



# NURSING FACILITY PAYMENT REVIEW AND REDESIGN

Building Block #6: Case Mix, equity and  
demographics II

February 11, 2021



## AGENDA

- Overview
- Recap
- Case Mix, Equity and Demographics
  - RUGS IV v. PDPM nursing component
  - Questions and Comments
- Next Steps
  - Data sharing and modeling protocols
  - Consideration of overall cost, profitability, and payer allocation



## PURPOSE STATEMENT

HFS proposes a structured and transparent approach to develop, deliberate, adopt and implement nursing home payments to achieve improved outcomes and increased accountability with an emphasis on patient-centered care. HFS believes the rate mechanism, funding model, assessment, quality metrics, and staffing requirements can and should be updated in conjunction with any new or additional appropriated funding. Further, additional federal funding should be captured to improve these areas through an increase in the current nursing home bed tax.

Building blocks in a comprehensive NF payment:

- Staffing (3 meetings)
- Quality (2 meetings)
- Physical Infrastructure (2 meetings)
- Rebalancing (2 meetings)
- Capacity (2 meetings)
- Case Mix, Equity and Demographics (2+ meetings)
- Modeling (multiple meetings)

Note: COVID has had a profound impact on long term care. Infection control is assumed to be an integral component of each building block.

- **Transparent, outcome driven, patient-centered model with increased accountability**
- **Transition away from RUGS to federal PDPM case-mix nursing component**
- **Modify the support and capital rate into a set base rate similar to Medicare non-case-mix rate**
- **End the \$1.50 bed fee and increase the occupied bed assessment to create a single assessment program which maximizes federal revenue**
- **Directly tie funding/rates/incentives to demonstrable and sustained performance on key quality reporting metrics**
- **Documentation to support, review and validation of level of care coding and appropriateness, outliers, actual patient experiences, etc.**
- **Align regulation and payment incentives to the same goals**
- **Ensure appropriate incentives for community placement, including both uniform and MCO-specific incentives**
- **Recalibrate/rethink payment for nursing home infrastructure to support emerging vision for the industry in the wake of the COVID-19 crisis, including single-occupancy rooms, certified facilities**
- **Integrate emerging lessons and federal reforms related to the COVID pandemic**
- **Improved cooperation, support and follow up, data sharing and cross-agency training from other agencies (OIG, IDPH, DoA)**
- **Build in flexibility to evolve as the industry evolves and establish ongoing channels of communication for new, proposed, or upcoming changes**



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## Data Used in RUGs v. PDPM Analysis

- Expense and Day information: Primary Source 2019 Medicare Cost Report Information - from Healthcare Cost Report Information System (HCRIS) public use files. Includes a small number of 2018 Medicare CRs for those not in 2019 database, and HFS Medicaid CRs for those that are not Medicare certified.
- All Payer CMI (for cost normalization) - Q3 2017 - Q4 2019
- Medicaid CMI : (PDPM and RUG) - Q4 2020 preliminary MDS records
- Special Population Add-on Resident Counts - Q4 2020 preliminary MDS records
- Medicaid Days: 2019 HFS Cost Reports
- Regional Wage Adjustment Factors: Current values





# Data Used by CMS in the Calculation of Each PDPM Case Mix Index Component

|             | Clinical Category (ICD-10 mapped to 4 PT&OT Categories) | Functional Score (sum of ten GG item scores) | Acute Neurologic Condition | SLP-Related Comorbidity or Cognitive Impairment | Mechanically-altered Diet | Swallowing Disorder | RUGS-IV Category | NTA Comorbidity Score |
|-------------|---|--|----------------------------|---|---------------------------|---------------------|------------------|-----------------------|
| PT CMI      | X   | X  |                            |   |                           |                     |                  |                       |
| OT CMI      | X   | X  |                            |   |                           |                     |                  |                       |
| SLP CMI     |   |  | X                          | X   | X                         | X                   |                  |                       |
| NTA CMI     |   |  |                            |   |                           |                     |                  | X                     |
| Nursing CMI |   | X  |                            |   |                           |                     | X                |                       |



# A shift from RUGs 48 to PDPM would collapse 43 non-Rehab groups into 25

| <b>PDPM Group</b> | <b>PDPM HIPPS Code Identifier</b> | <b>Comparable RUG Group</b> |
|-------------------|-----------------------------------|-----------------------------|
| ES3               | A                                 | ES3                         |
| ES2               | B                                 | ES2                         |
| ES1               | C                                 | ES1                         |
| HDE2              | D                                 | HE2/HD2                     |
| HDE1              | E                                 | HE1/HD1                     |
| HBC2              | F                                 | HC2/HB2                     |
| HBC1              | G                                 | HC1/HB1                     |
| LDE2              | H                                 | LE2/LD2                     |
| LDE1              | I                                 | LE1/LD1                     |
| LBC2              | J                                 | LC2/LB2                     |
| LBC1              | K                                 | LC1/LB1                     |
| CDE2              | L                                 | CE2/CD2                     |
| CD1               | M                                 | CE1/CD1                     |

| <b>PDPM Group</b> | <b>PDPM HIPPS Code Identifier</b> | <b>Comparable RUG Group</b> |
|-------------------|-----------------------------------|-----------------------------|
| CBC2              | N                                 | CC2/CB2                     |
| CA2               | O                                 | CA2                         |
| CBC1              | P                                 | CC1/CB1                     |
| CA1               | Q                                 | CA1                         |
| BAB2              | R                                 | BB2/BA2                     |
| BAB1              | S                                 | BB1/BA1                     |
| PDE2              | T                                 | PE2/PD2                     |
| PDE1              | U                                 | PE1/PD1                     |
| PBC2              | V                                 | PC2/PB2                     |
| PA2               | W                                 | PA2                         |
| PBC1              | X                                 | PC1/PB1                     |
| PA1               | Y                                 | PA1                         |

## PDPM v. Illinois RUGS-48 Classifications

## Medicaid Residents

|   |               |            |
|---|---------------|------------|
| Reclassified Rehab RUGs                   | 12,009        | 30%        |
| Other reclassified RUGs --> higher weight | 2,533         | 6%         |
| Other reclassified RUGs--> lower weight   | 3,546         | 9%         |
| Not reclassified                          | <u>21,566</u> | <u>54%</u> |
|   | 39,654        | 100%       |



# RUGS-IV v. PDPM Nursing Component CMI

## Key Comparisons

- Cost-neutral comparison of CMIs
- Versus allocated Medicaid costs

## Demographics

- Regional shifts
- Medicaid payer mix

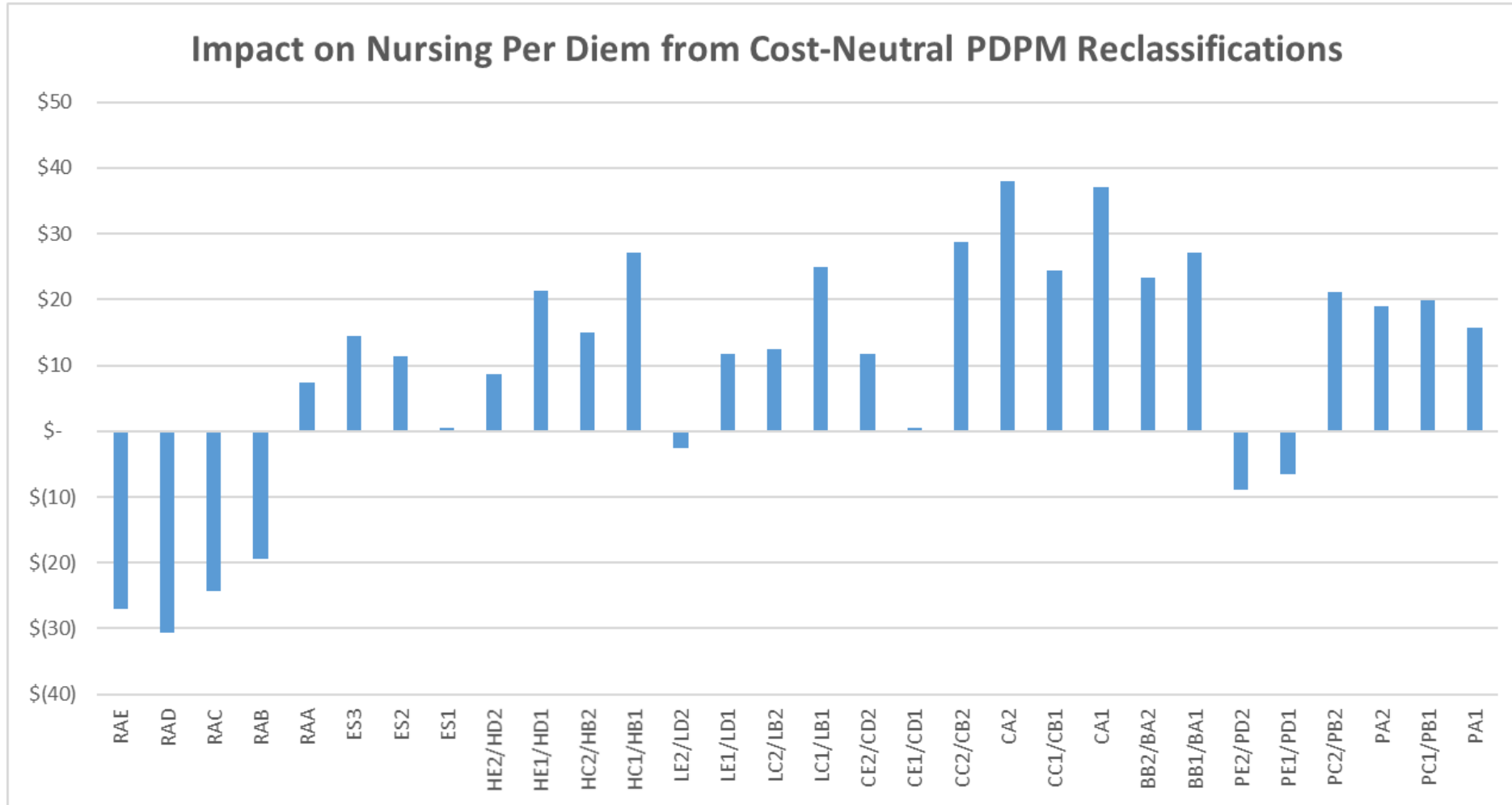
## Special Conditions

- Alzheimers
- SMI
- TBI
- Overall case mix

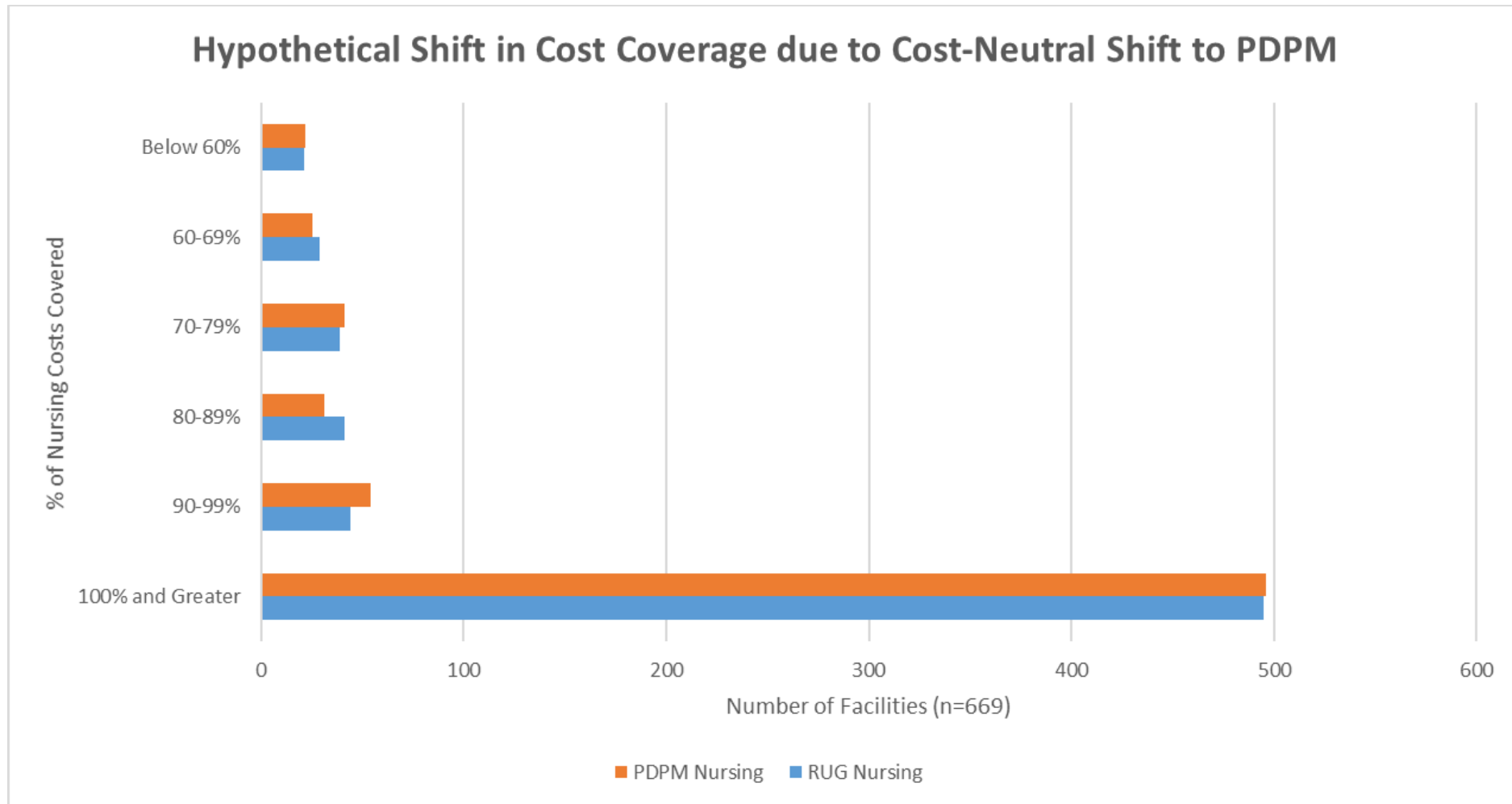
## Emerging Policy Priorities

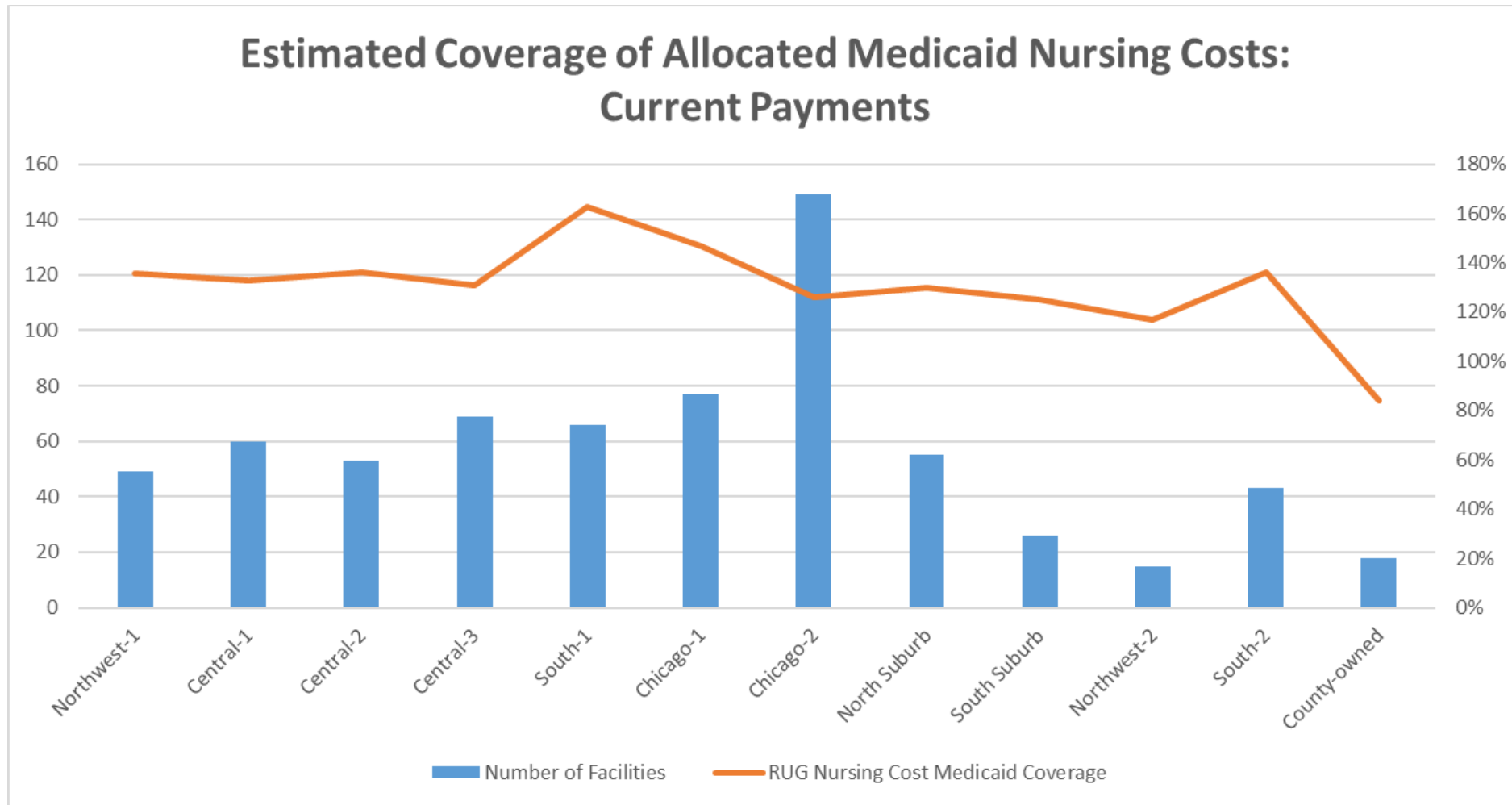
- *Nurse staffing levels*
- *Room crowding*

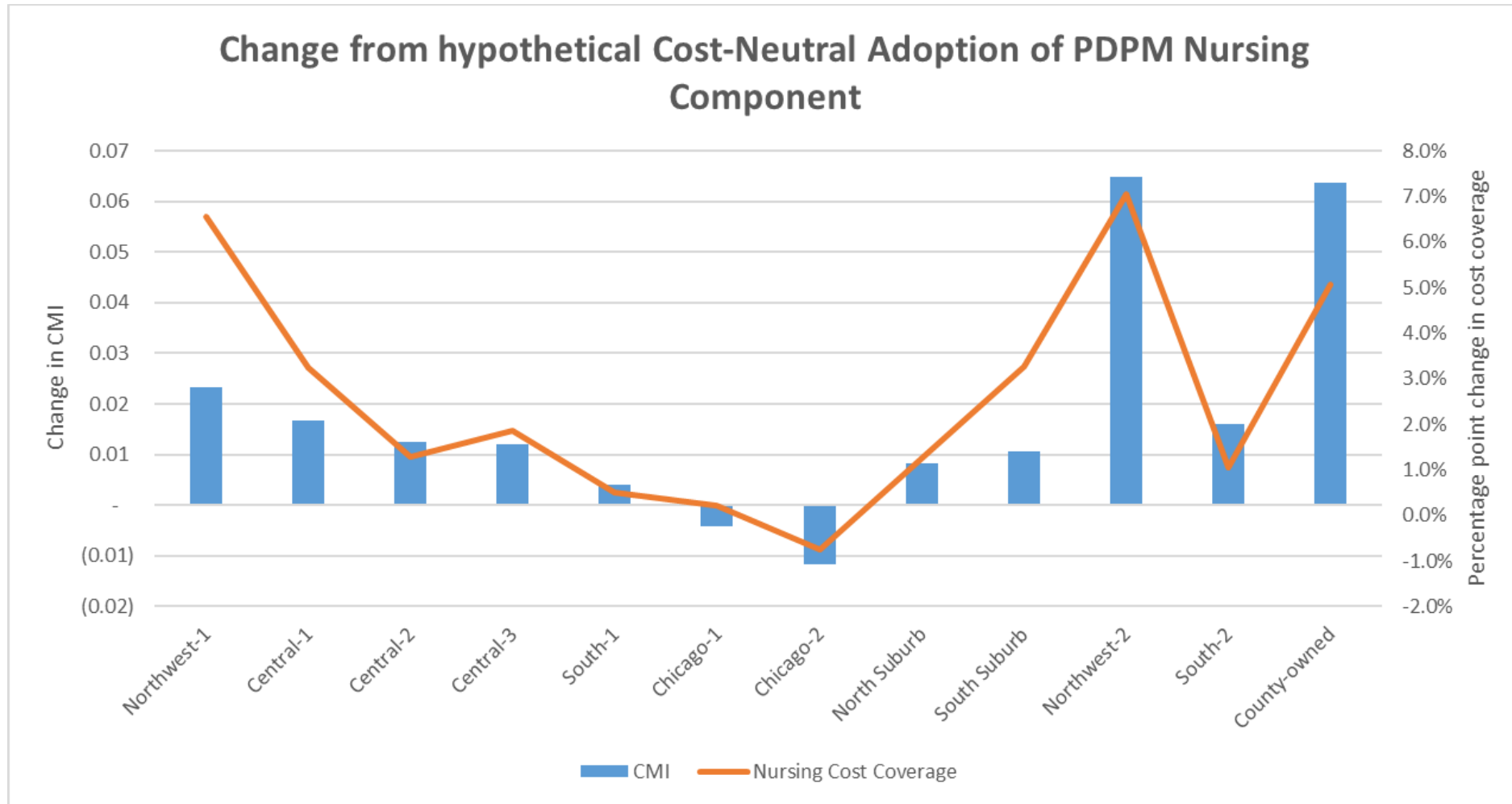
# From 48 RUGs to 25 PDPM groups



# Distributive Impact of PDPM: Nursing Component Only

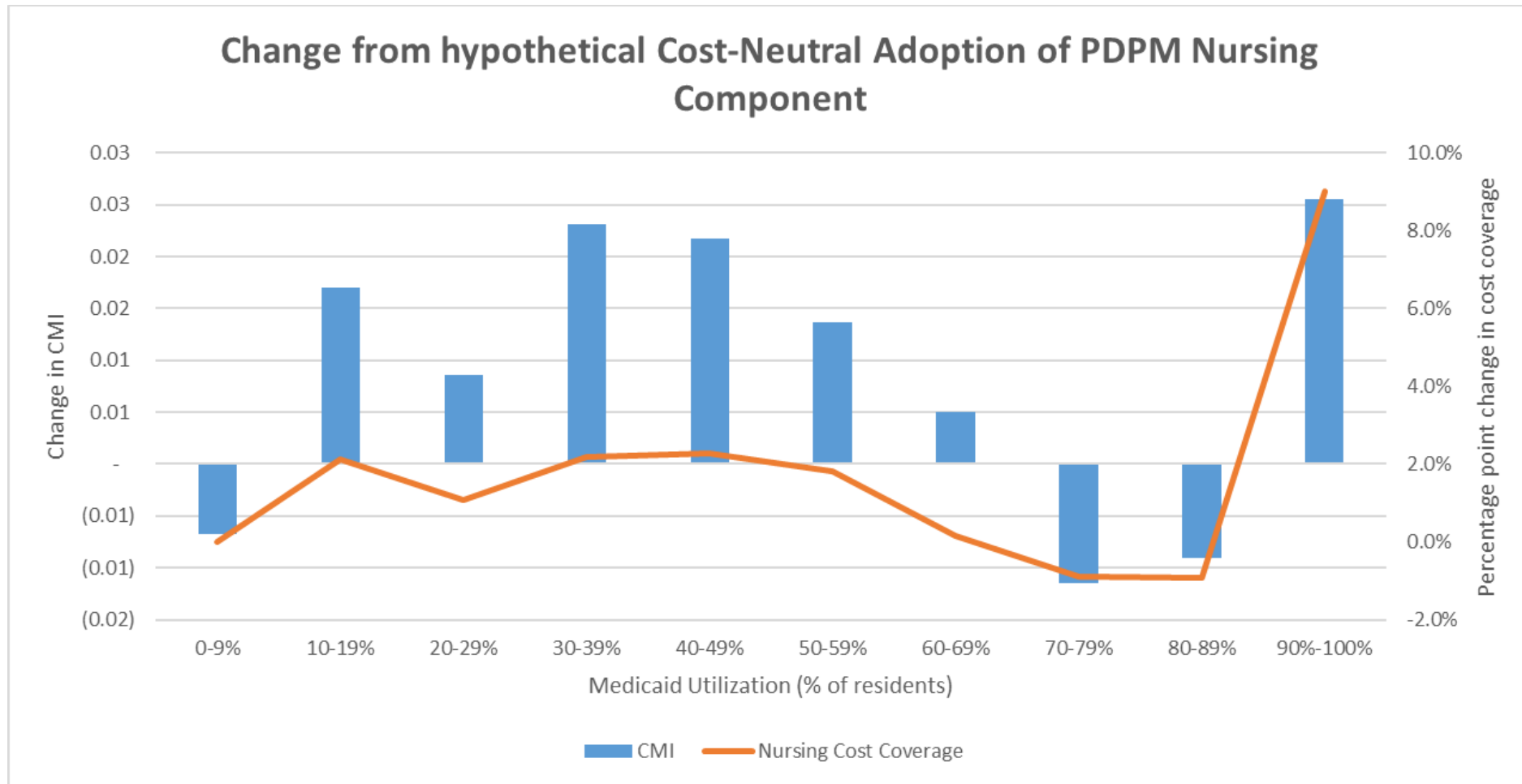


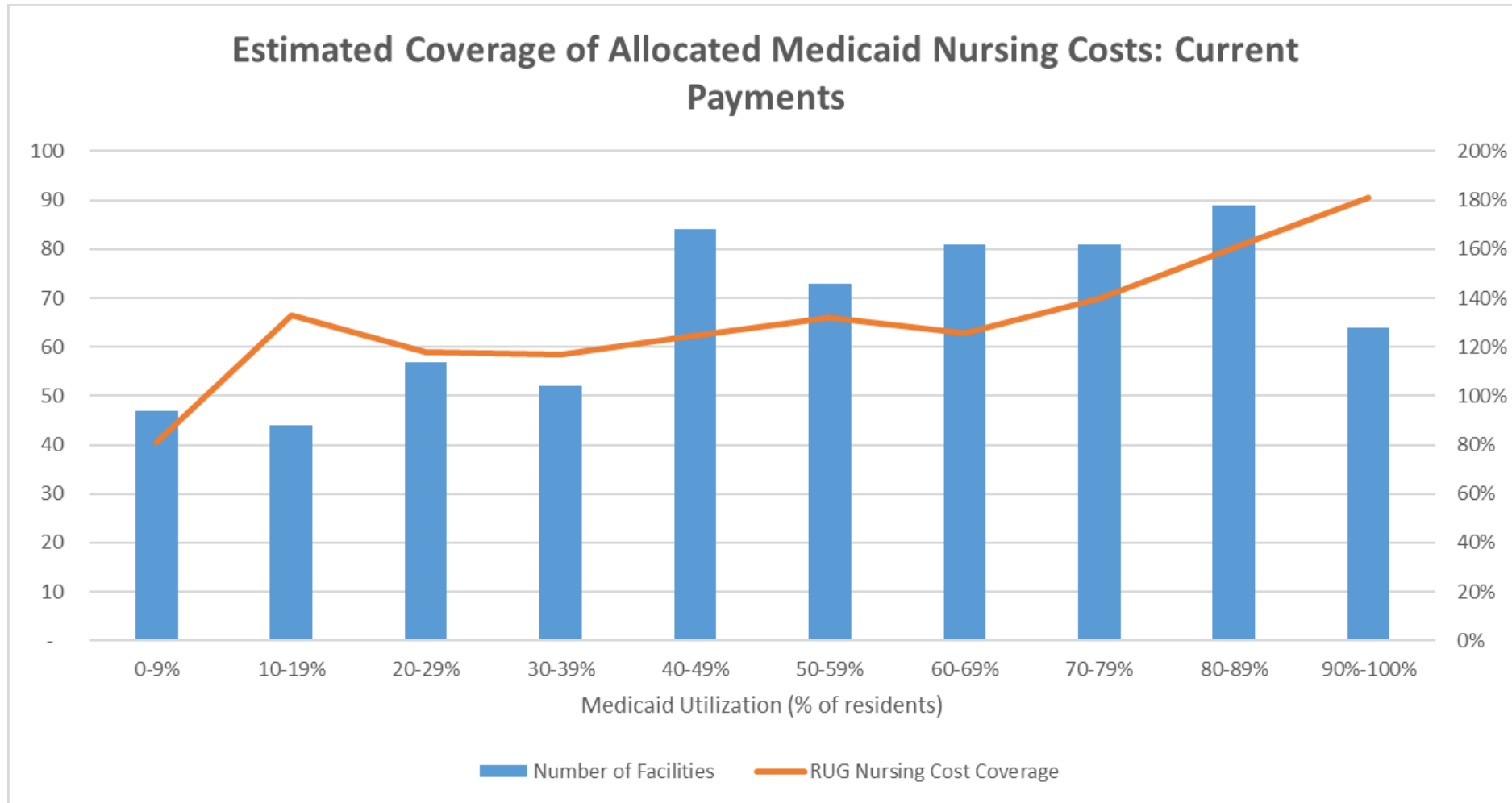


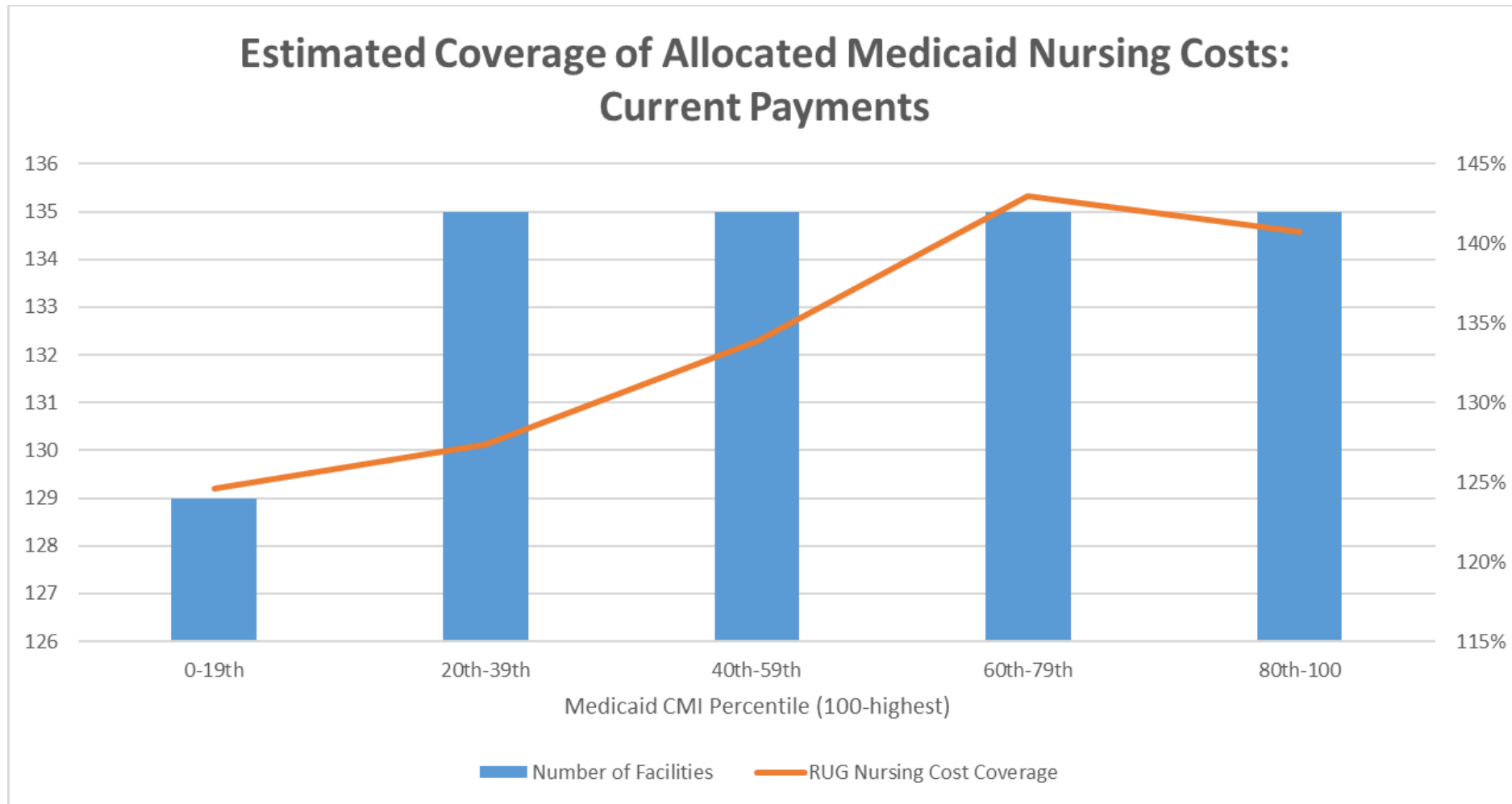


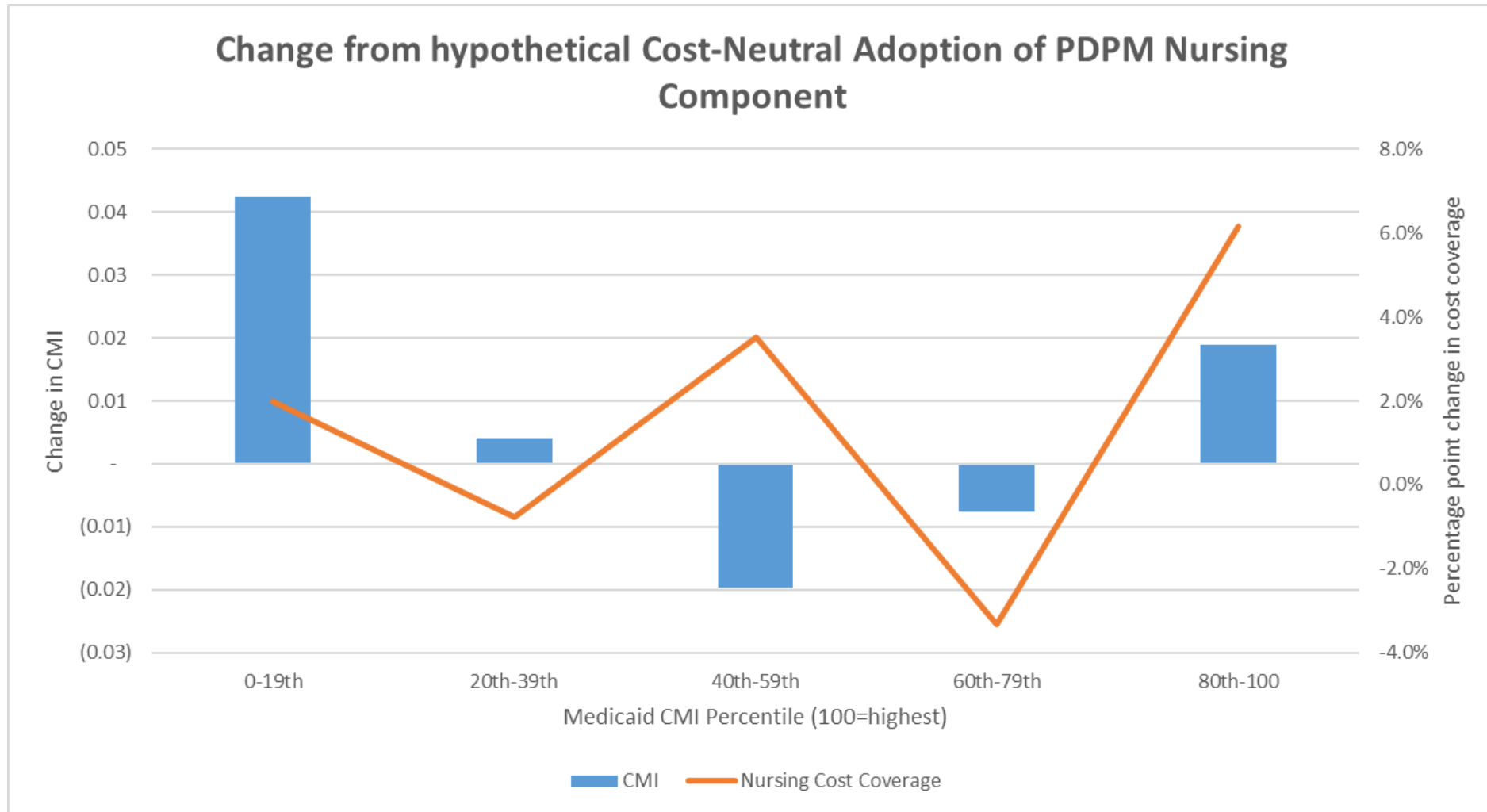


# Distributive Impact of PDPM: Nursing Component Only

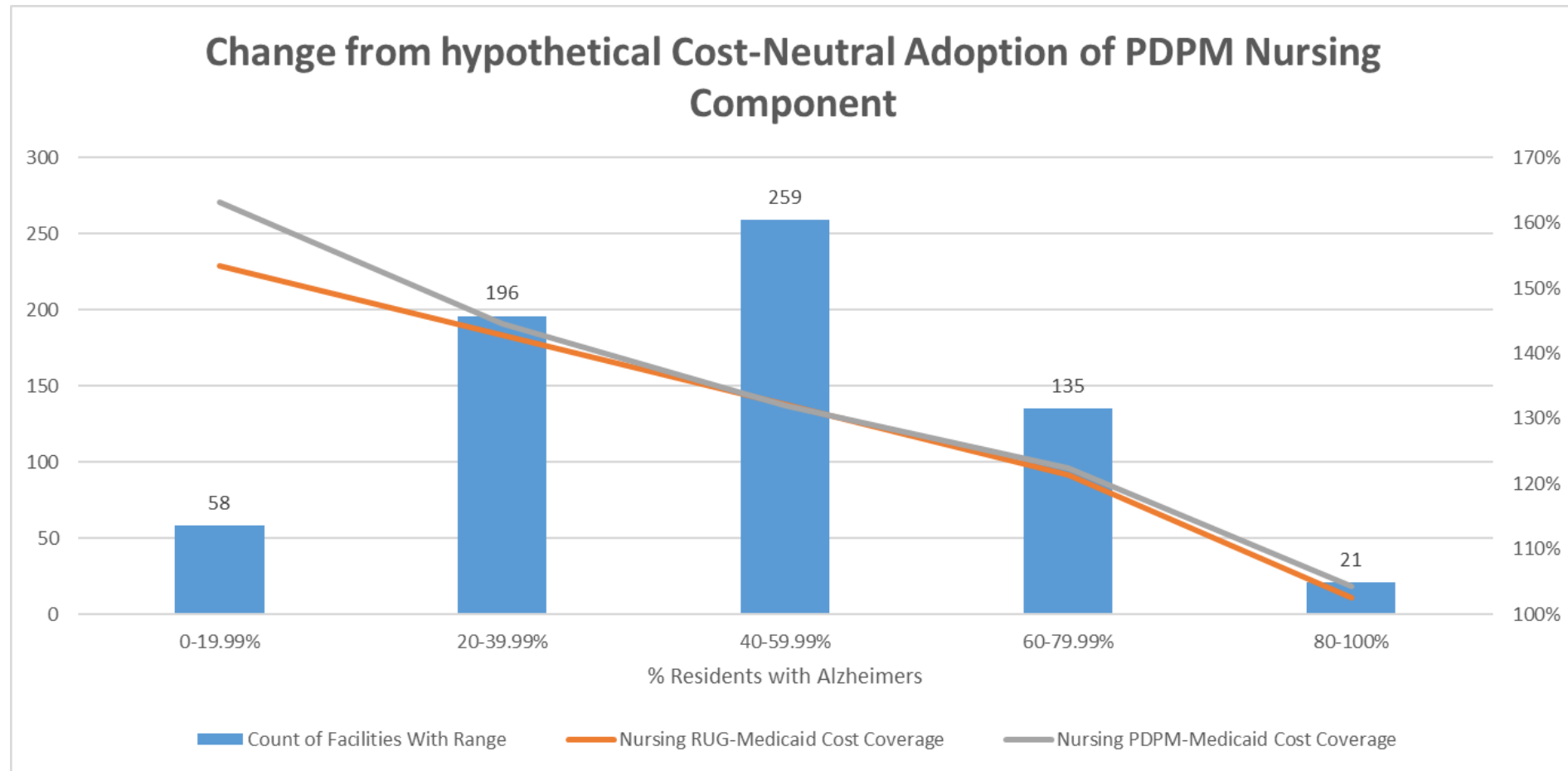




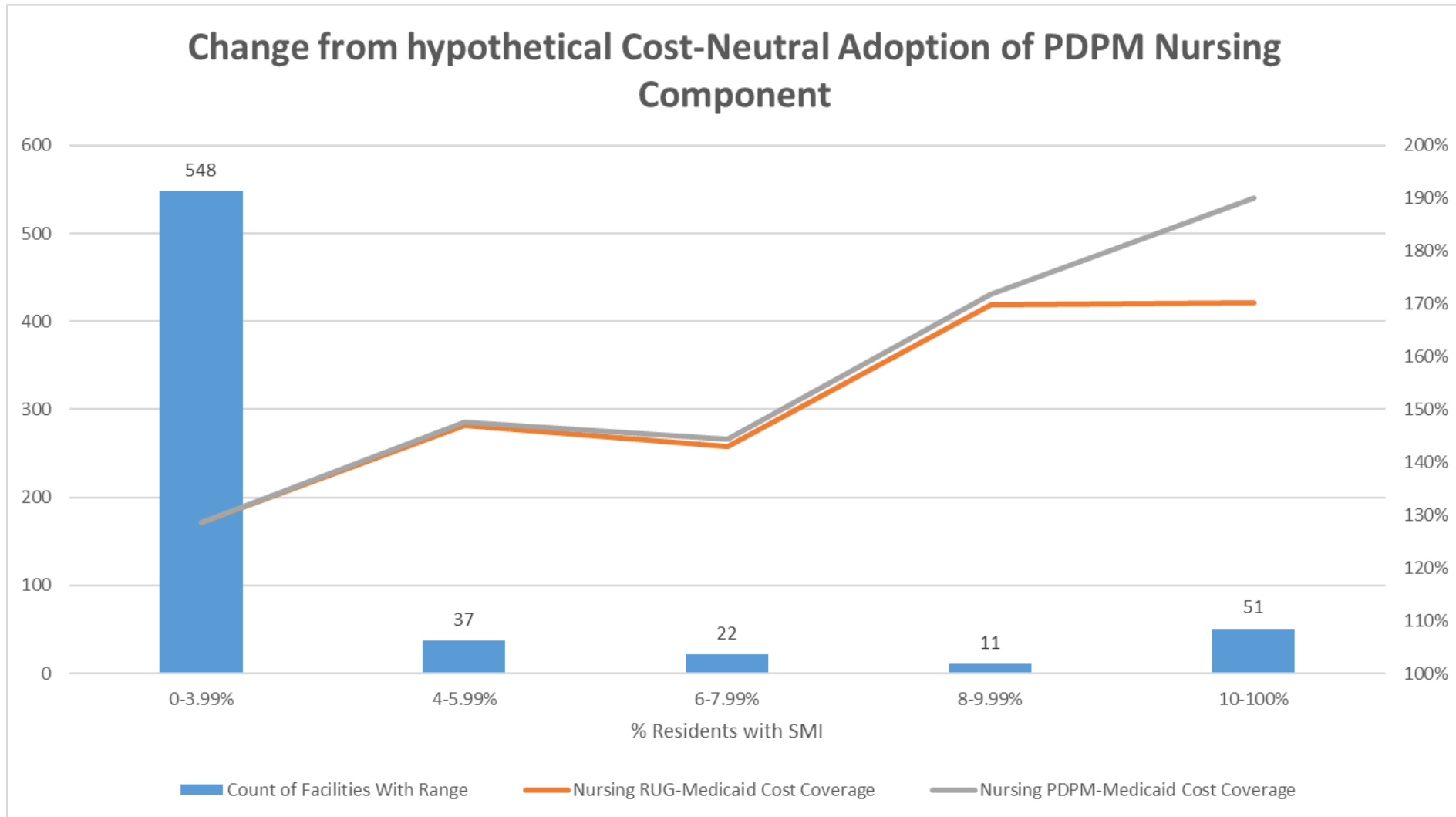




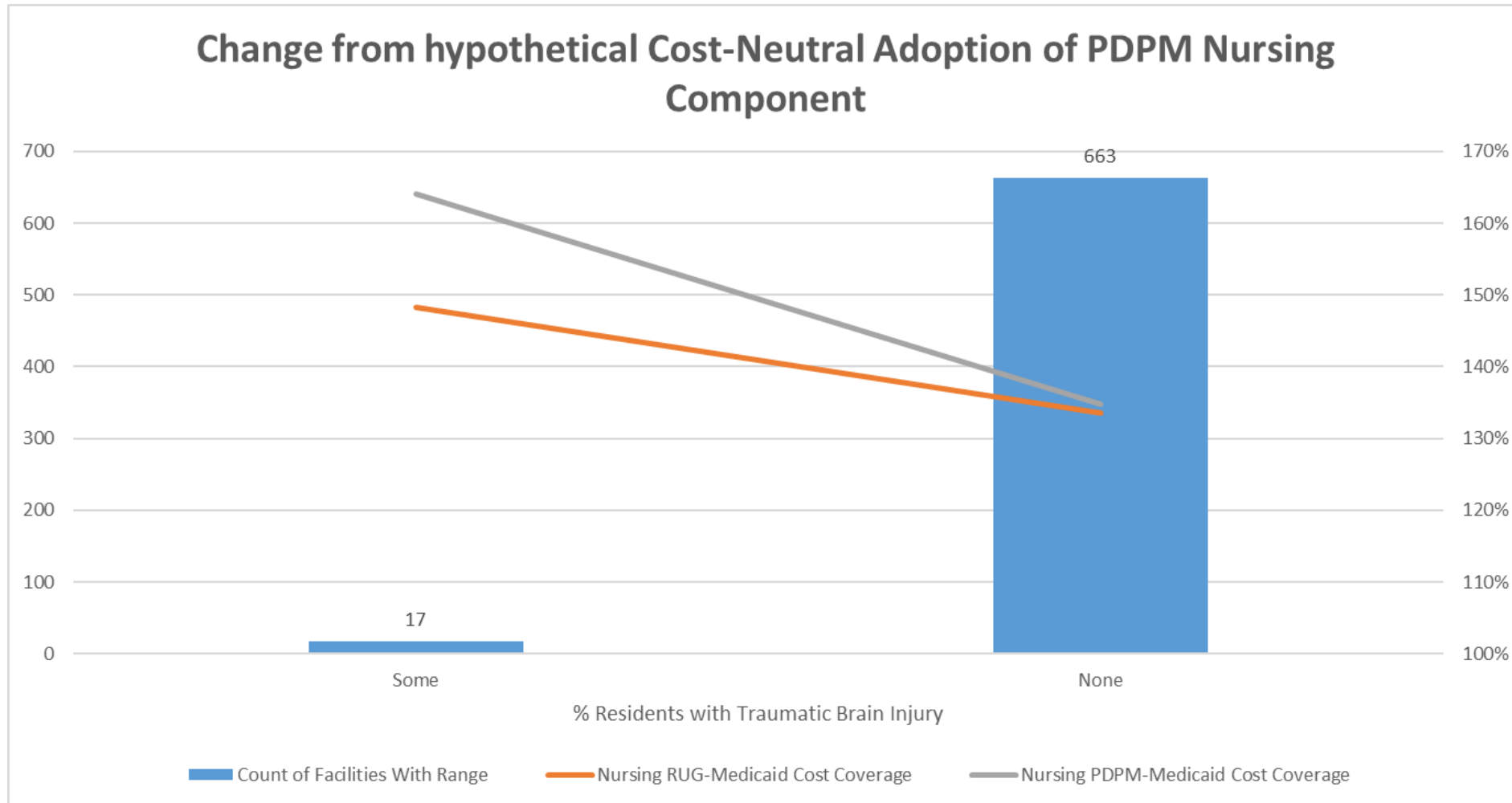
# Distributive Impact of PDPM: Nursing Component Only



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# Aligning on Data Sharing and Modeling Protocols

## Collaborative Approach to Modeling

- Identify data sources, inclusion criteria, and timeframes on ongoing basis
- Provide HFS-only data upon request
  - IDPH licensure data on room numbers
  - CMIs
  - MMIS facility type classifications
- Full disclosure of modeling rules, formulas, and specifications for model options presented by HFS
- Comprehensive set of analytics



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