MDS Alert

MDS 3.0 UPDATE: Beware Medicaid System Changes, Software Ramp Up as October Rollout Looms

Case-mix jump, magnitude of software changes among top concerns.

The MDS not only drives Medicare and a host of other functions -- it also affects Medicaid payment in a growing majority of states.And states are beating the drum about what they see as potential challenges in getting the revised 3.0 to jibe with their RUG or MDS-adjusted payment systems. In addition,MDS software developers overall face an increasingly steep ramp up to have their systems ready to go by the October 2009 MDS 3.0 implementation date.

The MDS 3.0's effect on Medicaid payment is apparently a concern for states on case-mix and providers, says **Sandra Fitzler, RN**,senior director of clinical services for the American Health Care Association. "We get a lot of calls [from our members] about it."

Revised ADL Scoring Could Drive Up Medicaid Payments

A top concern involves the potential impact of the draft MDS 3.0 ADL coding on payments in RUG-based Medicaid states. "The problem is that MDS 2.0 requires you to code three instances of assistance [for self-performance] whereas the draft MDS 3.0 asks you to code only one instance of the most dependent episode [a combination of self-performance and support]," says PeterArbuthnot, regulatory analyst with a long-term care software company in Jackson, Miss. And this would shift ADL scores upward, creating an "automatic unplanned 'case-mix jump,'" he says."CMS is looking at Section G in terms of its impact on the ADL index and RUG scores," adds Ron Orth, RN,NHA, CPC, RAC-CT, president of Clinical Reimbursement Solutions LLC in Milwaukee. Orth says he's heard speculation from "multiple sources" that CMS could change Section G back to the 2.0 version or revise the draft section in some way.How the Centers for Medicare & Medicaid Services will handle this issue remains to be seen, say experts.But the notion that the MDS 3.0 could drive up RUG rates alarms states already grappling with budget crunches, Arbuthnot points out.

"States that have chosen to do their own thing with the MDS for case-mix will definitely have a challenge" with the MDS 3.0, observes **Pam Campbell, RN**, a consultant with LTC-Solutions, a software and educational company in Cape Girardeau, Mo.

For example, Illinois doesn't use a RUG-based system, but the MDS 2.0 does affect payment. For example, one area in the current Medicaid system is acute medical monitoring, which the system determines using a combination of MDS 2.0 items, says **Debbie Belt, RN**, VP of education and clinical services for the Illinois Health Care Association. The MDS 3.0 doesn't address that issue in quite the same way, so we have to look at that," Belt says. And providers are concerned about the state not having the MDS 3.0 information in time to make "necessary adjustments" and ensure they don't affect nursing home rates, adds Belt.

New York State is just out the gate with a RUG-III system that, at press time, was set to go into effect on Jan. 1, 2009. So the state doesn't yet even know what impact moving to an MDS 2.0-driven system will have, observes **Daniel J. Heim**, VP of public policy for the New York Association of Homes & Services for the Aging. And a switch to the MDS 3.0 in 2009 would require another change in a relatively short period of time, posing "a major systems and educational challenge for providers."

States are also concerned about the state-specific section of the MDS, Section S, which is used for specific data collection either for special projects or specifically for payment, says Arbuthnot. "Not all states have Section S, although most case-mix states do," he says. "CMS had proposed, mostly for submission purposes, creating a new Section S for all the states to share the same questions and answer sets," Arbuthnot notes.While "this is mostly a technical issue and not really something that would force the states to change anything," it is nevertheless another thing for CMS and the states to

resolve, he adds.

Vendors Chafing at Short Timeline

The deadlines for software vendors to "design, code, test and release, and give facilities time for installation and training is rapidly approaching the failsafe point," saysArbuthnot.As of press time, CMS had released the draft data specs. However, "vendors need the QIs, QMs, RAPs, and 672/802 crosswalks, as well as actual MDS 3.0 forms in their normal formatting into full, quarterly, MPAF, discharge, entry,etc., variations," saysArbuthnot.And the longer CMS delays in releasing information, the greater the chance the agency will have to delay implementation because the industry won't be able to react quickly enough, he predicts.

At this point, "it is hard to say what CMS might do if it's faced with moving the implementation," Arbuthnot says. "CMS could do some sort of altered phase-in of the new RUGs at a later date, or move implementation to January 2010," he speculates.

AHCA's Fitzler notes, however, that CMS maintains that the MDS 3.0 won't be delayed. Thus, for the MDS 3.0 timeline, it seems time will soon tell how it will play out.