modeling – Provider Example



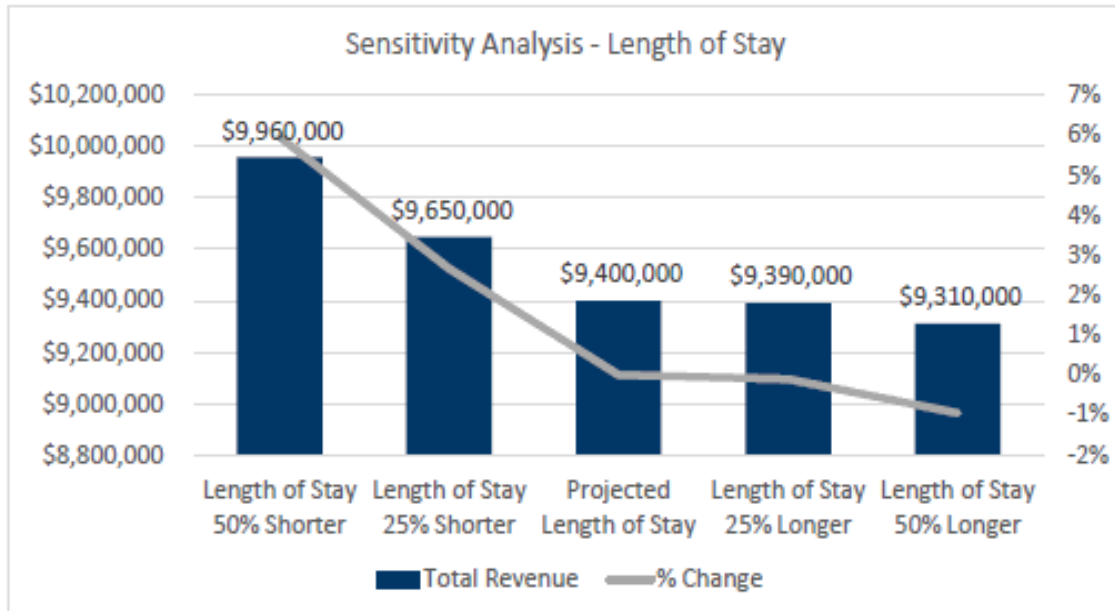
Sensitivity Analysis



Sensitivity Analysis



Sensitivity Analysis





Training and Coordination

MDS and ICD-10 Coding Implications on PDPM Calculation

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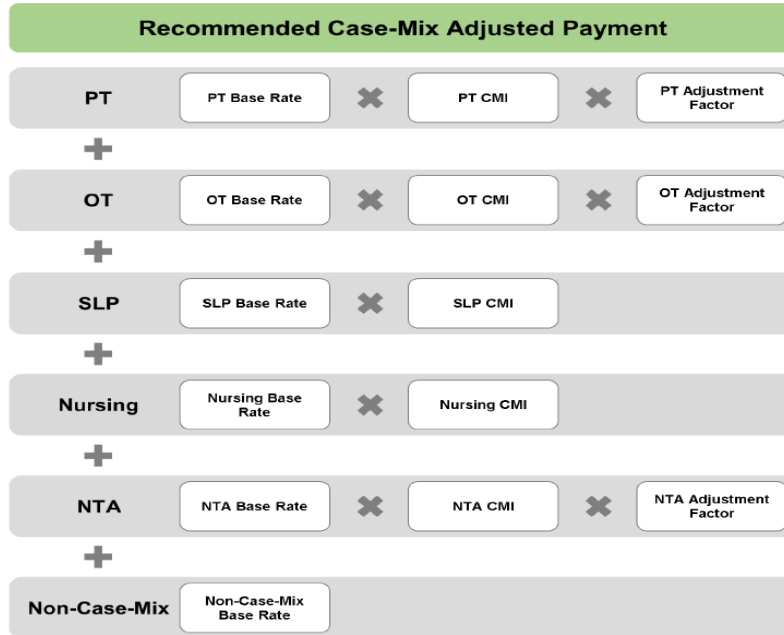
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Calculation of PDPM Payment

- Similar to RUGs, PDPM has component calculations based on resident characteristics and case mix.
- The main difference is how therapy services are used in the rate calculation.
- The nursing component has been simplified along with the non-case mix adjusted component.

Illustration of Payment Under PDPM

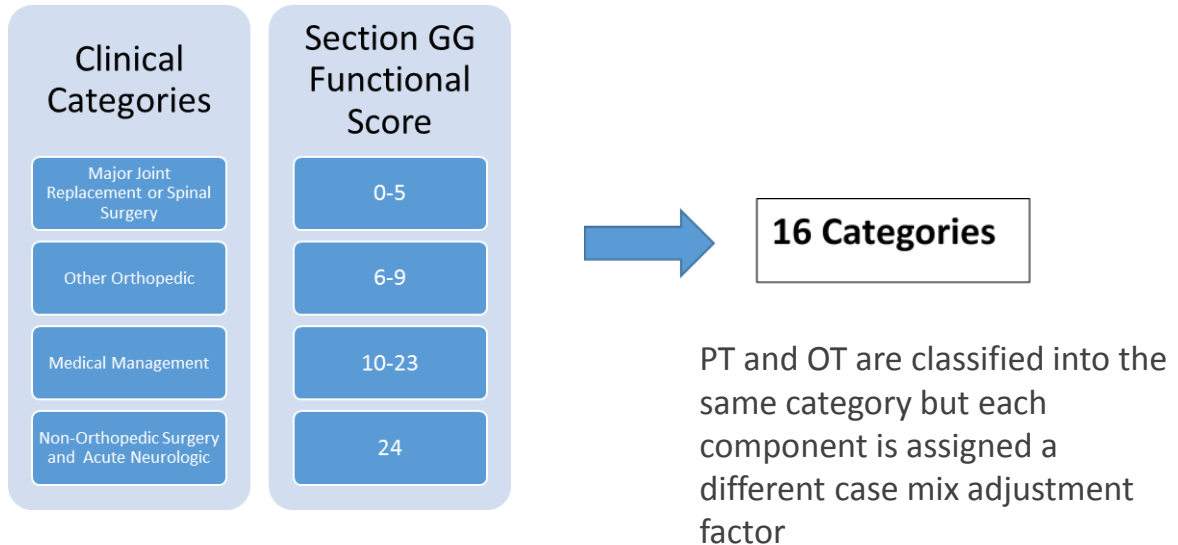
Figure 3: Illustration of Payment under PDPM



Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNPPS/Downloads/PDPM_Technical_Report_508.pdf



PDPM Flowchart – PT+OT



Function Score for PT Payment

Admission Performance (Column 1) =	Function Score =
05, 06	4
04	3
03	2
02	1
01, 07, 09, 88	0

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPFS/Downloads/MDS_Manual_Ch_6_PDPM_508.pdf



Section GG Functional Score

- ADL functional score calculated using the following ADL items
 - Eating
 - Bed mobility (average of 2 scores)
 - Oral hygiene
 - Transfer (average of 3 scores)
 - Toileting
 - Walking (average of 2 scores)
- Based on a scale from 0-24 combined
 - 0-4 points (from entries on section GG of MDS) for each ADL group above based on relative costliness associated with each response

PT ADL Score

Enter the Function Score for each item:

Eating

Eating Function Score: ____

Oral Hygiene

Oral Hygiene Function Score: ____

Toileting Hygiene

Toileting Hygiene Function Score: ____

Bed Mobility

Sit to Lying Function Score: ____

Lying to Sitting on Side of Bed Function Score: ____

Transfer

Sit to Stand Function Score: ____

Chair/Bed-to-Chair Function Score: ____

Toilet Transfer Function Score: ____

Walking

Walk 50 Feet with Two Turns Function Score: ____

Walk 150 Feet Function Score: ____

Need to
get an
average of
these three
sections

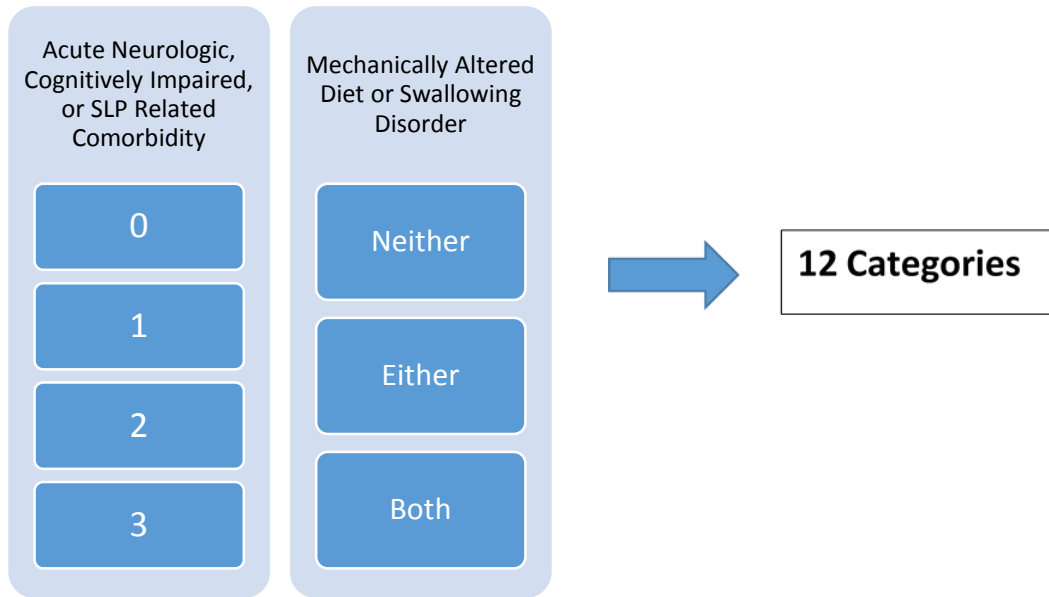
Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/Downloads/MDS_Manual_Ch_6_PDPM_508.pdf



ADL Changes Under PDPM

- No longer based on 4 late loss ADLs
- Based on Functional Abilities and Goals, Section GG of MDS Assessment
 - 2 main categories: self-care and mobility
- PT/OT will utilize 3 self care and 6 mobility questions
- Nursing utilizes 4 questions
- SLP does not utilize ADLs

PDPM Flowchart – SLP



Cognitive Impairment

- Intact
- Mildly, moderately, or severely impaired
- Assessed using either Brief Interview for Mental Status (BIMS) or Cognitive Performance Scale (CPS)
- Rehab teams will have to be trained on assessing cognitive status using the approved scale

Table 18: Revised Mapping between BIMS/CPS Scores and PDPM Function Scale

PDPM Cognitive Level	BIMS Score	CPS Score
1 - Cognitively Intact	13-15	0
2 - Mildly Impaired	8-12	1-2
3 - Moderately Impaired	0-7	3-4
4 - Severely Impaired	-	5-6

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/Downloads/MDS_Manual_Ch_6_PDPM_508.pdf



SLP Comorbidities

Table 36: Services and Conditions Included as SLP Comorbidities

Condition/Service
I4300: Aphasia
I4500: CVA, TIA, or Stroke
I4900: Hemiplegia or Hemiparesis
I5500: Traumatic Brain Injury
O0100E2: Tracheostomy Care While a Resident
O0100F2: Ventilator or Respirator While a Resident
Laryngeal Cancer
Apraxia
Dysphagia
ALS

Condition/Service
Oral Cancers
Speech and Language Deficits

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPFS/Downloads/MDS_Manual_Ch_6_PDPM_508.pdf



Nursing

- Nursing component would maintain existing case-mix groups but will be based on a function score from ADL items on Section GG of the MDS (0-16 combined score)
 - Self-care: Eating
 - Self-care: Toileting hygiene
 - Bed Mobility: Sit to lying
 - Bed Mobility: Lying to sitting on side of bed
 - Transfer: Sit to stand
 - Transfer: Chair/bed-to chair transfer
 - Transfer: Toilet transfer
- The nursing component will still be determined by a type of index maximization system.

Nursing Function Score

Enter the Function Score for each item:

Eating

Eating Function Score: ____

Toileting

Toileting Hygiene Function Score: ____

Bed Mobility

Sit to Lying Function Score: ____

Lying to Sitting on Side of Bed Function Score: ____

Transfer

Sit to Stand Function Score: ____

Chair/Bed-to-Chair Function Score: ____

Toilet Transfer Function Score: ____

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPFS/Downloads/MDS_Manual_Ch_6_PDPM_508.pdf



Non-Therapy Ancillary (NTA)

- Classification based on comorbidities/extensive services provided – point scale developed for each comorbidity creating 6 classifications as noted below

Table 49: NTA Groups Created by CART

Comorbidity Score	# of Stays*	% of Stays	Avg. NTA Costs per Day
0-1	575,527	36.1%	\$36
2	297,290	18.7%	\$49
3-4	378,292	23.8%	\$61
5-8	265,475	16.7%	\$83
9-11	55,185	3.5%	\$123
12+	20,990	1.3%	\$157

**Includes stays from FY 2017 with 8 or more utilization days.*

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNPPS/Downloads/PDPM_Technical_Report_508.pdf



PDPM – NTA Comorbidities and Points

Table 12: NTA Comorbidity Score Calculation

Condition/Extensive Service	MDS Item	Points
HIV/AIDS	N/A (SNF claim)	8
Parenteral IV Feeding: Level High	K0510A2, K0710A2	7
Special Treatments/Programs: Intravenous Medication Post-admit Code	O0100H2	5
Special Treatments/Programs: Ventilator or Respirator Post-admit Code	O0100F2	4
Parenteral IV feeding: Level Low	K0510A2, K0710A2, K0710B2	3
Lung Transplant Status	I8000	3
Special Treatments/Programs: Transfusion Post-admit Code	O0100I2	2
Major Organ Transplant Status, Except Lung	I8000	2
Active Diagnoses: Multiple Sclerosis Code	I5200	2
Opportunistic Infections	I8000	2
Active Diagnoses: Asthma COPD Chronic Lung Disease Code	I6200	2
Bone/Joint/Muscle Infections/Necrosis - Except: Aseptic Necrosis of Bone	I8000	2
Chronic Myeloid Leukemia	I8000	2
Wound Infection Code	I2500	2
Active Diagnoses: Diabetes Mellitus (DM) Code	I2900	2
Endocarditis	I8000	1
Immune Disorders	I8000	1

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNPPS/Downloads/PDPM_Technical_Report_508.pdf



Sample Section GG Questions

1. Admission Performance	2. Discharge Goal	
↓ Enter Codes in Boxes ↓		
<input type="text"/>	<input type="text"/>	B. Sit to lying: The ability to move from sitting on side of bed to lying flat on the bed.
<input type="text"/>	<input type="text"/>	C. Lying to sitting on side of bed: The ability to safely move from lying on the back to sitting on the side of the bed with feet flat on the floor, and with no back support.
<input type="text"/>	<input type="text"/>	D. Sit to stand: The ability to safely come to a standing position from sitting in a chair or on the side of the bed.
<input type="text"/>	<input type="text"/>	E. Chair/bed-to-chair transfer: The ability to safely transfer to and from a bed to a chair (or wheelchair).

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPFS/Downloads/MDS_Manual_Ch_6_PDPM_508.pdf



MDS example of I8000 section

<input type="checkbox"/>	I6500. Cataracts, Glaucoma, or Macular Degeneration
	None of Above
<input type="checkbox"/>	I7900. None of the above active diagnoses within the last 7 days
	Other
	I8000. Additional active diagnoses
	Enter diagnosis on line and ICD code in boxes. Include the decimal for the code in the appropriate box.
A.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
B.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
C.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
D.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
E.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
F.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
G.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
H.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
I.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
J.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPFS/Downloads/MDS_Manual_Ch_6_PDPM_508.pdf



MDS Example of Section I Heading

Resident

Identifier

Date

Section I

Active Diagnoses

Active Diagnoses in the last 7 days - Check all that apply

Diagnoses listed in parentheses are provided as examples and should not be considered as all-inclusive lists

Cancer

☐

I0100. Cancer (with or without metastasis)

Heart/Circulation

☐

I0200. Anemia (e.g., aplastic, iron deficiency, pernicious, and sickle cell)

☐

I0300. Atrial Fibrillation or Other Dysrhythmias (e.g., bradycardias and tachycardias)

☐

I0400. Coronary Artery Disease (CAD) (e.g., angina, myocardial infarction, and atherosclerotic heart disease (ASHD))

☐

I0500. Deep Venous Thrombosis (DVT), Pulmonary Embolus (PE), or Pulmonary Thrombo-Embolism (PTE)

☐

I0600. Heart Failure (e.g., congestive heart failure (CHF) and pulmonary edema)

☐

I0700. Hypertension

☐

I0800. Orthostatic Hypotension

☐

I0900. Peripheral Vascular Disease (PVD) or Peripheral Arterial Disease (PAD)

Gastrointestinal

☐

I1100. Cirrhosis

☐

I1200. Gastroesophageal Reflux Disease (GERD) or Ulcer (e.g., esophageal, gastric, and peptic ulcers)

☐

I1300. Ulcerative Colitis, Crohn's Disease, or Inflammatory Bowel Disease

Genitourinary

☐

I1400. Benign Prostatic Hyperplasia (BPH)

☐

I1500. Renal Insufficiency, Renal Failure, or End-Stage Renal Disease (ESRD)

☐

I1550. Neurogenic Bladder

☐

I1650. Obstructive Nephropathy

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/Downloads/MDS_Manual_Ch_6_PDPM_508.pdf



MDS Resident's Primary Medical Condition

I0020. Indicate the resident's primary medical condition category

Enter Code **Indicate the resident's primary medical condition category that best describes the primary reason for admission**
Complete only if A0310B = 01

- 01. **Stroke**
- 02. **Non-Traumatic Brain Dysfunction**
- 03. **Traumatic Brain Dysfunction**
- 04. **Non-Traumatic Spinal Cord Dysfunction**
- 05. **Traumatic Spinal Cord Dysfunction**
- 06. **Progressive Neurological Conditions**
- 07. **Other Neurological Conditions**
- 08. **Amputation**
- 09. **Hip and Knee Replacement**
- 10. **Fractures and Other Multiple Trauma**
- 11. **Other Orthopedic Conditions**
- 12. **Debility, Cardiorespiratory Conditions**
- 13. **Medically Complex Conditions**
- 14. **Other Medical Condition** If "Other Medical Condition," enter the ICD code in the boxes

I0020A.

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPFS/Downloads/MDS_Manual_Ch_6_PDPM_508.pdf



Summary of Draft Categories for PDPM

PT	OT	SLP	Nursing	NTA
TA	TA	SA	ES1-ES3	NA
TB	TB	SB	HDE1-HDE2	NB
TC	TC	SC	HBC1-HBC2	NC
TD	TD	SD	LDE1-LDE2	ND
TE	TE	SE	LBC1-LBC2	NE
TF	TF	SF	CDE1-CDE2	NF
TG	TG	SG	CA1-CA2	
TH	TH	SH	CBC1-CBC2	
TI	TI	SI	BAB1-BAB2	
TJ	TJ	SJ	PDE1-PDE2	
TK	TK	SK	PA1-PA2	
TL	TL	SL	PBC1-PBC2	
TM	TM			
TN	TN			
TO	TO			
TP	TP			

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNPPS/Downloads/PDPM_Technical_Report_508.pdf



Current MDS Assessments under RUGs

Medicare MDS Scheduled Assessment Type	Reason for Assessment (A0310B code)	Assessment Reference Date	Assessment Date Grace Days+	Applicable Standard Medicare Payment Days^
5-day	01	Days 1-5	6-8	1 through 14
14-day	02	Days 13-14	15-18	15 through 30
30-day	03	Days 27-29	30-33	31 through 60
60-day	04	Days 57-59	60-63	61 through 90
90-day	05	Days 87-89	90-93	91 through 100

MDS Assessments Anticipated in PDPM

- 5 day assessment
- PPS Discharge (does not impact payment but is required when a PPS stay ends)
- Interim Payment Assessment
 - New MDS assessment being developed
 - Criteria not established yet
 - Will reset payment but not the variable portion



Diagnosis and coding is critical

- Hospital Discharges
 - Typical discharge information is sufficient
 - Surgery information from hospital is new and critical
- SNF Admits
 - SNF clinical diagnoses
 - MDS coordinator codes based on MDS items and ICD-10 codes

Clinical Reason for SNF Stay

- Reduced from 30 categories in RCS-I
- Comes from hospital discharge summary
- Needs to be listed on UB04 and the MDS Section I, especially I8000 section
- Also listed on the Medicare certification and daily skilled notes by both nursing and therapy
- Accuracy of MDS data will be key and include more staff involvement in MDS determination



Therapy Contracts

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Therapy Contract Changes

- Now is the time to start thinking about renegotiating contracts
- How will delivery of therapy change with ability to utilize group/concurrent therapy
- Focus now on how therapy practices may be modified with focus on obtaining functional outcomes

Impact Beyond 10/1/19

- LOS adjustment will reward shorter stays for therapy patients
 - Opportunity to serve more clinically complex patients
 - Opportunity to participate in bundles or ACOs with lower LOS
- Medicare Advantage plans may adopt new system
- Medicaid programs that rely on RUGs will need to adapt

What is NOT Changing?

- SNF responsibilities still remain under PDPM
 - Needs for daily skilled care
 - Requirements of Participation
 - Survey and Certification
 - Annual Payment Rate Update
 - ◇ Market Basket
 - ◇ Wage Index
 - Consolidated Billing
 - SNF Quality Program
 - ◇ VBP and QRP





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