

MDS Alert

Payment: Healthcare Reform Legislation Delays RUG-IV for a Year

The delay includes a difficult twist.

The healthcare reform bill delayed RUG-IV implementation until Oct. 1, 2011. And that means without congressional intervention or a regulatory remedy, RUG-III will remain in place until then but in a modified form. The new law requires CMS to implement two RUG-IV payment features this Oct. 1: the limitation on concurrent rehab therapy and elimination of the hospital lookback period for reimbursement purposes.

In other words, "we'd have the worst part of RUG-IV without any of the benefits," concludes **Peter Arbuthnot**, a regulatory analyst for American HealthTech, a long-term care software developer in Jackson, Miss.

"The delay and changes to the RUG-III system provide a lot of challenges," says American Health Care Association spokeswoman **Susan Feeney**, "which is why we want RUG-IV and MDS 3.0 to be implemented at the same time."

Congressional leaders had hoped to repeal the RUG-IV delay as part of the reconciliation process, Feeney tells MDS Alert. However, "strict procedural rules for reconciliation didn't allow them to do so."

The American Association of Homes & Services for the Aging is telling its member facilities to continue to assume that RUG-IV will be fully implemented as planned on Oct. 1, advises **Barbara Manard, PhD**, VP for long-term care health strategies for the organization. "Efforts are underway to devise an appropriate solution and return to the full implementation as originally planned for October 1, 2010," Manard said in a March 25 e-mailed statement.

CMS' **Sheila Lambowitz** reported in the April 22 SNF/LTC Open Door Forum that CMS is briefing its leadership and looking at all possible options for how to best make the RUG-IV-related changes mandated by the healthcare reform legislation. So stay tuned.