CareSource

Network Notification

Notice Date: April 24, 2020
To: CareSource Providers
From: CareSource
Subject: Patient-Driven Payment Model
Effective Date: October 1, 2019

Summary
Aligned with Centers for Medicare & Medicaid Services' (CMS) transition to the Patient Driven Payment Model (PDPM), CareSource is providing guidance for utilizing PDPM. PDPM is a new case-mix system for classifying skilled nursing facility (SNF) patients in a Medicare Part A covered stay into payment groups under the SNF Prospective Payment System. Effective October 1, 2019, PDPM has replaced the current case-mix classification system, the Resource Utilization Group, Version IV (RUG-IV).

CareSource has aligned our processes to support the PDPM implementation.

Purpose
Under RUG-IV, most patients are classified into a therapy payment group, which uses primarily the volume of therapy services provided to the patient as the basis for payment classification. This creates an incentive for SNF providers to furnish therapy to SNF patients regardless of the patient's unique characteristics, goals, or needs. PDPM eliminates this incentive and improves the overall accuracy and appropriateness of SNF payments by classifying patients into payment groups based on specific, data-driven patient characteristics, while simultaneously reducing administrative burden on SNF providers.

By addressing each individual patient's unique needs independently, PDPM improves payment accuracy and encourages a more patient-driven model.

Impact
PDPM will improve payments under the SNF PPS in the following ways:
- Improve payment accuracy and appropriateness by focusing on the patient, rather than the volume of services provided
- Significantly reduce administrative burden on providers
- Improve SNF payments to currently underserved beneficiaries without increasing total Medicare payments

CareSource has applied this updated reimbursement via claim Date of Service (DOS). All claims with DOS September 30, 2019 and prior will reimburse based on RUG IV, while all claims with DOS October 1, 2019 and later will be reimbursed utilizing the PDPM. Claims billed with RUG IV with DOS on or after October 1, 2019 will deny for improper billing.

Billing under PDPM

Under PDPM, the Health Insurance Prospective Payment System (HIPPS) codeset is used similar to RUG IV, but the characters will have different meanings;
- First character represents the PT or OT groups, which is the patient's classification
- Second character represents the patient's SLP component classification.
- Third character represents the Nursing Group.
- Fourth character represents the NTA Group.
- Fifth character represents the assessment.

Questions?
For more information and fact sheets about PDPM, please refer to the CMS website at:
https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/PDPM.html#fact