MDS Alert

Medicare Billing: Shake Loose The Old RUGs From The New For Assessments Spanning 2005-2006

If you don't, you can get hit with payment recoupments.

As the new year approaches, ringing out the old RUG system and in the new will require some attention to pull it off without a billing hitch.

Your nursing home needs to know how to handle MDS assessments that generate one RUG from the 44-RUG system for days in 2005--and a different RUG under the new system coming on line on Jan. 1.

Example: Say you submit an MDS assessment with an ARD of Dec. 26, suggests **Nathan Lake, RN**. an MDS software developer and expert in Seattle.

The FI will pay the SNF based on [the 44-RUG system] for the last six days in 2005 and based on the new 53-RUG system for the remaining period in 2006," Lake says.

SNFs that submit assessments with billing periods overlapping the old and new year should run the MDSs through RAVEN or their MDS software to calculate RUG scores under the former and new system, Lake says. "Then tell the billing office to bill the last few days of 2005 with the one RUG score and use the new RUG score for the days in 2006."

Watch Your Validation Reports

The final validation reports from the state can provide both RUG scores calculated for MDS assessments with ARDs ranging from Nov. 22, 2005 through Jan. 13, 2006, notes **Patricia Boyer, MSM, RN**, a consultant with **BDO Healthcare Group** in Milwaukee. "Those are the assessments [where] the MDS could cover two billing periods potentially."

Catch RUG Mismatches Up Front

Pay close attention to the final validation report during the transition phase to ensure the facility's RUG calculation matches the one the MDS system database came up with, advises Lake. "When the new RUG system goes into effect, facilities should pay close attention to the validation reports for about 30 days or so to see if there are any problems," Lake suggests. Keep in mind that "an incorrect RUG score isn't a fatal error," he adds. "That means the state repository will accept the MDS even though the facility's software calculated an incorrect RUG score."

But facilities must bill Medicare using the RUG score calculated by the state system if it differs from their RUG calculation. "Thus, the facility could end up owing [the Medicare program] money if it bills a higher paying RUG than the one calculated by the state," says Lake.