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
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.
ORIGINAL OBJECTIVES AND PRINCIPLES FOR REFORM

- 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

- 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 AdjustmentFactors: Current values
## Data Used by CMS in the Calculation of Each PDPM Case Mix

### Index Component

<table>
<thead>
<tr>
<th>Clinical Category (ICD-10 mapped to 4 PT&amp;OT Categories)</th>
<th>Functional Score (sum of ten GG item scores)</th>
<th>Acute Neurologic Condition</th>
<th>SLP-Related Comorbidity or Cognitive Impairment</th>
<th>Mechanically-altered Diet</th>
<th>Swallowing Disorder</th>
<th>RUGS-IV Category</th>
<th>NTA Comorbidity Score</th>
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A shift from RUGs 48 to PDPM would collapse 43 non-Rehab groups into 25

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<tr>
<th>PDPM Group</th>
<th>PDPM HIPPS Code Identifier</th>
<th>Comparable RUG Group</th>
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From 48 RUGs to 25 PDPM groups

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<th>PDPM v. Illinois RUGS-48 Classifications</th>
<th>Medicaid Residents</th>
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<td>Reclassed Rehab RUGs</td>
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<tr>
<td>Other reclassed RUGs--&gt; lower weight</td>
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<td><strong>Total</strong></td>
<td><strong>39,654</strong></td>
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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

Impact on Nursing Per Diem from Cost-Neutral PDPM Reclassifications
Hypothetical Shift in Cost Coverage due to Cost-Neutral Shift to PDPM

% of Nursing Costs Covered

Below 60%
60-69%
70-79%
80-89%
90-99%

100% and Greater

Number of Facilities (n=669)

PDPM Nursing  RUG Nursing
Distributive Impact of PDPM: Nursing Component Only

Estimated Coverage of Allocated Medicaid Nursing Costs: Current Payments

- Number of Facilities
- RUG Nursing Cost Medicaid Coverage
Distributive Impact of PDPM: Nursing Component Only

Change from hypothetical Cost-Neutral Adoption of PDPM Nursing Component

- Change in CMI
- Percentage point change in cost coverage

Legend:
- CMI
- Nursing Cost Coverage
Distributive Impact of PDPM: Nursing Component Only

Change from hypothetical Cost-Neutral Adoption of PDPM Nursing Component

- Medicaid Utilization (% of residents)
- Change in CMI
- Percentage point change in cost coverage

CMI
Nursing Cost Coverage
Distributive Impact of PDPM: Nursing Component Only

Estimated Coverage of Allocated Medicaid Nursing Costs: Current Payments

- Medicaid Utilization (% of residents)
- Number of Facilities
- RUG Nursing Cost Coverage
Distributive Impact of PDPM: Nursing Component Only

Estimated Coverage of Allocated Medicaid Nursing Costs: Current Payments

- Medicaid CMI Percentile (100-highest)
- Number of Facilities
- RUG Nursing Cost Coverage
Change from hypothetical Cost-Neutral Adoption of PDPM Nursing Component

Percentage point change in cost coverage

Change in CMI

Medicaid CMI Percentile (100=highest)

0-19th 20th-39th 40th-59th 60th-79th 80th-100

CMI Nursing Cost Coverage
Distributive Impact of PDPM: Nursing Component Only

Change from hypothetical Cost-Neutral Adoption of PDPM Nursing Component

- Count of Facilities With Range
- Nursing RUG-Medicaid Cost Coverage
- Nursing PDPM-Medicaid Cost Coverage

% Residents with SMI:
- 0-3.99%
- 4-5.99%
- 6-7.99%
- 8-9.99%
- 10-100%
Distributive Impact of PDPM: Nursing Component Only

Change from hypothetical Cost-Neutral Adoption of PDPM Nursing Component

% Residents with Traumatic Brain Injury

- Some: 17
- None: 663

Legend:
- Count of Facilities With Range
- Nursing RUG-Medicaid Cost Coverage
- Nursing PDPM-Medicaid Cost Coverage
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Collaborative Approach to Modeling

- Identify data sources, inclusion criteria, and timeframes on an 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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