

MDS Alert

Medicare: CMS Walks SNFs Through the Move From RUG-III to RUG-IV

Know the options for doing PPS assessments for residents with covered days spanning September and October.

Ready for the practical realities of switching from RUG-III to RUG-IV? During an Aug. 24 national provider call, CMS officials explained how the transition will work for doing SNF PPS assessments.

The transition applies only to residents with covered Part A stays in September and October of this year where the RUG assignment for one SNF PPS assessment covers days in both months, according to CMS' **Ellen Berry** in a presentation during the call. SNFs must complete all OBRA-required assessments according to the OBRA schedule.

Key: In order to receive payment for covered days in September 2010, the SNF must generate a RUG-III, using the MDS 2.0 or MDS 3.0. But to get paid for days in October, an SNF can only use the MDS 3.0 to obtain a RUG-IV.

The transition doesn't apply to residents whose last paid day under Medicare is Sept. 30 or earlier. By the same token, the transition would not apply to residents whose Medicare start date (A2400B) is Oct. 1 and later (for more information, see the sidebar on page 99).

Double-check your ARDs: An MDS 2.0 with an assessment reference date (ARD) of Oct. 1, 2010, or later will be rejected. Ditto for an MDS 3.0 with an ARD of Sept. 30, 2010, or earlier.

SNFs Can Choose From These Options

To manage the transition for PPS assessments, SNFs have a number of choices. One is to take the default rate by not doing a PPS assessment when a resident's Part A stay ends on Oct. 1 through Oct. 4. That sounds simple enough, but there's a catch: The SNF will be required to do an MDS 3.0 discharge assessment when the resident leaves the facility, Berry pointed out. And the SNF could combine the discharge assessment with that particular PPS assessment, she said. For that reason, CMS predicts SNFs will rarely take the default payment option.

That leaves what CMS has numbered options one through three:

Option 1: Do the MDS 2.0 and MDS 3.0 of the same type. The SNF would complete the MDS 2.0 in September and the MDS 3.0 in early October. If the resident remained skilled, you'd continue with the next required MDS 3.0 assessment.

Option 2: Substitute the MDS 3.0 for the MDS 3.0. If you elect this alternative, you'd do the "MDS 2.0 and the next required MDS 3.0 type as a substitute for the same MDS 3.0." In this case, "the MDS 2.0(x) RUG-III covers September days for the applicable payment window. The MDS 3.0(y) RUG-IV covers October days for the applicable payment window and October days for the prior assessment window," according to the CMS provider call handout.

Option 3: Substitute the MDS 3.0 for the MDS 2.0. Using this option, you would not complete an MDS 2.0. Instead, the SNF would "substitute the required MDS 3.0 for the required MDS 2.0," according to the handout. "The MDS 3.0(x) RUG-III would cover September and October days for the applicable payment window. The MDS 3.0(y) RUG-IV would cover October days during that applicable payment window," states CMS in the handout.

Editor's note: To learn more about the options described above, including examples, tune into the CMS recording of the provider call and review the handouts at http://www.cms.gov/SNFPSPS/02_Spotlight.aspaudioconference.asp.

Key Take-Away Messages

When selecting an option, don't use a "one size fits all" approach. "You must pay attention to what your RUG reimbursement rate is for each resident and make your decisions based on that to optimize your reimbursement," Berry said. To do that, compare the existing RUG-III rates to the RUG-IV rates published in the July 22 Federal Register (<http://edocket.access.gpo.gov/2010/pdf/2010-17628.pdf>).

Berry noted that the ARD selected impacts what RUG the resident goes in, just as it does now. SNF PPS policies may also apply. For example Section T, which allows you to project therapy, doesn't exist on the MDS 3.0, but it does on the MDS 2.0, she said. Yet the short-stay policy could place a resident in a higher rehab category if you do the MDS 3.0.

"When the earliest therapy start date is Sept. 25 to Sept. 30, and the resident is not assigned into a Rehabilitation category, the SNF may complete an optional Start of Therapy OMRA," states the handout for the provider call. The assessment reference date must be Oct. 1 or later. Payment will start on Oct. 1.

The handout also spells out the requirements for doing MDS 2.0 OMRAs and MDS 3.0 end of therapy OMRAs during the transition.

Vital: When doing the MDS 3.0, you have to follow the MDS 3.0 coding instructions, including when "looking back" into September (with an October ARD). "Therefore, prior to Oct. 1," Berry said, therapy should be recording the different therapy modes (group, individual, and concurrent) -- "if they aren't already doing so." You want them to get used to doing that probably mid-September, she added.

RUG-III Hybrid a Go Unless Congress Intervenes

On the provider call, CMS' **Sheila Lambowitz** also discussed the fact that Congress has not repealed the Affordable Care Act amendment that delays RUG-IV for a year. And based on that amendment, CMS should be paying SNFs starting Oct. 1 based on a hybrid RUG-III system which CMS hasn't finalized yet. Thus, CMS will later go back and readjust the payments if it has to implement the hybrid RUG-III system required by the statute.

The legislatively mandated hybrid system is the current RUG-III with features of RUG-IV, e.g., the limit on concurrent therapy and elimination of the hospital lookback for payment purposes. CMS did publish the hybrid rates in the July 22 Federal Register along with the RUG-IV rates (<http://edocket.access.gpo.gov/2010/pdf/2010-17628.pdf>).

So where is Congress with repeal efforts? "Provisions to repeal the delay of RUGs IV were added to a couple of bills, but those measures did not pass the Senate for reasons unrelated to the new payment system," says **Barbara Gay**, director of advocacy information for the American Association of Homes & Services for the Aging. "We continue to work with legislators and are hopeful that Congress will get this done when they reconvene in September. As yet, we do not know of any specific legislation that will have repeal provisions," Gay tells MDS Alert.