To:	All Providers Participating in Nebraska Medicaid Program
From:	Kevin Bagley, Director *KB*
Date:	June 26, 2023
Re:	Nursing Facility Reimbursement Model Migration from RUGs to PDPM

This provider bulletin is being issued to notify Medicaid nursing facility providers of the upcoming switch to the Patient Driven Payment Model (PDPM) for Minimum Data Set (MDS) assessments.

Effective **July 1, 2023,** Nebraska Medicaid will switch from Resource Utilization Group III, Version 5.2 Grouper 34 (RUG III) methodology to PDPM for MDS assessments. This change follows an announcement from the Centers for Medicare and Medicaid Services (CMS) which removes Section G from MDS assessments effective October 1, 2023.

Due to this decision, Nebraska Medicaid is migrating to the PDPM methodology (nursing component only model) for determining resident care levels effective July 1, 2023.

Nursing facility staff **do not** need to make changes for eligible residents to be converted to PDPM care levels in the Medicaid Management Information System (MMIS) on July 1, 2023. MMIS staff will run a one-time conversion for all Medicaid-eligible residents with active stays to PDPM classification.

The requirements for accurate MDS assessments have not changed. Facilities must continue to submit correct and accurate MDS assessments reflecting resident improvements and declines as defined by the Resident Assessment Instrument Manual.

From July 1, 2023, to September 30, 2023, nursing facility monthly care level reports will include RUG III and PDPM data. Effective October 1, 2023, monthly care level reports will only contain PDPM data as the RUG III methodology will end.

PDPM care levels will be based on the nursing component character of the HIPPS (Health Insurance Prospective Payment System) code. The number of care levels will be reduced from 34 to 25. The table below includes additional information on the updated codes.

PDPM CMG	Description	Nursing Component HIPPS Character	10/1/20 PDPM CMI	LOC Code
ES3	Extensive Services 3, Tracheostomy and Ventilator	A	4.06	272
ES2	Extensive Services 2, Tracheostomy or Ventilator	B	3.07	271
ES1	Extensive Services 1, Infection Isolation	C	2.93	270
HDE2	Special Care High, Depressed, Function Score 0-5	D	2.40	263
HDE1	Special Care High, Not Depressed, Function Score 0-5	E	1.99	262
HBC2	Special Care High, Depressed, Function Score 6-14	F	2.24	261
HBC1	Special Care High, Not Depressed, Function Score 6-14	G	1.86	260
LDE2	Special Care Low, Depressed, Function Score 0-5	H	2.08	253

LDE1	Special Care Low, Not Depressed, Function Score 0-5	I	1.73	252
LBC2	Special Care Low, Depressed, Function Score 6-14	J	1.72	251
LBC1	Special Care Low, Not Depressed, Function Score 6-14	K	1.43	250
CDE2	Clinically Complex, Depressed, Function Score 0-5	L	1.87	245
CDE1	Clinically Complex, Not Depressed, Function Score 0-5	M	1.62	244
CBC2	Clinically Complex, Depressed, Function Score 6-14	N	1.55	243
CA2	Clinically Complex, Depressed, Function Score 15-16	O	1.09	241
CBC1	Clinically Complex, Not Depressed, Function Score 6-14	P	1.34	242
CA1	Clinically Complex, Not Depressed, Function Score 15-16	Q	0.94	240
BAB2	Behavior SX Cognition, Restorative Nursing ≥ 2	R	1.04	221
BAB1	Behavior SX Cognition, Restorative Nursing = 1 or 2	S	0.99	220
PDE2	Reduced Physical Function, Restorative Nursing ≥ 2, Function Score 0-5	T	1.57	206
PDE1	Reduced Physical Function, Restorative Nursing = 1 or 2, Function Score 0-5	U	1.47	205
PBC2	Reduced Physical Function, Restorative Nursing ≥ 2, Function Score 6-14	V	1.22	204
PA2	Reduced Physical Function, Restorative Nursing ≥ 2, Function Score 15-16	W	0.71	202
PBC1	Reduced Physical Function, Restorative Nursing = 1 or 2, Function Score 6-14	X	1.13	203
PA1	Reduced Physical Function, Restorative Nursing = 1 or 2, Function Score 15-16	Y	0.66	201
STS	Short-term Stay	N/A	0.66	280

The three-digit care level codes generated from MDS assessments will change from the 100 range to the 200 range. The care level number is assigned by Casemix when the assessment populates in the resident's profile (see "LOC Code" in the table above).

At that time, the care level is transmitted to MMIS with an effective date of the assessment. Claims are then processed accordingly based on the LOC effective date and the dates of service on the claim.

Facilities will not have any changes to the way claims for room and board are submitted.
Nebraska Medicaid will continue to use the same validation process to reimburse nursing facilities for all room and board claims.

When all reimbursement requirements are met, the claim will be paid with the new facility rate. Claims with service dates prior to July 1, 2023, will still be processed using the RUGs reimbursement rate.

Facilities will need to coordinate with their MDS software vendor to ensure their software incorporates the applicable MDS data for PDPM. The vendor should ensure that all requirements for MDS assessments are up to date and accurate by October 1, 2023, according to CMS guidelines. Additional information can be found here: https://www.cms.gov/medicare/medicare-fee-for-service-payment/snfpps/pdpm

Nebraska Medicaid's Finance Team sent rate sheets that are effective July 1, 2023, to all facilities (including actively enrolled hospice agencies providing care in nursing facilities).

Facility staff with specific questions about reimbursement rates or rate sheets can contact any of the Nebraska Medicaid staff listed below:

- Joni Kurz: joni.kurz@nebraska.gov
- Jerry Vanderbeek; jerry.vanderbeek@nebraska.gov.
- Danny Vanourney: Danny.Vanourney@nebraska.gov.

Questions specific to MDS assessments, conversion to PDPM, and billing can be sent to either of the Nebraska Medicaid staff listed below:

- Greg Carlson: Greg.Carlson@Nebraska.gov
- Dawn Sybrant: Dawn.Sybrant@Nebraska.gov.

For more information regarding PDPM, please visit or https://dhhs.ne.gov/Pages/Medicaid-Provider-Nursing-Facility-Casemix.aspx.

Provider Bulletins, such as this one, are posted on the DHHS website at **https://dhhs.ne.gov/pages/Medicaid-Provider-Bulletins.aspx**. Please subscribe to the page to help you stay up to date about new Provider Bulletins.