



**News Flash** – The revised Skilled Nursing Facility Prospective Payment System Fact Sheet (August 2009), which provides the elements of the Skilled Nursing Facility Prospective Payment System, is now available in both downloadable and print format from the Centers for Medicare & Medicaid Services (CMS) Medicare Learning Network. Visit <http://www.cms.hhs.gov/MLNProducts/> on the CMS website to find this fact sheet. Scroll down to “Related Links Inside CMS” and select “MLN Product Ordering Page” for the print format or click on “MLN Publications” for the downloadable version.

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## Reminder about Correct Billing Changes for Certain Skilled Nursing Facility (SNF) Residents

### Provider Types Affected

Skilled Nursing Facilities (SNFs) and Hospital Swing Beds to Medicare contractors (fiscal intermediaries (FIs) or A/B Medicare Administrative Contractors (A/B MACs)) for services provided to Medicare beneficiaries.

### Provider Action Needed



#### STOP – Impact to You

This special edition article is being provided because the Centers for Medicare & Medicaid Services (CMS) has identified an issue related to the planned implementation of new Case Mix Index (CMI) sets for Fiscal Year (FY) 2010 announced in the Federal Register on August 11, 2009.



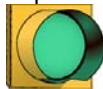
#### CAUTION – What You Need to Know

Beneficiaries may often qualify for more than one RUG (Resource Utilization Group) group. For payment, the record is assigned to the RUG group that pays

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the greatest amount; i.e., the RUG classification is index maximized. For a short period of time during the transition to Fiscal Year 2010, the payment rates will be calculated incorrectly for a limited number of residents in rural facilities. For rural facilities, the index maximization changes from FY 2009 to FY 2010 for the classification of residents who qualify for both the RVL (Very High Rehabilitation Plus Extensive Services) and RMX (Medium Rehabilitation Plus Extensive Services) RUGs and have an Activity of Daily Living (ADL) score of exactly 15. For FY 2009, these residents index maximize at RMX, however for FY 2010, these residents should now index maximize at RVL. The new CMI sets effective for FY 2010 will allow assessment reference dates on or after October 1, 2009 to reclassify residents to the correct RVL group. However, in situations where the assessment will be used to determine the RUG group for days of service both before and after October 1, 2009, incorrect payment will occur for part of this timeframe. In these instances, the Grouper will only provide one RUG; however, since the days of service span October 1, payment should be made for two separate rates.



### GO – What You Need to Do

Providers should make a manual correction to bill the Medicare days at the correct RVL rate, and document the change on either the appropriate validation report or in the medical record. Please note that CMS expects this situation to occur very rarely.

See the Background and Additional Information Sections of this article for further details regarding these changes.

## Background

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Skilled Nursing Facilities (SNFs) are paid based on case-mix classification groups called Resource Utilization Groups Version III (RUG-III). Medicare uses a case-mix classification system to assign a nursing home resident to a RUG category based on his or her medical conditions and the resources needed to provide care. Each RUG category is tied to a Medicare payment rate. Medicare RUG classifications use the 'index-maximization' method, and under the 'index-maximization' method, if a resident qualifies for more than one RUG group, the resident will be placed in the group with the highest Case Mix Index (CMI), i.e., with the highest payment rate.

CMS announced in the Federal Register on August 11, 2009, that, effective October 1, 2009, adjustments will be made to the SNF payment rates for FY 2010. You can review the final rule at <http://edocket.access.gpo.gov/2009/pdf/E9-18662.pdf> on the Internet.

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This special edition article is being provided because CMS has identified an issue related to the planned implementation of new CMI sets for Fiscal Year 2010. For FY 2010, the payment rate ordering will change for a limited number of residents in rural facilities.

**Note:** If providers fail to implement the special billing instructions below for the affected residents, they risk being paid less than the qualifying amount for services during the transition time.

For rural facilities, the index maximization changes the classification for a small number of residents who qualify for both the RVL (Very High Rehabilitation Plus Extensive Services) and RMX (Medium Rehabilitation Plus Extensive Services) RUG-III groups and have an Activity of Daily Living (ADL) score of exactly 15.

- For FY 2009, these residents index maximized at RMX; and
- For FY 2010, these residents should now index maximize at RVL.

Index maximization is determined by using the RUG-III Grouper in conjunction with the appropriate CMI sets, and new CMI sets will be available on the Minimum Data Set Case Mix Index (MDS CMI) at

[http://www.cms.hhs.gov/MDS20SWSpecs/09\\_RUG-IIIVersion5.asp#TopOfPage](http://www.cms.hhs.gov/MDS20SWSpecs/09_RUG-IIIVersion5.asp#TopOfPage) on the CMS website. Information related to

Hospital Swing Beds will be available at

[http://www.cms.hhs.gov/SNFPSP/03\\_SwingBed.asp#TopOfPage](http://www.cms.hhs.gov/SNFPSP/03_SwingBed.asp#TopOfPage) on the CMS website.

The new CMI sets are effective for FY 2010 and will allow assessment reference dates on or after October 1, 2009 to reclassify residents to the correct RVL group.

However, this becomes an issue for a very small number of residents where the days of service cross October 1, 2009. In these instances, the grouper will only provide one RUG-III group, however since the days of service span October 1, payment should be made for two separate rates.

There are two scenarios to consider:

***1. PPS assessments with a reference date before October 1, 2009 applied to days of service on or after October 1, 2009***

In these instances, the grouper will classify the resident as RMX, however for days of service on or after October 1, 2009, they should classify as RVL.

The MDS state system calculated RUG-III classification using the FY 2009 CMI set will be correct for use on or after October 1, 2009, except for some

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assessments with an RMX classification. Assessments that are problematic meet all of the following conditions:

- The assessment reference date (MDS Item A3a) is before October 1, 2009;
- The assessment is used to bill days of service on or after October 1, 2009;
- The obtained classification using the FY 2009 CMI set is RMX;
- The ADL score for the assessment is exactly 15;
- 500 or more minutes of rehabilitation therapy are received across all three therapies (speech, occupational, and physical therapy)  
That is:  $P1baB + P1bbB + P1bcB \geq 500$ ; and
- One of the three rehabilitation therapies is received for 5 or more days.  
That is:  $P1baA \geq 5$  **OR**  $P1bbA \geq 5$  **OR**  $P1bcA \geq 5$

**If all of these conditions are satisfied, then the RUG-III classification for days of service on or after October 1, 2009 is RVL rather than RMX. In this situation, SNFs should bill a RUG code of RMX for days of service prior to October 1, 2009 and RVL for days of service on or after October 1, 2009.**

## ***2. PPS assessments with reference date on or after October 1, 2009 applied to days of service before October 1, 2009***

In these instances, the grouper will classify the resident as RVL, however for days of service prior to October 1, 2009 they should classify as RMX.

The MDS state system calculated RUG-III classification using the FY 2010 CMI set will be correct for use before October 1, 2009, except for some assessments with an RVL classification. Assessments that are problematic meet all of the following conditions:

- The assessment reference date (MDS Item A3a) is on or after October 1, 2009;
- The assessment is used to bill days of service before October 1, 2009;
- The obtained classification using the FY 2010 CMI set is RVL; and
- The ADL score for the assessment is exactly 15.

**If all these conditions are met, then the RUG-III classification for days of service before October 1, 2009 is RMX rather than RVL. In these instances, SNFs should bill the RUG code of RMX for days of service prior to October 1, 2009 and RVL for days of service on or after October 1, 2009.**

## **Additional Information**

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For a one-stop resource web page focused on the informational needs and interests of Medicare Fee-for-Service (FFS) SNFs, go to the SNF Center at <http://www.cms.hhs.gov/center/snf.asp> on the CMS website.

If you have any questions, please contact your FI or MAC at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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