Proposed RCS-1 & It's Impact on Therapy Services- Will it Happen?

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Objectives:

- What is RCS-1?
- Why the proposed change in payment system?
- Differences between RCS-1 and current PPS system
- Additional Case-mix components for RCS-1
- How to calculate rate with the additional case-mix components?
- MDS changes with RCS-1
- Strategies/ Therapy Implications
- RCS-1 impact analysis review and reports
- Recent update on RCS-1

What is RCS-1?

- Resident Classification System, Version 1
- CMS issued Advance Notice of Proposed Rulemaking (ANPRM) on 5/4/2017, Federal Register; pre-proposed rule
- 3 main goals with the revised classification system:
  1. Create model that compensates SNFs accurately based on the complexity of the residents they serve and the resources needed to care for those residents
  2. Address the concerns presented by CMS, OIG, and MedPAC, by reducing the incentives for SNFs to deliver therapy minutes based on financial considerations, instead of the most effective course of treatment for the residents
  3. Limiting the number and type of elements to determine case mix as well as limiting the number of assessments necessary under the revised payment system
- Target date for implementation is **October 1st, 2018- Postponed?**
- Major shift from therapy minutes as a driver for reimbursement to overall patient characteristics, goal is to provide more patient "***centered care***"

Why Replace Current RUG-IV Model?

- Concern that **therapy** is driving reimbursement (payment difference between RUA vs PA1)
  - **90**% of Part A covered SNF days are paid using a rehab RUG instead of nursing RUG
- SNFs rehab services have been influenced by financial needs vs resident's clinical needs
  - Ultra-High therapy trends
  - Increase in "thresholding" (providing just enough therapy to surpass the relevant therapy thresholds)
  - Lack of medical evidence supporting amount of therapy minutes
- OIG and MedPAC studies related to the identified areas of concern with the current SNF PPS system

(https://oig.hhs.gov/oei/reports/oei-02-09-00202.pdf Questionable Billing by Skilled Nursing facilities; http://medpac.gov/docs/default-source/reports/mar17_medpac_ch8.pdf, MedPAC's March 2017 Report to Congress, 203)

RCS-1 vs RUG IV: Hallmark Differences

RCS-1

- 5 Case-mix components
- Addition of Group/Concurrent therapy
- One 5 day PPS assessment- locks the composite score for the entire benefit period, no COTs, (assuming no discharges or significant changes in condition)
- Variable rate over resident's LOS
- No financial incentives for more therapy minutes, nursing and diagnosis coding drive revenue

Current RUG IV system:

- 3 Case-mix components
- Group and concurrent therapy discouraged
- Up to 5 PPS assessments depending on LOS, not locked in for entire benefit period, can have COTs
- Rate remains constant over LOS
- Financial incentives for more therapy minutes

RCS-1 vs RUG IV: Additional Case-Mix Components

Current PPS: 3 Case-mix components

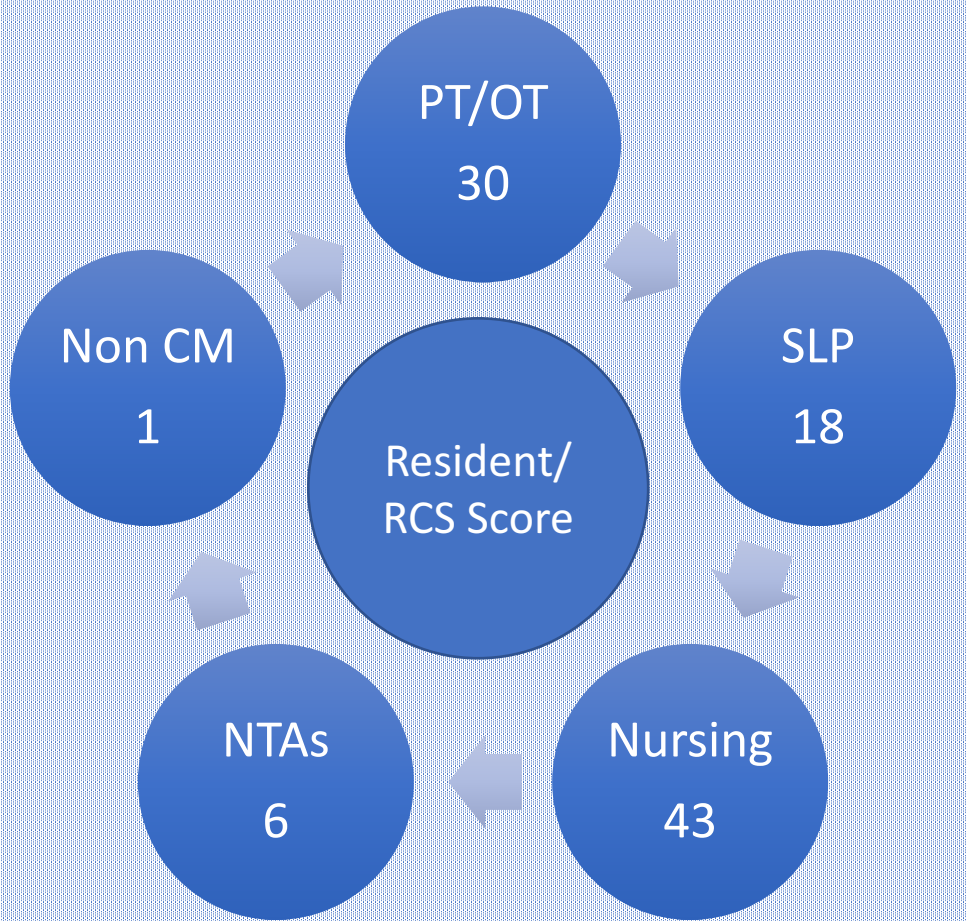
1. Therapy (PT/OT/SLP)
2. Nursing
   - Nursing
   - Social services
   - Non-Therapy Ancillary, NTA, services
3. Non-Case-Mix
   - Room and Board
   - Administrative Costs
   - Capital-related costs

- As of FY 2016, 66 distinct per diem rates

RCS-1: 5 Case-mix components

1. PT and OT only (30 categories)
2. SLP (18 categories)
3. NTA- Non-therapy Ancillary Services (6 levels)
4. Nursing (43 RUGs)
   - Nursing services
   - Social Services
5. Non-Case-Mix (1 component)
   - Room and Board
   - Administrative costs
   - Capital-related costs

New RCS-1: New 5 Case Mix Components in Calculating Rate



Determining Rate under RCS-1
Step 1: Identify Why the Patient is Here?

- Before any further categorization can be completed, the resident's clinical reason for their stay must be identified
- 10 clinical categories have been identified as primary reason for SNF stay
- MDS Section 18000: ICD-10 code

10 Clinical Categories for RCS-1	
Major joint Rep. or Spinal Surgery	Cancer
Non-Orthopedic Surgery	Acute Infections
Acute Neurologic	Pulmonary
Non-Surgical Orthopedic/ Musculoskeletal	Cardiovascular & Coagulations
Orthopedic Surgery (Except Major Joint)	Medial Management

Step 1 Continued: Clinical Categories

- 10 clinical categories are collapsed into 5 for PT/OT
  - Major Joint Rep or Spinal Surg.
  - Non Orthopedic Surgery
  - Acute Neurologic
  - Other Orthopedic
  - Medical Management
- 2 clinical categories for SLP
  - Acute Neurologic
  - Non- Neurologic

10 Clinical Categories	
Major Joint Rep or Spinal surgery	Orthopedic Surgery (Except Major Joint)
Non Orthopedic Surgery	Non-Surgical Orthopedic Musculoskeletal
Acute Neurologic	Medical Management
Cancer	Pulmonary
Acute Infections	Cardiovascular & Coagulations

Step 2: Determine Case Mix Components: PT/OT Classification

Clinical Category (5) X Primary Reason for Stay	Functional Score (3) X Transfers, Eating, Toileting: Self Performance Only	Cognitive Score (2) = Cognitive Function Scale	Total 30
Major Joint Rep or spinal Surgery			
Other Orthopedic	14-18	Intact or Mildly Impaired	
Non-Orthopedic Surgery	8-13	Moderate or Severely Impaired	
Acute Neurologic	0-7		
Medical Management			

*****All Patients score in one PT/OT group no matter if they have received any therapy or how much!**

PT/ OT Classification Cont.: Functional Status

- Determining Functional Status
  - Revision of existing ADL scale in section G of the MDS
  - Includes transfers, eating, and toileting only! Bed mobility has been discarded!
  - Scored on self performance only to better represent the actual needs of the resident
  - Functional Score of 0-18
  - Unlike RUG-IV, more points are given as the resident requires less assistance instead of more with current PPS system

ADL Self-performance score	Transfer	Toileting	Eating
Independent	+3	+3	+6
Supervision	+4	+4	+5
Limited Assistance	+6	+6	+4
Extensive Assistance	+5	+5	+3
Total Dependence	+2	+2	+2
Activity Occurred only once or twice	+1	+1	+1
Activity did not Occur	+0	+0	+0

PT/OT Classification: Cognitive Level

- Added to PT/OT classification due to impact cognition has on PT/OT costs
- Proposes using Cognitive Function Scale (CFS) to assess cognitive functioning, combines scores from the BIMs and Cognitive Performance Scale
- CFS places residents into 4 categories of cognitive functioning based on their score on the BIMS and CPS

CFS Cognitive Scale	BIMS Score	CPS Score	CFS Total Score
Cognitively intact	13-15		1
Mildly Impaired	8-12	0-2	2
Moderately Impaired	0-7	3-4	3
Severely Impaired		5-6	4

PT/OT Case-Mix Classification Groups

Clinical category	Function score	Mod/Severe Cognitive Impairment	Case-mix Group	Case-mix Index
Major Joint Replacement or Spinal Surgery	14-18	No	TA	1.82
	14-18	Yes	TB	1.59
	8-13	No	TC	1.73
	8-13	Yes	TD	1.45
	0-7	No	TE	1.68
	0-7	Yes	TF	1.36
Other Orthopedic	14-18	No	TG	1.70
	14-18	Yes	TH	1.55
	8-13	No	TI	1.58
	8-13	Yes	TJ	1.39
	0-7	No	TK	1.38
	0-7	Yes	TL	1.14
Acute Neurologic	14-18	No	TM	1.61
	14-18	Yes	TN	1.48
	8-13	No	TO	1.52
	8-13	Yes	TP	1.36
	0-7	No	TQ	1.47
	0-7	Yes	TR	1.17

Clinical Category	Function Score	Mod/ Severe Cognitive Impairment	Case-mix group	Case-mix Index
Non-Orthopedic Surgery	14-18	No	TS	1.57
	14-18	Yes	TT	1.43
	8-13	No	TU	1.38
	8-13	Yes	TV	1.17
	0-7	No	TW	1.11
	0-7	Yes	TX	0.80
Medical Management	14-18	No	T1	1.55
	14-18	Yes	T2	1.39
	8-13	No	T3	1.36
	8-13	Yes	T4	1.17
	0-7	No	T5	1.10
	0-7	Yes	T6	0.82

***With the new model, residents would be classified in one and only one of the 30 groups!**

Step 2 Continued: Determining SLP Classification Case-Mix

Clinical Category X	Swallowing Disorder or Mechanically-Altered Diet (3) X	SLP Related Comorbidity or Mod to Severe Cognitive Impairment (3) =	18 Points
Acute Neurologic	Both	Both	
Non-Neurologic	Either	Either	
	Neither One	Neither One	

SLP Comorbidities	
Aphasia	Laryngeal Cancer
CVS, TIA, or Stroke	Apraxia
Hemiplegia or Hemiparesis	Dysphagia
Traumatic Brain Injury	ALS
Tracheotomy (while resident)	Oral Cancers
Ventilator (while resident)	Speech and Language Deficits

****Does not matter if any therapy is given or how much to score the section!**

SLP Case-Mix Classification Groups

Clinical category	Presence of swallowing disorder or mechanically-altered diet	SLP-related comorbidity or mod to severe cognitive impairment	Case-mix group	Case-mix index
Acute Neurologic	Both	Both	SA	4.19
	Both	Either	SB	3.71
	Both	Neither	SC	3.37
	Either	Both	SD	3.67
	Either	Either	SE	3.12
	Either	Neither	SF	2.54
	Neither	Both	SG	2.97
	Neither	Either	SH	2.06
	Neither	Neither	SI	1.28
Non-Neurologic	Both	Both	SJ	3.21
	Both	Either	SK	2.96
	Both	Neither	SL	2.63
	Either	Both	SM	2.62
	Either	Either	SN	2.22
	Either	Neither	SO	1.70
	Neither	Both	SP	1.91
	Neither	Either	SQ	1.38
	Neither	Neither	SR	0.61

****Residents can only be classified into one and only one case-mix group for SLP!**

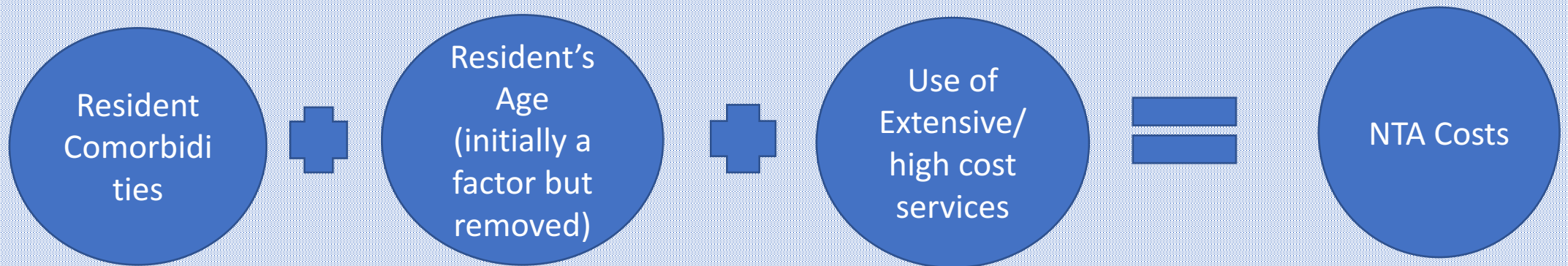
Step 2 Continued: Nursing Case-Mix Classification

- 43 Nursing Case-Mix groups assigned
- Uses existing non-rehabilitation RUGs for purposes of resident classification with some modifications
- Update existing nursing CMIs using STRIVE STM data to account for nursing utilization with all patients, not just non-rehab residents
- Proposed 19% increase with HIV/AIDS residents
- All residents would be classified into one, and only one group

RUG-IV category	Current nursing case-mix index	Nursing case-mix index RCS-1
ES3	3.58	3.84
ES2	2.67	2.90
ES1	2.32	2.77
HE2	2.22	2.27
HE1	1.74	2.02
HD2	2.04	2.08
HD1	1.60	1.86
HC2	1.89	2.06
HC1	1.48	1.84
HB2	1.86	1.88
HB1	1.46	1.67
LE2	1.96	1.88
LE1	1.54	1.68
LD2	1.86	1.84

Step 2: Non-Therapy Ancillary (NTA) Classification

- NTA component includes the following: drugs, lab services, respiratory services and medical supply costs
- Goal for RCS-1 was to address the concerns that the NTA costs were not being adequately covered under the current PPS system
- For RCS-1, 3 cost-related resident characteristics that were used to determine increases in NTA costs were the following:



NTA Group Case-Mix Classification Groups

- Residents would be assigned into one group and one group only
- For NTA score, 6 Case-Mix groups were created based on the associated total sum of comorbidities and services

NTA Case-Mix Classification Groups		
Range	Case-Mix Group	CMI
11+	NA	3.33
8-10	NB	2.59
6-7	NC	2.02
3-5	ND	1.52
1.2	NE	1.16
0	NF	0.83

Examples of Conditions and Extensive Services Used for NTA Classifications			
Condition/service	Source	Tier	Points
HIV/AIDS	SNF Claim	Ultra-High	8
Parenteral/IV Feeding-High (>50% of cal)	MDS Item K0510A	Very-High	7
Parenteral/IV Feeding-Low (25-50% of cal)	MDS Item K0710B2	High	5
IV Medication	MDS Item O0100H2	High	5
Ventilator/ Respirator	MDS Item O0100F2	High	5
Transfusion	MDS Item O0100I2	Medium	2
Kidney Transplant Status	MDS Item I8000	Medium	2
Opportunistic Infections	MDS Item I8000	Medium	2

Step 2 Continued: Non Case Mix Component

- For Non Case-Mix, this includes room and board, administrative costs, and capital related expenses
- No change from current PPS system

Step 3: Calculating Payment

- Each component (PT/OT, SLP, nursing, NTA, non case-mix) has a “base rate” adjusted by CBSA
- Payment rate for each component is calculated by multiplying the CMI for the resident’s group by the component’s federal base payment rate
- Payment rate for each component area is added together to get the total RCS-1 rate
- With RCS-1, the payment rate is **VARIABLE** over the LOS of a resident instead of the constant rate under SNF PPS system
- PT/OT and NTA payments are the 2 components that are adjusted over the length of stay

Rate Calculation: Variable Rate Examples

Table 15—Variable Per-Diem Adjustment Factors and Schedule—NTA

Medicare payment days	Adjustmentfactor
1-3	3.0
4-100	1.0

Table 14—Variable Per-Diem Adjustment Factors and Schedule—PT/OT

Medicare payment days	Adjustmentfactor
1-14	1.00
15-17	0.99
18-20	0.98
21-23	0.97
24-26	0.96
27-29	0.95
30-32	0.94
33-35	0.93
36-38	0.92
39-41	0.91
42-44	0.90
45-47	0.89
48-50	0.88
51-53	0.87
54-56	0.86
57-59	0.85
60-62	0.84
63-65	0.83
66-68	0.82
69-71	0.81
72-74	0.80
75-77	0.79
78-80	0.78
81-83	0.77
84-86	0.76
87-89	0.75
90-92	0.74
93-95	0.73
96-98	0.72
99-100	0.71

MDS Changes with RCS-1

- Change to a 5-day Scheduled PPS Assessment (ARD 1-8) to classify a resident under RCS-1 model
- One 5-day assessment sets the payment for the resident's entire LOS
- PPS Discharge Assessment will continue to be required with modifications, including addition therapy minutes calculation
- Significant Change in Status Assessment, SCSA, will still be permitted, but it will not reset the variable per diem rate
- No more COT's, Change of Therapy

Table 17—PPS Assessment Schedule

Medicare MDS assessment schedule type	**Assessment reference date**	**Applicable standard medicare payment days**
5-day Scheduled PPS Assessment	Days 1-8	All covered Part A days until Part A discharge (unless a Significant Change in Status assessment is completed).
Significant Change In Status Assessment (SCSA)	No later than 14 days after significant change is identified	ARD of the assessment through Part A discharge (unless another Significant Change in Status assessment is completed).
PPS Discharge Assessment	Equal to the End Date of the Most Recent Medicare Stay (A2400C)	N/A.

RCS-1 Therapy Implications

- Reduction in the total amount of therapy minutes provided per resident
- No treatment minimums have been established
- Added Group and Concurrent Therapy
- Limited Group and Concurrent therapy to 25% of the Medicare resident's therapy program during the SNF stay, no more than 25% of the minutes reported on the MDS may be provided in group or concurrent setting (25% for group and 25% for concurrent, not a combined 25% for both)

Strategies for Delivery of Therapy Services under RCS-1

- Development of functional group activities and increased utilization of the group and concurrent therapy delivery models for delivery of resident care
- Increase the use of therapeutic centered programs under the direction of licensed staff (Restorative nursing, Activities, CNAs)
- Addition of therapy technicians to assist with transporting and assisting in resident care to improve skilled therapist efficiency in delivering care
- Reassess therapy staffing requirements and ratios of therapists, assistants, and techs

RCS-1 Financial Impact Analysis Review

- Under RCS-1, ANPRM identified factors that would increase facilities reimbursement:
  - Shorter lengths of stay 15 days or less
  - Less therapy services- one discipline versus all three
  - 50-75% of the stay was billed as non-rehabilitation
  - Residents with higher NTA costs
  - Higher reimbursement for residents with wound infections, IV medications, tracheostomy, diabetes
  - Severe cognitive impairment
- Increased Reimbursement continued:
  - Disabled residents versus age related
  - Residents admitted with diagnosis of stroke, ESRD
  - Residents with longer qualifying hospital stays
  - Residents under 65 years of age
  - Males versus females
  - Residents that were dually enrolled in Medicare/Medicaid

Examples of RCS-1 Impact Analysis Reports

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CMS RCS-1 Total Payment Impact Analysis

Name	City	State	# of Stays	# of Utill Days	Total Payments ($) RUG-IV	Total Payments ($) RCS-I	Variance
Facility 1	Annapolis	MD	73	2,174	1,024,319	993,327	(30,993)
Facility 2	Salem	MA	129	3,904	1,982,529	1,944,919	(37,610)
Facility 3	Worcester	MA	334	5,662	2,792,938	3,324,377	531,438
Facility 4	Newark	NJ	158	3,315	1,412,793	1,792,960	380,167
Facility 5	Cambridge	MA	86	3,060	1,631,038	1,505,070	(125,968)
Facility 6	Pittsburgh	PA	278	7,524	3,750,963	3,559,076	(191,888)
Facility 7	Springfied	MA	39	1,284	615,854	622,988	7,134
Facility 8	Waltham	MA	37	1,428	801,188	757,563	(43,625)
Facility 9	Lowell	MA	212	4,709	2,314,745	2,506,319	191,574
Facility 10	Orange	NJ	267	7,112	3,726,108	3,631,288	(94,820)
Facility 11	Framingham	MA	161	6,082	3,824,434	3,515,022	(309,412)
Facility 12	Wayne	NJ	105	3,530	1,737,771	1,786,060	48,289
Facility 13	Trenton	NJ	241	6,343	4,140,392	3,877,102	(263,290)
Facility 14	Philadelphia	PA	147	3,887	2,270,841	2,053,749	(217,091)
Facility 15	Providence	RI	256	6,055	3,144,947	3,097,045	(47,902)
Facility 16	Newton	MA	160	4,036	2,377,457	2,364,153	(13,303)
Facility 17	Somerville	MA	76	1,764	933,473	901,084	(32,389)
Facility 18	Concord	MA	39	1,468	894,038	816,718	(77,319)
Total					**39,375,827**	**39,048,818**	**(327,008)**

RCS-1 Mitigation Analysis

		RCS-1 Forecast Utilization	
Utilization	**RUV IV**	**"RCS High"**	**"RCS Medium"**
Minutes per Day (7 days/week)	88.4	53.6	42.9
Minutes per Day (5 days/week)	124	75	60
Percent Reduction in MCA Minutes	n/a	39.4%	51.5%
Expense (estimated)			
Medicare A Therapy Expense	$675,000	$409,058	$327,246
Annual Rehab Expense (estimated)	$1,000,000	$734,058	$652,246
Percent Decrease in Therapy Expense	n/a	26.6%	34.8%
Net Impact of RCS-1			
Reduced Therapy Expense	n/a	$265,942	$347,754
CMS Projected Impact of RCS-1	n/a	$(327,008)	$(327,008)
Net Change (Estimated)	n/a	$(61,066)	$20,745

Forecast Assumptions:

Average MCA Minutes per Day reduce by 40-50%

- Current (RUG-IV): Therapy patients commonly receive 2 hours per day (5 day average)
- RCS-1 Forecast Models: Therapy patients to receive 1-1.25 hours per day (5 day average)

Generally, CMS impact analysis is budget neutral, with greater negative net revenue impact on SNFs with higher therapy utilization

Updates with RCS-1- Postponed?

- On March 8, 2018, CMS held an Open Door Forum for Skilled Nursing Facilities. During the call, John Kane with CMS reported:
  - Based on the ”significant number of comments” received, RCS-1 has been postponed and will not be included in FY2019
  - CMS has not established a timeline for implementation for RCS-1
- Will RCS-1 happen in 2019 or 2020 or will it be replaced by unified post-acute payment system being planned by MEDPAC for 2021?

Resources

- CMS SNF PPS Payment Model Research
  - https://www.cms.gov/Medicare/Medicar-Fee-for-Service-Payment/SNFPPS/therapyresearch.html
- CMS's RCS-1 Model Calculation Worksheet for SNFs
  - https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/Downloads/RCS_I_Logic-508_Final.pdf.html
- Federal Register
  - https://www.gpo.gov/fdsys/pkg/FR-2017-05-04/pdf/2017-08519.pdf
- Acumen Payment Model Research (Technical report
  - https://www.cms.gov/Medicare/Medicare-Fee-for-Services-Paymnet/SNFPPS/therapyresearch.html
- Zimmet Healthcare Services Group
  - Medicare PPS Payment System Reform 2017
- Proactive Medical Review
  - SNF PPS Reimbursement Proposed Reform
- Optima Healthcare Solutions
  - Understanding SNF PPS Payment Reform
- McKnights's Long-Term Care News
  - RCS-1 says goodbye to Rehab? Yes & No, by Dave Sedgwick