

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2149	Date: October 5, 2018
	Change Request 10950

SUBJECT: Analysis to Implement the Skilled Nursing Facility (SNF) Patient Driven Payment Model (PDPM)

I. SUMMARY OF CHANGES: This Change Request will allow for analysis to implement the Skilled Nursing Facility (SNF) Patient Driven Payment Model (PDPM).

EFFECTIVE DATE: April 1, 2019

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: April 1, 2019

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One Time Notification

Attachment - One-Time Notification

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SUBJECT: Analysis to Implement the Skilled Nursing Facility (SNF) Patient Driven Payment Model (PDPM)

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IMPLEMENTATION DATE: April 1, 2019

I. GENERAL INFORMATION

A. Background: This Change Request (CR) is for the analysis necessary for implementing the requirements associated with changes to the Skilled Nursing Facility (SNF) Prospective Payment System (PPS), specifically implementing changes required for the Patient Driven Payment Model (PDPM). These changes were finalized in the FY 2019 SNF PPS Final Rule (83 FR 39162) and are effective October 1, 2019. This Change Request (CR) is applicable to the Fiscal Intermediary Shared System (FISS) and the Common Working File (CWF). SNFs billing on Type of Bill (TOB) 21X, and hospital swing bed providers billing on TOB 18X will be subject to these requirements.

Currently, under the SNF PPS, revenue code 0022 indicates that this claim is being paid under the SNF PPS. This revenue code can appear on a claim as often as necessary to indicate different Health Insurance Prospective Payment System (HIPPS) Rate Code(s) and assessment periods. The HCPCS/Rates field must contain a 5-digit "HIPPS Code". Currently, the first three positions of the code contain the Resource Utilization Group (RUG) group and the last two positions of the code contain a 2-digit assessment indicator (AI) code.

Under PDPM, the HIPPS code is structured differently, as a result of there being five case-mix adjusted rate components under the revised model. The first position represents the Physical and Occupational Therapy case-mix group. The second position represents the Speech-Language Pathology case-mix group. The third character represents the nursing case-mix group. The fourth character represents the Non-Therapy Ancillary case-mix group. The fifth character represents the AI code. We would note that this also affects the number of potentially valid HIPPS codes under PDPM, as compared to RUG-IV.

The PPS assessment schedule under PDPM is also significantly different from that used under the current case-mix classification system, the Resource Utilization Group, Version IV (RUG-IV) model. The only required assessments under PDPM that would produce a HIPPS code would be the 5-day PPS assessment, which follows the same schedule as under the current SNF PPS, and an Interim Payment Assessment (IPA), which may be completed at any point during a PPS stay.

Additionally, under PDPM, SNF PPS payments will be reduced according to a prescribed schedule, referred to as the variable per diem adjustment. Under the current SNF PPS, all days within any given RUG during a covered stay are paid at the same per diem rate. Under PDPM, however, the per diem rate for a given day of the SNF PPS stay may be different from the prior day, depending on an adjustment factor that may be applied against the SNF PPS rate connected with the HIPPS code. Moreover, the variable per diem schedule applies only to the PT, OT, and NTA components of the per diem rate, with different schedules for the PT/OT components than for the NTA component. More details on this may be found in Table 30 of the FY 2019 SNF PPS Final Rule (83 FR 39228). A similar adjustment exists under the Inpatient Psychiatric Facility (IPF) PPS.

PDPM also includes an interrupted stay policy, similar to that which exists in the Inpatient Rehabilitation Facility (IRF) PPS and the Inpatient PPS (IPPS). Specifically, if a patient in a covered Part A SNF stay is discharged from the SNF but returns to the same SNF no more than three consecutive calendar days after

having been discharged, then this would be considered a continuation of the same SNF stay. In such cases, no new patient assessments are required and the variable per diem adjustment is not reset. If the patient returns to the same SNF after the 3-day window, or returns to a different SNF, then this would be considered a new PPS stay. The interrupted stay would be recorded on the claim in the same manner as is done for the IRF PPS and IPPS.

As under the current SNF PPS, patients with a “B20” code on the SNF claim, meaning the patient has AIDS/HIV, receive an adjustment factor for their PPS rate. Under PDPM, the adjustment factor is different from that used under the current SNF PPS. Rather than a 128 percent adjustment for the entire PPS per diem rate, the adjustment under PDPM is an increase of 18 percent in the nursing component of the per diem rate and a reclassification under the NTA component to a higher rate category.

With regard to transition between the current SNF PPS and PDPM, we anticipate a hard transition between the two systems, such that days paid under RUG-IV would stop on September 30, 2019 and days would be paid under PDPM beginning October 1, 2019.

All other adjustment factors, such as adjustments for geographic variation in wage costs, remain the same under PDPM as under the current SNF PPS.

B. Policy: This CR contains no new policy. It explores the impacts of policy changes described in recent rulemaking.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								Other
		A/B MAC			D M E	Shared- System Maintainers				
		A	B	H H H		F I S S	M C S	V M S	C W F	
10950.1	Medicare contractors shall actively participate in up to eight (8) monthly conference calls set up by CMS, lasting no more than 90 minutes each (maximum of 32 calls, excluding holidays).	X				X			X	HIGLAS
10950.2	Medicare contractors shall take minutes from their own system perspective and upload the minutes into the Post Issued tab in ECHIMP within 3 business days after the conference call and send an email copy to valeri.ritter@cms.hhs.gov .					X			X	
10950.3	Medicare contractors shall submit email addresses for points of contacts to be included on the distribution list for the workgroup meetings. The contact information shall be posted in the ECHIMP forum during POC review of this CR.					X			X	
10950.4	Medicare contractors shall review and be prepared to	X				X			X	

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	discuss the agenda on the weekly calls to assist CMS in developing the business requirements needed to implement PDPM.									
10950.5	Medicare contractors shall assist during the calls to develop the business requirements for a July and October split CR to implement the PDPM policy in full by the October 2019 statutory date.					X			X	
10950.6	Medicare contractors shall be prepared to participate in the conference calls beginning the first week in November. Calls will be every Tuesday 11:00am to 12:30pm EST and every Wednesday 9:00am to 10:30am EST as needed, for a maximum of 32 calls total.	X				X			X	

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
	None					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Valeri Ritter, 410-786-8652 or valeri.ritter@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0