

RUG-IV: Revised System for SNF Medicare Part A Payment

Skilled Nursing Facilities (SNFs) are paid for beneficiaries in a Medicare Part A stay through the Medicare Prospective Payment System (PPS). PPS uses a case mix system that assigns residents to groups representing the quantity of resources used by the resident. Each group has a dollar amount associated with it that is the daily rate paid to SNFs for a beneficiary.

The system uses MDS data to calculate a group for each beneficiary. Under MDS 2.0, the grouping system is RUG-III (Resource Utilization Group-Version 3).

The plan in the July 2009 Final Rule was for an updated version, RUG-IV, to go into effect when MDS 3.0 is implemented on October 1, 2010.

Change in Plans: RUG-III returns

That plan was changed by the Healthcare Reform bill of March 2010 that postponed RUG-IV for one year, while not delaying MDS 3.0 implementation and its new rules concerning creating a concurrent therapy category and changing the use of look-back periods.

This was a problem for CMS since they were fully committed to implementing an MDS 3.0 / RUG-IV system. In April 2010 CMS announced that they did not have hybrid grouper software to handle MDS 3.0 / RUG-III and that they would pay claims submitted after October 1, 2010 with the MDS 3.0 / RUG-IV system. When they have the hybrid software they will reprocess those claims.

During the CMS training session on SNF PPS and RUG-IV presented June 23, 2010, it was stated that the payment rates associated with RUG-IV groups will be released in the SNF PPS Final Rule of July 30, 2010.

This paper outlines the RUG-IV system that will be used for some time after October 1, 2010 and officially implemented October 1, 2011.

Reasons for Change to RUG-IV

In the years since RUG-III was introduced CMS has become concerned that developments such as the implementation of SNF PPS and the public reporting of nursing home Quality

The RUG-IV system “is being designed so that overall payments will be at the same level as they would have been under RUG-III. Although total payments do not change, the distribution of payments does change, which is why the payment rates for complex medical groups (that is Extensive Care, Special Care, and Clinically Complex) will increase significantly.”

Measures has changed the incentives for SNFs in ways that make RUG-III out-of-date.

In addition, changes in the SNF population has likely altered industry practices and affected nursing resources required to treat different types of patients since 1995-1997 when the time study was conducted used to create RUG-III. To update the original data, CMS contracted for the 2006 STRIVE time study that was conducted in 205 nursing homes in 15 states.

Total Payment Stays the Same

RUG-IV is the latest version of the PPS payment system, using STRIVE data to update RUG-III. In the Final Rule published July 31, 2009, CMS officials stated that when the RUG-IV system was tested against RUG-III using 2007 claims data, they found that the RUG-IV model would produce lower overall payments. In keeping with their goal to not increase or decrease payment, CMS will adjust the weights to keep total payment the same under both systems.

An excerpt from the Final Rule, page 40324: For FY 2011, the system is being designed so that overall payments under RUG-IV will be at the same level as it would have been under RUG-III. Although total payments do not change, the distribution of payments does change, which is why the payment rates for the complex medical groups (that is Extensive Care, Special Care, and Clinically Complex) will increase significantly.

CMS outlined RUG-IV in the Proposed Rule for SNF PPS payment released in May 2009. The Final Rule released July 31, 2009 addressed comments received on the Proposed Rule.

This paper summarizes those changes.

continued

ADL Values: Bed Mobility, Toilet, Transfer			
	Support		
Performance	None/ Setup	1 person	2 people
Independent/ Supervision	0		
Limited Assistance	1		
Extensive Assistance	2	4	
Total Dependence	3		

ADL Values: Eating			
	Support		
Performance	None/ Setup	1 person	2 people
Independent/ Supervision	0	2	
Limited Assistance			
Extensive Assistance	2	3	
Total Dependence		4	

These tables in the Proposed Rule show ADL coding with MDS 3.0 for use in RUG-IV.

Overall changes in RUG-IV include increasing the number of RUGs (resource utilization groups) to 66 from the 53 used by RUG-III. The 66 RUGs are divided into 16 categories, two categories were added: Special Care High and Special Care Low. Certain existing conditions and/or services currently used to classify patients to RUG-III groups will move up or down in RUG-IV.

Presumption of coverage: The July 2009 Final Rule states that under the 66-group RUG-IV model, beneficiaries would be presumed to be qualified for Medicare Part A when they are classified to the upper 52 groups (the top groups through to Clinically Complex).

ADLs: Changes in Counting

ADLs will continue to be a critical part of the model under RUG-IV. The intent is to standardize ADL levels across the

RUG-IV categories and to revise the ADL scale to make it more sensitive to differences in functional levels.

As in RUG-III, in the RUG-IV model an "ADL index" is determined by totalling the component ADL scores for bed mobility, transfer, eating, and toilet use. A higher score represents greater dependence and a need for more assistance. The ADL Index is used to split RUG categories, such as Special Care Low, into RUGs. For example in the Special Care Low category there are 8 RUGs, each associated with a different dollar amount. The difference between the RUGs is their ADL Index and signs of depression.

The way ADLs are numbered changes with RUG-IV:

- Total number of ADL points possible is increased to 17 points (RUG-III is 15 points)
- RUG-IV scale for counting ADLs will be 0 to 16 (RUG-III uses 4 to 18)
- ADL component scores will range from 0 to 4 for each of the four areas. Under RUG-III, 3 areas were scored 1 to 5 and eating was scored 1 to 3 (see table above)

Changes to the RUG Categories

The RUG-IV categories, from highest to lowest:

- Rehab Plus Extensive Services (Ultra High, Very High, High, Medium, Low)
- Rehabilitation (Ultra High, Very High, High, Medium, Low)
- Extensive Services
- Special Care High
- Special Care Low
- Clinically Complex
- Behavioral Symptoms and Cognitive Performance
- Reduced Physical Function

Except for Extensive Services, the categories are divided by a secondary split based on ADL score. RUG-IV groups may be further differentiated based on nursing rehabilitation services and signs of depression.

Rehab Plus Extensive Services RUGs

Just as its name says, to qualify for one of these RUGs, the highest-paid category under RUG-III, patients must meet the criteria for both Rehabilitation RUGs and Extensive Services RUGs. Changes to those RUGs are included below.

Rehabilitation Therapy RUGs

Because approximately 90 percent of the days of service for Medicare Part A SNF stays include therapy, in developing RUG-IV and MDS 3.0 CMS looked carefully at utilization patterns and changes in the practice of therapy identified through the STRIVE research. For more on therapy changes see page 40315 of the Final Rule and Keane Care's MDS 3.0 white paper (links on page 4).

CMS is making several changes in how data is collected through MDS 3.0 that will affect payment for therapy including the following:

- Concurrent therapy: minutes will be divided/allocated among patients instead of counting as 1:1
- Section T deleted, in MDS 2.0 estimated therapy is entered in Section T
- OMRA: added an optional abbreviated start-of-therapy assessment

In MDS 3.0 Section O, therapy minutes are coded in these types:

- Individual therapy
- Concurrent therapy consisting of no more than 2 patients regardless of payer source, both of whom must be in line-of-sight of the treating therapist or assistant. Total number of minutes are entered in MDS 3.0 and grouper software cut
- Group therapy rules are not changed. For MDS 3.0 coding it consists of 2 to 4 patients who are performing similar activities, and are supervised by a therapist (or assistant) who is not supervising other individuals. The 25 percent cap continues to apply. Total minutes are entered in the MDS and the grouper software uses 25 percent of them.

Extensive Services RUG

The criteria for qualifying for an Extensive Services RUG currently includes receiving one or more of the following services in the last 14 days: Parenteral/IV, IV Medication, Suctioning, Tracheostomy care, and Ventilator respirator. Parenteral/IV was captured at K51 (MDS 2.0), the remainder were listed in Section P1a.

Analysis of STRIVE data showed that some services were being captured that were provided only prior to admission and not while the patient was in the SNF. The study found that those instructions resulted in payments that are “inappropriately high for many non-complex medical cases.”

With MDS 3.0, data in O0100 will be reported in two columns: 1. Care received in the hospital, before SNF admission and 2. Care received after admission (or readmission). Items received while not a resident, such as oxygen therapy and IVs would be used only for care planning. Grouper software will look only at column 2.

The criteria for qualifying for Extensive Services under RUG-IV are one of the following and an ADL score of 2 or more:

- Tracheostomy care
- Ventilator/Respirator
- Isolation for active infectious disease while a resident

The parenteral/IV feeding qualifier moves to the Special Care High category.

IV medications are now a criteria for the Clinically Complex category rather than Extensive Services. This change was based on STRIVE data on the average resource times.

CMS noted that they are aware of the impact of high-cost medications on SNFs and are presently developing a protocol to assess their impact. CMS currently does not have the statutory authority to exclude items such as IV medications from Part A consolidated billing.

Suctioning has been dropped as a qualifier for any RUG under RUG-IV because it is highly correlated with ventilators and tracheotomies and rarely coded by itself.

Special Care High

This new category includes residents with serious medical conditions and an ADL score of 2 or more, including:

- Comatose and completely ADL dependent
- Septicemia
- Diabetes with daily injections requiring physician order changes on 2 or more days
- Quadriplegia and ADL score ≥ 5
- Chronic obstructive pulmonary disease and shortness of breath when lying flat
- Fever with pneumonia, or vomiting, or weight loss, or feeding tube
- Parenteral/IV feedings
- Respiratory therapy for 7 days

The Parenteral/IV feedings qualifier was added to this category. The following qualifiers moved here from the Clinically Complex: septicemia, diabetes with injections, and comatose.

Fever with feeding tube was removed as a qualifier in the Proposed Rule and restored in the Final Rule.

In the Final Rule CMS clarified that they are retaining physician order changes in the Special Care High category only when they are associated with diabetes requiring daily insulin injections and physician insulin order changes on 2 or more days. STRIVE data show that these physician orders were a reliable predictor of resource use.

Dehydration accompanying fever was removed as a qualifier.

Special Care Low

Residents with a minimum ADL index of 2 and receiving complex clinical care or with one of these medical conditions:

- Cerebral palsy, multiple sclerosis, or Parkinson's disease and ADL score ≥ 5
- Respiratory failure and oxygen therapy while a resident
- Feeding tube (calories $\geq 51\%$, or calories = 26-50% and fluid $\geq 501\text{cc}$)
- Foot infection, diabetic foot ulcer or open lesions on the foot with treatment
- Radiation therapy while a resident
- Dialysis while a resident
- Pressure Ulcers: 1 of the following present along with 2 or more skin treatments:

- 2 or more Stage 2 pressure ulcers; or
 - 1 or more Stage 3 or Stage 4 pressure ulcers
- Or if 1 of the following is present along with 2 or more skin treatments:
- 2 or more venous/arterial ulcers; or
 - 1 Stage 2 pressure ulcer and 1 venous/arterial ulcer

Tube feeding by itself was retained as a Special Care Low qualifier. The RUG-III aphasia requirement was dropped because it no longer correlates with tube feeding.

The following conditions are moved to Special Care Low from Clinically Complex: dialysis, burns, pneumonia, and oxygen therapy; shortness of breath with emphysema/chronic obstructive pulmonary disease; and Parkinson's disease.

Internal Bleeding is no longer a qualifier in any category because there are no standard definitions.

Respiratory failure in combination with oxygen therapy was added here as a correction in the Final Rule.

Clinically Complex

This category includes residents who meet the criteria for Extensive Services, Special Care High, or Special Care Low except their ADL score is 0 or 1. Residents also qualify for Clinically Complex with any one of the following:

- Pneumonia
- Hemiplegia and ADL score ≥ 5
- Surgical wounds or open lesions with treatment
- Burns
- Chemotherapy while a resident
- Oxygen therapy while a resident
- IV medications while a resident
- Transfusions while a resident

Qualifiers that moved here from other categories include radiation therapy and post-admit IV medications.

Dehydration was dropped as a qualifier in this and any category, based on a finding by AMA that there is no standard definition and that signs and symptoms may be vague or absent in older adults.

Physician orders was dropped as a qualifier because of lack of specificity, except when combined with diabetes, then it's a qualifier for Special Care High.

Internal bleeding was dropped because the STRIVE study found that associated minutes were significantly lower than other conditions in that category.

IV medications was moved here from Extensive Services because resource minutes were more comparable to other items in the category.

Oxygen therapy alone while a resident is moved to this category as a correction in the Final Rule.

The number of groups in the Clinically Complex category expanded from 6 to 10 in RUG IV. CMS notes that it is due to increasing the number of ADL score breaks, particularly for residents with moderate and more independent functioning.

Behavioral & Cognitive Performance.

In RUG-III, Impaired Cognition and Behavior represented separate levels. But since the STRIVE data showed that the same level of resources is needed to treat patients in either group, they were combined in a single RUG category.

Reduced Physical Function

This category includes residents whose needs are primarily for ADLs and general supervision. Calculations identify residents who are receiving restorative nursing services as recorded on the MDS and include:

- Urinary and/or bowel training program
- Passive and/or active range of motion
- Amputation/prosthesis training
- Splint or brace assistance
- Dressing or grooming training
- Eating or swallowing training
- Transfer training
- Bed mobility and/or walking training
- Communication training

References

Proposed Rule for Medicare PPS and Consolidated Billing for SNFs for FY 2010 and MDS 3.0, published in the Federal Register May 12, 2009:

<http://edocket.access.gpo.gov/2009/pdf/E9-10461.pdf>

Final Rule for Medicare PPS and Consolidated Billing for SNFs for FY 2010 and MDS 3.0, published in the Federal Register on August 11, 2009:

<http://edocket.access.gpo.gov/2009/pdf/E9-18662.pdf>

Medicare Part A PPS information:

www.cms.hhs.gov/snfpps

CMS Website on the STRIVE Time Study:

www.cms.hhs.gov/SNFPSS/10_TimeStudy.asp#TopOfPage

Keane Care's MDS 3.0 white paper:

www.keanecare.com/products/pdf/mds30-flyer.pdf

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RUG-IV Categories

Ultra High Rehab Plus Extensive Services

Rehabilitation Rx 720 minutes/week minimum AND
At least 1 rehab discipline 5 days/week, AND
A second rehab discipline 3 days/week, AND
Tracheostomy care, ventilator/respirator, or isolation for active infectious disease while a resident, AND ADL score of 2 or more

Very High Rehab Plus Extensive Services

Rehabilitation Rx 500 minutes/week minimum AND
At least 1 rehab discipline 5 days/week, AND
Tracheostomy care, ventilator/respirator, or isolation for active infectious disease while a resident, AND ADL score of 2 or more

High Rehab Plus Extensive Services

Rehabilitation Rx 325 minutes/week minimum AND
At least 1 rehab discipline 5 days/week, AND
Tracheostomy care, ventilator/respirator, or isolation for active infectious disease while a resident, AND ADL score of 2 or more

Medium Rehab Plus Extensive Services

Rehabilitation Rx 150 minutes/week minimum, AND
5 days any combination of 3 rehab disciplines, AND
Tracheostomy care, ventilator/respirator, or isolation for active infectious disease while a resident, AND ADL score of 2 or more

Low Rehab Plus Extensive Services

Rehabilitation Rx 45 minutes/week minimum, AND
3 days any combination of 3 rehab disciplines; AND
Restorative nursing 6 days/week, 2 services (see Reduced Physical Function for restorative nursing services); AND
Tracheostomy care, ventilator/respirator, or isolation for active infectious disease while a resident, AND ADL score of 2 or more

Ultra High Rehabilitation

Rehabilitation Rx 720 minutes/week minimum, AND
At least 1 rehab discipline 5 days/week, AND
A second rehab discipline 3 days/week

Very High Rehab

Rehabilitation Rx 500 minutes/week minimum, AND
At least 1 rehab discipline 5 days/week

High Rehab

Rehabilitation Rx 325 minutes/week minimum, AND
At least 1 rehab discipline 5 days/week

Medium Rehab

Rehabilitation Rx 150 minutes/week minimum, AND
5 days any combination of 3 rehab disciplines

Low Rehabilitation

Rehabilitation Rx 45 minutes/week minimum, AND
3 days any combination of 3 rehab disciplines; AND
Restorative nursing 6 days/week, 2 services

Extensive Services

Tracheostomy care, ventilator/respirator, or isolation for active infectious disease while a resident, AND ADL score of 2 or more

Special Care High

Comatose; septicemia; diabetes with daily injections and order change on 2 or more days; quadriplegia with ADL score ≥ 5 ; chronic obstructive pulmonary disease and shortness of breath when lying flat; fever with pneumonia, or vomiting, or weight loss, or feeding tube; parenteral/IV feedings; respiratory therapy for 7 days.
AND ADL score of 2 or more

Special Care Low

Cerebral palsy, multiple sclerosis, or Parkinson's disease with ADL score ≥ 5 ; respiratory failure and oxygen therapy while a resident; feeding tube (calories $\geq 51\%$ or calories = 26-50% and fluid ≥ 501 cc); ulcers (2 or more stage II or I or more stage III or IV pressure ulcers; or 2 or more venous/arterial ulcers; or 1 stage II pressure ulcer and 1 venous/arterial ulcer) with 2 or more skin care treatments; foot infection/diabetic foot ulcer/open lesions of foot with treatment; radiation therapy while a resident; dialysis while a resident
AND ADL score of 2 or more

Clinically Complex

Extensive Services, Special Care High or Special Care Low qualifier and ADL score of 0 or 1, OR
Pneumonia, hemiplegia with ADL score ≥ 5 ; surgical wounds or open lesions with treatment; burns; chemotherapy while a resident; oxygen therapy while a resident; IV medications while a resident, transfusions while a resident

Behavioral Symptoms and Cognitive Performance

Cognitive impairment BIMS score ≤ 9 or CPS ≥ 3 OR hallucinations or delusions OR
Physical or verbal behavioral symptoms toward others, other behavioral symptoms, rejection of care, or wandering, AND ADL score ≤ 5
Restorative nursing splits the category into RUGs

Reduced Physical Function

Restorative nursing services:

- Urinary and/or bowel training program
- Passive and/or active range of motion
- Amputation/prosthesis training
- Dressing or grooming training
- Eating or swallowing training
- Transfer training
- Splint or brace assistance
- Bed mobility and/or walking training
- Communication training