

Provider Memorandum

New Medicare Reimbursement Method—Skilled Nursing Facility Prospective Payment System Patient Driven Payment Model Effective October 1, 2019

Get Ready for PDPM Implementation on October 1, 2019

Beginning October 1, 2019, Molina Healthcare of Illinois (Molina) will follow a new Centers for Medicare and Medicaid Services (CMS) methodology for the Skilled Nursing Facility (SNF) Prospective Payment System (PPS). CMS will replace the current case-mix classification system, the Resource Utilization Group, Version IV (RUG-IV) with the new Patient Driven Payment Model (PDPM).

About PDPM

The Patient Driven Payment Model is a new case-mix system for classifying skilled nursing facility patients in a Medicare Part A covered stay into payment groups under the SNF PPS.

What is Changing?

Under RUG-IV, most patients were classified into a therapy payment group, that used the volume of therapy services provided to the patient as the basis for payment classification. RUG-IV created an incentive for SNF providers to furnish therapy to SNF patients regardless of the patient's unique characteristics, goals or needs.

PDPM will eliminate this incentive and improve the overall accuracy and appropriateness of SNF payments by classifying patients into payment groups based on specific, data-driven patient characteristics, while also aiming to reduce administrative burden on SNF providers.

Molina providers reimbursed under the Medicare Skilled Nursing Facility PPS will be subject to the PDPM payment transition starting with dates of service on or after October 1, 2019. The payment transition will apply to all lines of business that are contracted/required to pay Medicare allowable rates.

Billing Under PDPM

Providers will bill for services under PDPM using the Health Insurance Prospective Payment System (HIPPS) code that is generated from a 5-day PPS assessment and Interim Payment Assessment (IPA) with an assessment reference date (ARD) on or after October 1, 2019.

There is no transition period between RUG-IV and PDPM. RUG-IV billing ends September 30, 2019. PDPM billing begins October 1, 2019.

Resources

CMS has posted fact sheets, FAQs and training materials on the PDPM webpage. For more information, visit www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPSP/PPDPM.html.

Questions

Providers with questions may contact their provider network managers or email the Provider Network Management Department at MHILProviderNetworkManagement@MolinaHealthcare.com.

Providers who need help identifying their assigned provider network manager may visit Molina's Service Area page at www.MolinaHealthcare.com/providers/il/medicaid/contacts/Pages/servicearea.aspx.

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