

Health Care Reform
and
RUGs IV

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Health Care Reform and
RUGs IV

1. Health care Reform
2. RUGs IV

Health Care Reform +

HCR Bills [passed the House & Senate, now a smaller "fix up" bill to be passed]

- Medicare SNF update
- Improved HCBS
- The CLASS Act Plan
- More

Jobs Bill 3 [filed in Senate Monday, supposed to move "fast"]

- Relief to state Medicaid—extend FMAP increase
- Therapy Caps-extend moratorium 1/1/2010- 12/31/2010
- "Doc fix" [prevent 22% decrease in their inflationary update]

My resident (for whom Medicaid is paying the daily rate) has "hit the therapy cap" for Medicare Part B therapy. What do I do?

The home is responsible for providing the therapy that is in the care plan

Options for payment in Indiana

- Home pays for the therapy. When Congress passes the extension to moratorium on caps (which will be retroactive to 1/1/2010), Medicare will pay as before (if past is a guide).
- Put the therapy costs on your cost report for Medicaid; it should be covered (pass through) in new rate (18 months)
- **Only for residents in a Medicaid-only-certified bed:**
Resident may go to hospital outpatient department which Medicare Part B will pay (caps don't apply)

RUGs IV

1. Overview of RUGs IV
2. RUGs IV: What to expect
3. How to correctly determine payment
4. AAHSA Resources – tools you can use

Key Highlights: Overview of Major Changes

- Misinformation out in the field
- RUGs IV is a huge improvement of what we have now
- Older version of RUGs system:
 - Overpayment of therapy services
 - Underpayment of medically complex services
- Since then, RUGs has been revised throughout the yrs to improve it

Key Highlights: Overview of Major Changes (cont)

- STRIVE project
 - Improve efficiency and accuracy of RUGs
 - Reflect changes in health care practices
 - Design payment to promote quality of care
 - It did not address NTAs

Key Highlights: Overview of Major Changes (cont)

- Did STRIVE achieve the goals?
 - Yes
 - Bottom line: recalibrates to add dollars back to more complex patients that require more nursing services
 - BN – distribution of payment changes, not the total payment
 - In RUGs IV, problem that has disadvantaged non-profits for yrs is addressed
 - Non-profits do better under RUGs IV

RUGs IV: What to Expect

- Closing of exceptions that created bad incentives:
 - Concurrent therapy
 - “look-back” period
 - Estimated therapy

These exceptions have all been legal, and nearly all homes have thus been dependent to some degree on them. The new rates are set such that if your home has been using an “average” amount, you will not lose on the change to the new RUG IV.

Payment under RUGS IV: Therapy RUGs

- Ex1: the concurrent therapy effect:

	2010 RUG III	2011 RUG IV
RUX (720 min/wk)	\$617.07	\$848.95
RVX (500 min/wk)	\$467.62	\$769.09
RHX (325 min/wk)	\$395.59	\$706.39
RMX (150 min/wk)	\$448.67	\$652.69
RLX (45 min/wk)	\$318.88	\$579.20

Paym Under RUGs IV: Therapy RUGs (cont)

- Concurrent therapy
 - Things are not as bad as they seem to be portrayed
 - Start conversation with your therapy contractors about the changes in RUGs IV
 - List of questions that can get you started, from Select

Paym Under RUGs IV: Therapy RUGs(cont)

- Ex2: the "Look-back" period effect

	2010 RUG III	2011 RUG IV
RUX (720 min/wk)	\$617.07	\$848.95
RUC (720 min/wk)	\$528.59	\$620.76
RVX (500 min/wk)	\$467.62	\$769.09
RVC (500 min/wk)	\$421.05	\$539.35
RHX (325 min/wk)	\$395.59	\$706.39
RHC (325 min/wk)	\$364.54	\$476.65
RMX (150 min/wk)	\$448.67	\$652.69
RMC (150 min/wk)	\$335.35	\$424.50
RLX (45 min/wk)	\$318.88	\$579.20
RLB (45 min/wk)	\$294.04	\$420.87

Payment Under RUGs IV (cont)

- RUG distribution for all Rehab groups

	RUGs III	RUGs IV
Rehab + Ext	36.5%	3.8%
Rehab Only	51.8%	75.9%
Total Rehab	88.2%	79.8%

Paym Under RUGs IV: the Non-Rehab Groups

- RUG groupers:
- Moved IV-meds/feeding from "extensive services" to "clinically complex" – BUT CC rugs paym increase significantly in RUGs IV
- Combine "impaired cognition" and "behavior category" into one – STRIVE found that there was no correlation between behavior problems and increase resource use
- Post-admission ventilator care and tracheotomy care will continue to qualify for extensive services
- But, parenteral/ IV feeding qualifier moves to a Special Care category
- Split Special Care category into "high" and "low" for more accurate case-mix indexes (CMIs)

Paym Under RUGs IV: the Non-Rehab Groups

- Ex3

	RUGs III	RUGs IV
SE3	\$362	\$646
SE2	\$309	\$506
SE1	\$276	\$450
CE2	\$270	\$352
CE1	\$243	\$326

Paym Under RUGs IV: the Non-Rehab Groups

- Ex4: the extensive service qualifier effect

	RUGs III	RUGs IV
SE3 or	\$362	\$646
SE1	\$276	\$450
Spec Care High (IV feeding)		
HE1		\$436
HD1		\$340
HC1		\$323

Paym Under RUGs IV: the Non-Rehab Groups

- Ex5: the extensive service qualifier effect

	RUGs III	RUGs IV
SE3 or	\$362	\$646
SE1	\$276	\$450
Clinically Complex (IV meds)		
CE1		\$325
CD1		\$307
CA1		\$214

Paym Under RUGs IV: the Non-Rehab Groups

RUG distribution for all medically complex groups

	RUGs III	RUGs IV
SE	4.26%	1.04%
CC	3.22%	5.58%
SS	3.03%	10.11%
TOTAL Medically Complex	10.51%	16.73%

Paym Under RUGs: Case Mix Indexes

- Percent Change in Payment for Therapy and Nursing CMIs
- NOT correct to assume a total decrease in paym of 20%

Rate Component	
Nursing CMIs	18%
Therapy CMIs	-38%

Paym Under RUGs: Case Mix Indexes

- So why is it NOT correct to assume a total decrease in paym of 20% ?
 - All RUG groups have a “nursing component”
 - The “nursing” component accounts for 70% of the payment, whereas therapy account for the remaining 30%

AAHSA Resources: How will your facility fare?

http://www.aaahsa.org/SNF_Payment2011/

SNF PPS Rate Comparison Chart for RUG III and RUG IV Rates - URBAN AREA

2010 Single Index*	0.9318	Adv County ID		Change in Total Medicare Part A Payment	\$0
				Per Change	%DIV:0%
				Change in Medicare Rates (Per Day)	\$0
				Per Change	%DIV:0%
FY 2010 TOTAL Medicare Payment	\$0	FY 2011 TOTAL Medicare Payment	\$0		
Medicare Rate per Resident Day	\$DIV:0%	Medicare Rate per Resident Day	\$DIV:0%		

*SEE 2. Find the county in which your facility is located. If your county is not listed, your facility is considered "URBAN" so you should use the "URBAN Rates" worksheet.

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QUESTIONS ?
