

## MDS Alert

### MDS & MEDICAID UPDATE

Good news: The MDS 3.0 may not impact Medicaid case-mix states as much as predicted. States with RUG-based Medicaid case-mix systems have worried that the MDS 3.0 would lead to what one source calls "RUG jump" due, in part, to the initially proposed MDS 3.0 ADL calculation. The latter captured only one instance of the most dependent episode for both self-performance and support provided. The proposed RUG-IV system, however, has helped allay that concern.

"The first thing we noticed about the proposal is that the RUG-IV no longer uses the previous MDS 3.0 draft ADL calculation," says **Debbie Belt**, VP of education and clinical services at the Illinois Health Care Association. She notes that IHCA is taking a look at how the revised MDS 3.0 would affect the state's Medicaid system, which is based on the MDS but not any RUG system.

In a recent SNF/LTC Open Door Forum call, the Centers for Medicare & Medicaid Services' **Ellen Berry** noted that the agency has compared the RUG-III items used to create the 34, 44, or 53 RUG grouper to the items that appear on the MDS 3.0. "We have also done an analysis to determine whether we anticipate a change in the distribution of patients who classify in a different category," Berry said. And so far, CMS "has been able to work that there is no impact overall to how patients categorize," she noted.

Now that MDS 3.0 includes the MDS 2.0 version ADLs -- and the latest MDS 3.0 data item set crosswalks to the RUG-III payment items -- states can keep their RUG-III payment system after the MDS 3.0 transition, says **Peter Arbuthnot**, a regulatory analyst with American HealthTech in Jackson, Miss. But in his view, "most states will have to do some modeling with real MDS 3.0 data before they make a switch to the equivalent model of RUG-IV."

Meantime, states have a lot "a lot of angst" over whether the new MDS 3.0 definitions and learning curve will be budget neutral or, as states hope, produce some cost savings, observes Arbuthnot.

The states "perhaps will get CMS to do some modeling for them so they have some reassurance. Perhaps [states] will enact some hold harmless legislation or freeze rates for the first couple of quarters after October 2010 so they can collect actual MDS 3.0 data and perform comparisons of rates to then adjust their state CMI to maintain a budget neutral stance," he says.

Déjà vu: States will have to prove to stakeholders and their legislature through the state rulemaking processes that the change to MDS 3.0 is best for the residents and the Medicaid budget -- and the least burdensome for facilities, says Arbuthnot. States had to go through the same process when they moved from cost-based reimbursement to a case-mix based system, he adds.

Physical activity combats cognitive decline. Older Americans who maintained or increased their level of physical activity showed significantly less cognitive decline over seven years than those who were not active or whose activity levels declined during that time, according to a study led by researchers at the San Francisco VA Medical Center and the University of California, San Francisco. Seniors whose activity rates fluctuated at times but who ultimately stayed physically active over the course of the study also showed less decline. The results were reported at the 2009 Alzheimer's Association International Conference on Alzheimer's Disease in Vienna.