

## **Patient Driven Payment Model (PDPM):**

### **Frequently Asked Questions**

#### **(FAQs)**

**November 6, 2023**

#### **1. What is the Patient Driven Payment Model (PDPM)?**

The PDPM is a new case-mix classification system for classifying skilled nursing facility (SNF) patients in a Medicare Part A covered stay into payment groups under the SNF Prospective Payment System. Effective beginning October 1, 2019, PDPM will replace the current case-mix classification system, the Resource Utilization Group, Version IV (RUG-IV). Georgia will implement PDPM effective July 1, 2024.

#### **2. Why are the Centers for Medicare & Medicaid Services (CMS) changing from RUG-IV to PDPM?**

Under RUG-IV, most patients are classified into a therapy payment group, which uses primarily the volume of therapy services provided to the patient as the basis for payment classification. This creates an incentive for SNF providers to furnish therapy to SNF patients regardless of the patient's unique characteristics, goals, or needs. PDPM eliminates this incentive and improves the overall accuracy and appropriateness of SNF payments by classifying patients into payment groups based on specific, data-driven patient characteristics, while simultaneously reducing administrative burden on SNF providers.

#### **3. How does the PDPM classification methodology differ from the RUG-IV?**

Under RUG-IV, payment is derived from a combination of two case-mix adjusted payment components and two non-case-mix adjusted components. The RUG-IV payment methodology assigns patients to payment classification groups, called RUGs, within the payment components, based on various patient characteristics and the type and intensity of therapy services provided to the patient. Under the PDPM, six payment components are utilized to derive payment. The PDPM uses clinically relevant factors, rather than volume-based service for determining the reimbursement rate.

#### **4. What PDPM value is assigned for those residents with no value?**

Residents with no score will be assigned the lowest PDPM value, which is the "Y" value.

**5. What Minimum Data Set (MDS) item is being used to calculate the PDPM value?**

The recalculated PDPM value from CMS in the Assessment Extract Files is being used. Which is the third character of that value (nursing component). Currently the MDS item Z0100 is not being used.

**6. Will PDPM resident listing be available?**

Yes, similar to the current method using case-mix index (CMI), a file will be available showing the PDPM resident listing per quarter.

**7. Which PDPM indices are being used in the shadow rates?**

Currently, the PDPM indices being used have been updated to the 2022 indices.

**8. How does Myers and Stauffer calculate the Nursing PDPM CMIs?**

The Nursing PDPM CMIs are not calculated by Myers and Stauffer. The PDPM CMIs are provided in the Assessment Extract Files from CMS and the information for the PDPM calculation can be obtained from the following CMS site:

<https://www.cms.gov/files/document/finalmlds-30-rai-manual-v11811october2023.pdf>

(This is the Resident Assessment Instrument [RAI] manual, and Chapter 6, pages 6 – 11 of this manual provides information on the calculation for the PDPM Health Insurance Prospective Payment System [HIPPS] value; it also provides a PDPM Calculation Worksheet.)

**9. Is the same methodology being used to pull MDS assessments? Which MDS assessments are used and what timing/time limits are on the MDS assessments that will be used?**

The same process that has been used will continue. The selection process for the assessments will be the same with one change. The Interim Payment Assessments (IPAs) will be included. A RUG value cannot be calculated for an IPA, so the process would look back for the assessment prior to the IPA and include that assessment. A PDPM value can be calculated for an IPA, so the assessment will be included in the PDPM processing.

**10. Which MDS assessments are getting included?**

All MDS assessments will be used.

**a. Which MDS assessments are getting included into the “Medicaid” group?**

- i. If the resident’s payment source is Medicaid, they will be included in the Medicaid group regardless of the MDS type.

**b. What will be the timing of MDS assessments used?**

- i. There will be no change; the same timing will be used as it was under the RUG IV processing.

**c. Which MDS assessments are going to be excluded?**

- i. No MDS assessments will be excluded.

**11. Is this based upon completion and submission date or Assessment Reference Date (ARD)?**

This is based upon Completion Date (Z0500b).

**12. When is the MDS data transferred, and what is the time frame for the State to receive the MDS so it is used in the calculation of the PDPM CMI?**

The MDS data is extracted from the CMS website after the last day of the month following the quarter’s end date (e.g., for 06/30/2023, the data is extracted after 07/31/2023).

**13. Explain the timing and selection of MDS pulled for inclusion in the snapshot.**

The most current non-discharge assessment with a completion date (Z0500b) on or after the quarter’s state date (e.g., 04/01/2023) and on or before the quarter’s end date (e.g., 06/30/2023). If the most current assessment is a re-entry and it is preceded by a discharge return anticipated, the system will look back for the assessment prior to the discharge. The IPAs will be included under PDPM because a value is calculated for those assessments.

The IPAs were not included under the RUG IV system because a RUG value could not be calculated and the system would look back for the assessment prior to the IPA.