

## **Memorandum: Medicare Reimbursement SNF PPS Patient Driven Payment Model**

### ***Implementation on October 1st!***

On October 1, 2019 the new Patient Driven Payment Model (PDPM) will be implemented by the Centers for Medicare and Medicaid Services (CMS). CMS is replacing the Resource Utilization Group (RUG), Version IV for the Skilled Nursing Facility (SNF) Prospective Payment System (PPS).

Molina Healthcare will follow CMS Medicare methodology for the PDPM implementation, and is posting a Frequently Asked Questions (FAQ) resource document on our website.

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

In order to prevent payment disruption, action is required to modify claim billing practices. There is no transition period between RUG-IV and PDPM. RUG-IV billing ends September 30, 2019. PDPM billing begins October 1, 2019.

CMS has released resources to help you prepare on the PDPM webpage, including fact sheets, FAQs, and training materials. Please visit the CMS website at: <https://www.cms.gov/> and under the “Medicare” tab find the “Medicare Fee-for-Service Payment” section, then select “Skilled Nursing Facility PPS.”

**Thank you for your commitment to Molina members.**



## **Molina Healthcare Patient Driven Payment Model (PDPM) Frequently Asked Questions (FAQs)**

### **How will Molina be implementing PDPM?**

Molina will follow CMS implementation of PDPM. Information on the CMS PDPM implementation can be found at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/PDPM.html>

### **Will Molina have a “hard transition” to PDPM (in accordance with the Medicare transition)?**

Yes. Molina plans to follow CMS direction on expecting a hard transition to PDPM. This means that discharge dates prior to October 1, 2019 will process under the CMS RUG-IV methodology and discharge dates October 1, 2019 and after will process in accordance with the PDPM methodology. In accordance with CMS, separate bills are required for each Federal fiscal year for admissions that span the annual update effective date (October 1).

### **How will Molina ensure SNF claims are paid correctly after October 1, 2019?**

Molina will monitor SNF claim activity through the end of 2019 to ensure accurate claims' processing. We will continue to utilize an external vendor program for grouping and pricing for PDPM. Molina is working closely with the vendor to ensure accurate implementation.

### **Do you anticipate payment delays due to PDPM?**

We anticipate deploying the final rate updates by the end of October. Any PDPM claims submitted prior to this deployment will be temporarily held by Molina.

### **When will the PDPM rates be loaded into the plans payment system?**

Molina licenses pricing software from Optum Insight to group and price SNF claims. We anticipate deploying the final rate updates by the end of October.

### **Have you developed the internal software to calculate the five components of the new PDPM rate which are based on published rate tables from CMS as well as wage indices that are based on the geographic location of the provider?**

The pricing software developed by Optum Insight accounts for all applicable PDPM adjustments in accordance with the CMS FY 2020 SNF Final Rule and the CMS provider specific data release schedule.

### **Will SNF rates based on PDPM still have annual updates?**

Yes. PDPM base rates will continue to reflect annual adjustments due to the SNF market basket (including an adjustment for productivity), value-based purchasing (VBP), and quality reporting (QRP).

### **Will RUGS codes be accepted on or after October 1, 2019?**

RUGS codes will not be accepted for discharge dates October 1, 2019 and after. For discharge dates prior to October 1, 2019, Molina will continue to accept RUGS codes. With PDPM implementation, CMS will continue to report RUG-III and RUG-IV HIPPS codes based on state requirements through September 30, 2020.

### **Will Molina be processing claims according to PDPM HIPPS codes?**

Yes. Molina will be processing claims with discharge dates October 1, 2019 and after according to PDPM HIPPS codes.

**How do you plan to handle the transition for beneficiaries who are in the facility on October 1, 2019?**

All dates of service on or prior to September 30, 2019 should be billed under RUG-IV, while all dates of service beginning October 1, 2019 should be billed under PDPM.

In accordance with CMS, all current SNF patients who were admitted prior to the PDPM effective date (October 1, 2019) are to receive a new Interim Payment Assessment (IPA) under PDPM, even though they may have been assessed already under the previous RUG-IV model.

To receive a PDPM HIPPS code that can be used for billing beginning October 1, 2019, all providers will be required to complete an IPA with an Assessment Reference Date (ARD) no later than October 7, 2019 for all SNF Part A patients.

**How will variable per-diem adjustments (VPDs) come into play with the PDPM implementation?**

October 1, 2019 will be considered Day 1 of the variable per diem schedule under PDPM, even if the patient began his/her stay prior to October 1, 2019.

For further information on VPD adjustments, please see the CMS VPD Fact Sheet located on the CMS website at: [https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/Downloads/PDPM\\_Fact\\_Sheet\\_VPD\\_v3\\_508.pdf](https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/Downloads/PDPM_Fact_Sheet_VPD_v3_508.pdf)

**Will Sequestration and VBP be excluded from the PDPM payment?**

Both VBP and Sequestration is applied to Medicare claims. Sequestration is not applicable to Marketplace or Medicaid.

**Are therapy services required on SNF PDPM claims?**

Therapy services shall not be required to be present on SNF/Swing bed claims with discharge dates of October 1, 2019 or later.

**Will there be any changes to the SNF Benefit Period or calculations?**

There is no anticipated change to the SNF Benefit Period calculations.

**Will PDPM processing and pricing be used for Marketplace claims' processing?**

Effective October 1, 2019, Marketplace claims (for any SNF provider contracted based on % of Medicare allowable) will be processed and priced according to PDPM.

**With respect to the PDPM Pricer file, will Molina host or will a third party vendor host?**

Molina will be hosting the PDPM Pricer file.

**What PDPM Pricer will Molina Healthcare be using, (ex. Optum, or another company)?**

We will be using Optum Insight's Web.strat for the grouping and pricing of SNF PDPM claims.

**Will the facility need to hold claims until the end of stay, or can interim claims be submitted?**

Facilities can continue to use their current practices with respect to interim billing, in accordance with CMS guidelines.