

MDS Alert

Brace for a Part A Payment Cut on Oct. 1

The case-mix adjustment recalibration is back.

If you hoped the Centers for Medicare & Medicaid Services would forget about recalibrating the RUGs for FY 2010, no such luck.

While the May 12 proposed SNF PPS rule saved the major RUG changes for the 2011 fiscal year, it does seek to implement a major case-mix recalibration to RUG-III, effective on Oct. 1, 2009. The calibration accounts for the unexpected high utilization of the Rehab plus Extensive Services RUGs.

"The recalibration is basically \$1.05 billion," observes **Peter Arbuthnot**, regulatory analyst for American HealthTech, a long-term care software company in Jackson, Miss. "So even with a \$660 million market basket increase, that's a net decrease of about \$390 million for Medicare," he says.

Overall, adds **Steven Jones, CPA**, rates will drop about 1.2 percent.

CMS tried to implement the recalibration in FY 2009, adds Arbuthnot, "but backed off to study it further. Now CMS has studied it and is proposing it again."

And don't count on CMS removing it from the final rule this time. "Given the concern at the federal level over the Medicare budget, I'd be surprised if it's not included in the final rule," says Jones, a shareholder with Moore Stephens Lovelace PA in Clearwater, Fla.