

The Prospective Payment System in Skilled Nursing Facilities: Payment for Today

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The Prospective Payment System [PPS] for Skilled Nursing Facilities [SNFs] is a result of the Balanced Budget Act of 1997. It replaced a cost-based or fee for service reimbursement system. There are currently discussions taking place that may, if passed into law, refine the system for future Medicare savings, add more patient categories, and re-vamp the current assessment used for PPS reimbursement determination.

Reimbursement to SNFs in the PPS system is currently a set amount of dollars per day. The amount is based on Resource Utilization Groups [RUGS III]. The primary goal of RUGS III is to identify patient characteristics associated with measured resource use or staff time required to care for a patient.

Although a patient's diagnosis plays a role in determining what services a patient receives, it is the services themselves and the staff time to provide them that determines payment. This is known as the Case Mix and is determined by: Clinical Characteristics, Limitations in ADL's, amount and type of Skilled Services Received [nursing and rehabilitation], and the Minimum Data Set [MDS].

The MDS is an extensive evaluation with 400+ indicators, some of which require input from rehabilitation staff. One hundred and eight of these indicators are entered electronically into a software program known as the Grouper, which calculates a reimbursement rate for each RUGS III level.

The MDS translates data to classify patients to one of the RUGS III categories. The patients' clinical characteristics (as identified by the MDS) and those that are associated with the greatest use of nursing time and resources and rehabilitation time, will be in the highest RUGS categories. The higher intensity of time of rehabilitation services delivered, the higher the payment.

An MDS must be performed on a regular schedule: on patient admission - within 1-8 days, on or before the 14th day, on the 30th day, and every 30 days thereafter.

Depending on a patient's status, treatment time by the various rehabilitation disciplines may vary. This can result in a patient achieving higher or lower RUGS III levels, which will result in varying reimbursement to a SNF. There are "grace days" allowed for each MDS. Grace days permit providers an opportunity to manage and optimize the days of services provided for input to the MDS.

Payment to a SNF is on a per diem basis and includes no add-ons. That is, if a patient needs an orthosis, or a modified barium swallow assessment, the SNF is responsible for their payment out of the per diem amount. It's more of a hybrid system of reimbursement – the per diem is capped and the length of stay is not. Additionally, rehabilitation discipline examination/evaluation time is not billable nor is it included in the MDS minutes. See the chart for minimum days and minutes needed to achieve Rehabilitation RUGS levels.

RUGS LEVEL	Minimum number of Minutes and Days Per Week
Rehab Ultra High	720 min 5 days

Rehab Very High	500 min 5 days
Rehab High	325 min 5 days
Rehab Medium	150 min 5 days
Rehab Low	45 min 3 days

CASE STUDY

We look at an 87-year-old female who sustained a right hip fracture and had a hip hemi-arthroplasty. She also had hypertension and cardiovascular disease. Her prior level of functioning includes: living with her 80-year-old husband, independent in mobility and self-care, and assisted with housekeeping and leaving the home. Now she requires moderate to maximum assistance with all mobility.

Treatment Plan – physical therapists and occupational therapists communicate and divide treatment time of 720 minutes per week. This is based on each discipline’s initial examination/evaluation, identification of clinical needs, and a written plan of care. Physical therapists and occupational therapists will each allocate 60 minutes of treatment per day, 6 days per week for a total of 720 minutes per week. This would classify the patient in the Ultra High Rehabilitative Level (see chart).

All Part A Medicare Coverage Rules still apply. A three-day inpatient hospital stay is required; daily skilled therapy is necessary; skilled intervention must be of such a level of complexity that requires a licensed therapist; delivery of skilled intervention must be reasonable in terms of amount, frequency and duration; ntervention must be consistent with the nature and severity of patients complaints and diagnosis; and the therapy must be ordered by a physician and include type of therapy, amount, frequency and duration.

This is a brief description of the PPS system for Skilled Nursing Facilities. There are many nuances to learning the assessment and payment system, which require ongoing and continued training after initial orientation of professional rehab staff.