

PROVIDER BULLETIN

NO. 10-23

Date: April 21, 2010

TO: Medicaid Providers of Nursing Facility Services

FROM: Vivianne M. Chaumont, Director
Division of Medicaid & Long-Term Care

BY: Cindy Kadavy, Unit Manager

RE: **RUG-III Grouper Upgrade-Related Changes: *Frequently Asked Questions***

A recent Provider Bulletin (10-09) explained that effective July 1, 2010, the Department of Health and Human Services (DHHS) will be upgrading to the 5.20 version of the RUG-III grouper, as it will be the only version supported by the Centers for Medicare and Medicaid Services (CMS) following the conversion from MDS 2.0 to MDS 3.0 on October 1, 2010. Please see the following section for answers to the most common questions or concerns related to this change.

FREQUENTLY ASKED QUESTIONS

1) *Nebraska Medicaid currently reimburses nursing facilities at the Medicaid Waiver assisted living rate for Medicaid-eligible residents who are assigned to levels of care 35 or 36, based on the current MDS RUG-III grouper. When the new RUG-III 5.20 grouper goes into effect July 1, 2010, will this change?*

The new RUG-III 5.20 grouper will assign nursing facility residents to thirty-four levels of care. The four lowest levels were determined to be comparable to Levels 35 and 36 of the current grouper (RUG-III 5.01), based on an analysis by Medicaid clinical staff and the Medicaid Nursing Facility Rate Study contractor. Effective July 1, 2010, these four lowest levels of care will be reimbursed at the Medicaid Waiver assisted living rate. These are levels 101 (PA1), 102 (PA2), 103 (PB1) and 104 (PB2).

2) *Nebraska Medicaid currently offers a 'default' rate for reimbursement of nursing facility stays less than fourteen days, when it isn't possible to complete an admission assessment prior to the resident's discharge. When the new RUG-III 5.20 grouper goes into effect July 1, 2010, will this change?*

When a nursing facility does not complete an admission assessment prior to the resident's discharge, Nebraska Medicaid will continue to offer a 'default' level of care.

Reimbursement will be the facility-specific rate for the lowest level of care (PA1/180). This follows Medicare's practice of using a low 'default' rate.

3) *Nebraska Medicaid currently provides a "reconsideration process" for residents who are assigned to the assisted living levels of care. Will this continue to be an option?*

The current reconsideration process was implemented eight years ago, at the same time the Medicaid Waiver assisted living rate was assigned to the two lowest nursing facility levels of care (Levels 35 or 36). This process allows nursing facilities to submit additional information to support their assertion that specific residents should be reimbursed at the casemix weighted rates, as their challenging behaviors, depression, impaired cognition, special treatment/procedures or health conditions are outside of the norm. The reconsideration process will continue to be offered for residents whose MDS 2.0 assessment assigns them to the assisted living rate levels of care (levels 35 or 36), but will not be an option for MDS 3.0 assessments, effective October 1, 2010. Clinical analysis determined that the reconsideration process will not be necessary for residents assessed using the new MDS 3.0, as this tool will assign residents to higher levels of care based on a more accurate identification of their needs and required care.

4) *Will Nebraska Medicaid use the Hierarchical or Index Maximizing Classification method with the RUG-III 5.20?*

Nebraska Medicaid will use the Index Maximizing Classification method, which examines all levels of care and assigns the resident to the qualified group with the highest Case Mix Index (CMI). This method was recommended by the Department's Nursing Facility Rate Study contractor.

5) *Will our MDS software vendors have the information they need to prepare for the Department's conversion to the new RUG-III grouper?*

A Provider Bulletin (10-09) outlining the information needed by MDS software vendors in order to prepare for the implementation of the RUG-III 5.20 grouper on July 1, 2010 is posted to the Department's website at: <http://www.dhhs.ne.gov/med/pb> This information was also e-mailed directly to the vendors and the three nursing facility associations. If there are questions related to this information, vendors can contact Joette Novak at (402) 471-9279 or joette.novak@nebraska.gov

6) *When will nursing facilities receive notification of their new rates for FY2011?*

The Department anticipates these calculations will be completed, based on the new RUG-III 5.20 grouper, and FY2011 rate information sent to each facility by mid-to-late May.

For questions regarding this Provider Bulletin, contact Cindy Kadavy at (402) 471-4684 or cindy.kadavy@nebraska.gov