The future of SNF payment… The Resident Classification System

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National Association for the Support of Long Term Care
Representing ancillary services and providers of long term and post-acute care

Resident Classification System (RCS-1)… Where did this come from and Why?

- CMS using existing statutory authority to revise the PPS
- Maintains a per diem payment
- Pressure from MedPAC, OIG, Congress to revise the RUGS system away from therapy minutes driving the reimbursement
- CMS contracted with Acumen in 2012 for therapy revision
- Scope expanded to entire PPS in 2014
- Advance Notice of Rule Making released in May 2017
- CMS' Goals – reimbursement based on patient characteristics

Resident Classification System (RCS-1) - Five Component System

- Physical Therapy/Occupational therapy
- Speech Language Pathology
- Nursing
- Non-Therapy Ancillary
- Non Case Mix

RCS-1 Clinical Categories

- In designing the model, CMS created 10 clinical categories, including:
  - Major Joint Replacement or Spinal Surgery
  - Non-Surgical Orthopedic/Musculoskeletal
  - Orthopedic Surgery (Except Major Joint)
  - Acute Infections
  - Medical Management
  - Cancer
  - Pulmonary
  - Cardiovascular and Coagulations
  - Acute Neurologic
  - Non-Orthopedic Surgery
- CMS used the categories as a framework for identifying related therapy and non-therapy ancillary costs

Nursing Component

- All residents will be assigned to one of the 43 current non-rehab RUGs, including
  - Extensive Services – final group determined by combinations of three extensive services
  - Special Care High/Special Care Low/Clinically Complex – final group determined by ADL score and presence of depression
  - Behavioral Symptoms and Cognitive Performance – final group determined by ADL score and number of restorative nursing services
  - Reduced Physical Function – final group determined by ADL score and number of restorative nursing services
- STRIVE data was used to update nursing indexes

PT/OT Component

- All patients, including those who do not actually receive therapy, will be placed into one of 30 case mix groups for PT/OT
- The groups would be calculated based on clinical categories, functional scores and the degree of cognitive impairment
  - Clinical categories include
    - Joint replacement/spinal surgery
    - Other orthopedic
    - Non-orthopedic surgery
    - Acute neurological
    - Medical management
- The therapy component payment rate will vary by the length of stay with SNFs receiving 100% of the rate for days 1-14, and having the rate reduced by 1% every three days thereafter

PT/OT (continued)

- Functional scores include 3 ADLs:
  - Transfer
  - Eating
  - Toileting
  - Each ADL will be scored between 0 and 6, for a total of 0 to 18 points
- Cognitive function will be evaluated and residents will be categorized as Moderate/Severe Cognitive Impairment, Yes or No
- CLINICAL CATEGORIES X FUNCTIONAL SCORE X COGNITIVE IMPAIRMENT = 30 GROUPS

SLP Component

- Each resident will be placed into one of 18 SLP classifications, based on
  - Clinical Categories
    - Acute neurologic and non-neurologic
  - The presence of a Swallowing Disorder or Mechanically Altered Diet
    - Both, either or neither
  - SLP-related Comorbidity or Mild to Severe Cognitive Impairment
    - Both, either or neither
- 12 conditions and services qualify as SLP related comorbidity, including
  - Aphasia, CVA/TIA/Stroke, Hemiplegia or hemiparesis, TBI, Tracheostomy as a Resident, Ventilator as a Resident, Laryngeal Cancer, Apraxia, Dysphagia, ALS, Oral Cancers and Speech and Language Deficits

- CLINICAL CATEGORIES X SWALLOWING DISORDER or Mechanically Altered Diet X SLP COMORBIDITY OR COGNITIVE IMPAIRMENT = 18 Groups

Non-Therapy Ancillary Component

- All residents will be classified into one of 6 case mix groups for non-therapy ancillary payments
- Points will be assigned for certain conditions and extensive services
- Information will be gathered from the MDS and in the case of HIV/AIDS patients, the SNF claim
  - HIV/AIDS would no longer receive the 120% payment adjustment, but would receive a 19% increase in the nursing component of the RCS-I rate

Conditions/Extensive Services for NTA Classification

Condition/Extensive Service	NTA Tier	Points
HIV/AIDS	Ultra-High	8
Parenteral /IV Feeding – High	Very-High	7
IV Medication	High	5
Parenteral/IV Feeding – Low	High	5
Ventilator/Respirator	High	5
Transfusion	Medium	2
Kidney Transplant Status	Medium	2
Opportunistic Infections	Medium	2
Infection with resistant orgs.	Medium	2
Cystic Fibrosis	Medium	2
Multiple Sclerosis	Medium	2
Major Organ Transplant Status	Medium	2
Tracheostomy	Medium	2
Asthma, COPD, CLD	Medium	2

Conditions/Extensive Services for NTA Classification

Conditions/Extensive Services	NTA Tier	Points
Chemotherapy	Medium	2
Diabetes	Medium	2
End-Stage Liver Disease	Low	1
Wound Infection (not foot)	Low	1
Transplant	Low	1
Infection Isolation	Low	1
MRSA	Low	1
Radiation	Low	1
Diabetic Foot Ulcer	Low	1
Bone/Joint/Muscle Infect./Necros.	Low	1
Highest Ulcer Stage 4	Low	1
Osteomyelitis/Endocarditis	Low	1
Suctioning	Low	1
DVT/Pulmonary Embolism	Low	1

Varying NTA Per Diem Rates

- For the first three days of a stay, the adjustment factor for the NTA will be 3.0
- For days 4-100, the adjustment factor will be 1.0
- The variable per-diem rate is designed to offset higher NTA costs at the beginning of a stay
- In modeling some sample patients, we learned that for some cases, the NTA can double the per diem payment for the first three days

Sample Patient – Mrs. Jones

- Mrs. Jones was hospitalized for four days after having a stroke
- She is paralyzed on her left side and requires maximum assistance with ADLs
- She has COPD and is diabetic
- She has an infected diabetic foot ulcer that requires treatment with an antibiotic
- She is transferred to a SNF and stays for 13 days before being readmitted to the hospital for a severe UTI

Mrs. Jones

- Under RUG IV, she would be classified as RUC because she requires maximum assistance with activities of daily living and will receive more than 720 minutes of therapy per week

- Her COPD, diabetes, foot ulcer and IV medication have no impact on the reimbursement rate of $616.32 per day

Calculation of Nursing Component

- Ms. Jones is not depressed
- She has a high ADL score
- She has COPD with shortness of breath when lying flat.
- Mrs. Jones would be placed in the nursing category of HE1, or Special Care High. The case mix weight is 2.02, so we would multiply the nursing rate of $100.91 by 2.02 for a total nursing component payment of $203.84

PT/OT Component Calculation

- Mrs. Jones would be classified as acute neurologic for PT/OT.
- She has moderate to severe cognitive impairment because of the stroke
- Mrs. Jones requires maximum assistance with ADLs
- She would be classified as TN with a case mix weight of 1.48
- We would multiply the PT/OT daily component of $126.76 by 1.48 for a total of $187.60
- The SNF would receive $187.60 each day regardless of the volume of therapy provided

SLP Component Calculation

- Mrs. Jones is an acute neurologic case
- She has a swallowing disorder
- She requires a mechanically altered diet
- Mrs. Jones has aphasia
- She also has moderate cognitive impairment
- Her SLP category would be SA with a case mix weight of 4.19
- We would multiply the SLP component of $24.14 by 4.19 for a total of $101.15.
- The SNF would receive $101.15 per day regardless of the volume of SLP services provided

NTA Component Calculation

- Mrs. Jones has COPD (2 points)
- She is diabetic (2 points)
- She has a diabetic foot ulcer (1 point)
- She receives an IV medication (5 points)
- Mrs. Jones' NTA category would be NB
- Her NTA payment for the first three days would be $76.22 multiplied by the case mix weight of 2.59 and then multiplied by 3 for a total of $592.23 per day.
- For days 4-13, the NTA rate would be $197.41.

Impact on Payment

- There is a non-case mix component of $90.42 to cover overhead.
- The sum of all the components would be $1,175.23 for days 1-3 and $780.41 for days 4 and onward. The total payment under RCS-I would be $11,327.09.
- The payment for the same case under RUG-IV would be $8,012.16. **The rate under the new system would be 41.4% higher than under the current system.**

Preparing for Change

- Concerns
  - Potential for inaccurate patient classification &/or access to care
  - Potential for untimely (within 48 hours) hospital information: patient diagnosis, status, prognosis
  - Capturing fluctuations in patient condition
- Considerations
  - Timely & accurate admission assessment
  - Compliance to established Rules of Participation
  - Maintenance of standards of care
  - Accommodation of patient rights, patient goals, patient discharge plans
  - Compliance with Quality Measures

From May 2017 Advance Notice…

- "…In addition, we are considering the possibility of adding certain items to this PPS Discharge Assessment that would allow CMS to track therapy minutes over the course of a resident's Part A stay."

- "…the impacts presented here assume consistent provider behavior in terms of how care is provided under RUG–IV and how care might be provided under RCS–I, as based on the concerns raised during a number of TEPs, we acknowledge the possibility that, as therapy payments under RCS–I would not have the same connection to service provision as they do under RUG–IV, it is possible that some providers may choose to reduce their provision of therapy services to increase margins under RCS–I." (Emphasis added)

When Will the Model be Released and Implemented?

- Possibly as a part of the SNF PPS FY2019 Proposed Rule.
- Possibly separate similar to last year's Advance Notice.
- Could be released anytime.
- CMS does not have to respond to the comments submitted to last year's Advance Notice.
- Implementation -- FY19, FY20 ???

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Questions?

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