

## MDS Alert

### Payment Trends: Beware MDS-Generated RUG Shortfalls In The Payment Arena

**Doing the right thing doesn't always pay in conventional ways.**

**Meadowlark Hill's** household model of care and the MDS fit like hand and glove in some ways. But not everything comes up roses with the "collective impact of the MDS process" on Meadowlark's payment status, according to **Steve Shields**, executive director of the Manhattan, KS nursing facility. "When you compare our case-mix and RUGs scores to the statewide averages, they fall in lower-acuity RUGs, when we know that our true acuity level is higher or as high than any facility in the state," Shields tells **Eli**. "But due to some of our high-intensity interventions to produce quality outcomes, our case-mix index appears to be lower than it really is."

In Shields' view, the MDS translates into payment in a way that rewards poor outcomes. "If you're a specialized wound-care provider admitting a lot of residents with wounds, your Medicare payment may be higher. But PPS doesn't pay for a tremendous skin care program [to prevent pressure ulcers], which costs a fair amount to provide," he points out. Also, the RUGs don't ante up adequately for cognitive-loss type issues in various domains. "Yet residents with cognitive impairments require a good deal of nursing care and other interventions by staff."

There are payoffs to producing excellent quality outcomes, of course -- "the biggest one being the reward in human terms ... even if you don't get paid for doing it," Shields says. Meadowlark Hills also has a waiting list when "there are a lot of facilities with lots of empty beds in the region around us," Shields reports. "So the good care does affect our bottom line in terms of census," he says. "But that doesn't offset the lower payment from a system that doesn't reward certain good [clinical] outcomes." ❌