

## MDS Alert

### PPS Analysis :Industry Insiders Highlight the Good, Bad and Unknowns to the Proposed RUG-IV

The ADL index range change could be a boon.

Industry leaders view the proposed RUG-IV as a cup both half full and half empty.

On the upside, the RUG-IV allows residents with lower ADL scores to go into a RUG. And that's "huge," opines **Marilyn Mines, RN, RAC-CT**, manager of clinical services for FR&R Healthcare Services in Deerfield, Ill. "It will allow residents with pretty good ADL function who perhaps had a knee replacement or something like that" to go into a higher rehab RUG, she notes.

"We don't know how it will work payment wise," Mines adds, but she predicts the proposed RUGs would pick up more people due to the lower ADL index range.

"Facilities have been underscoring ADLs and losing a ton of money; [so] the lower ADLs will be helpful," Mines adds.

The proposal promotes SNF telehealth and includes new rates for AIDS, says **Peter Clendenin**, executive VP of the National Association for Support of Long-Term Care.

Now for the Downsides

NASL is troubled by the way in which CMS arrived at its conclusions.

"CMS used 205 nursing facilities to extrapolate the findings to more than 17,000 facilities nationwide," says Clendenin. "We think that's pretty skinny ... and plan to have a methodologist look at the data."

The proposal also doesn't address how CMS is going to handle non-therapy ancillaries, such as high-cost medications or other items where the RUG categories have failed to provide adequate payment, observes **Peter Arbuthnot**, regulatory analyst with American HealthTech in Jackson, Miss.

Editor's note: For an inside look at how the proposed rule could impact care delivery in SNFs, and Medicaid case-mix systems, see MDS Alert, Vol. 7, No. 9.