

PDPM

Patient Driven Payment Model

Effective October 1, 2019

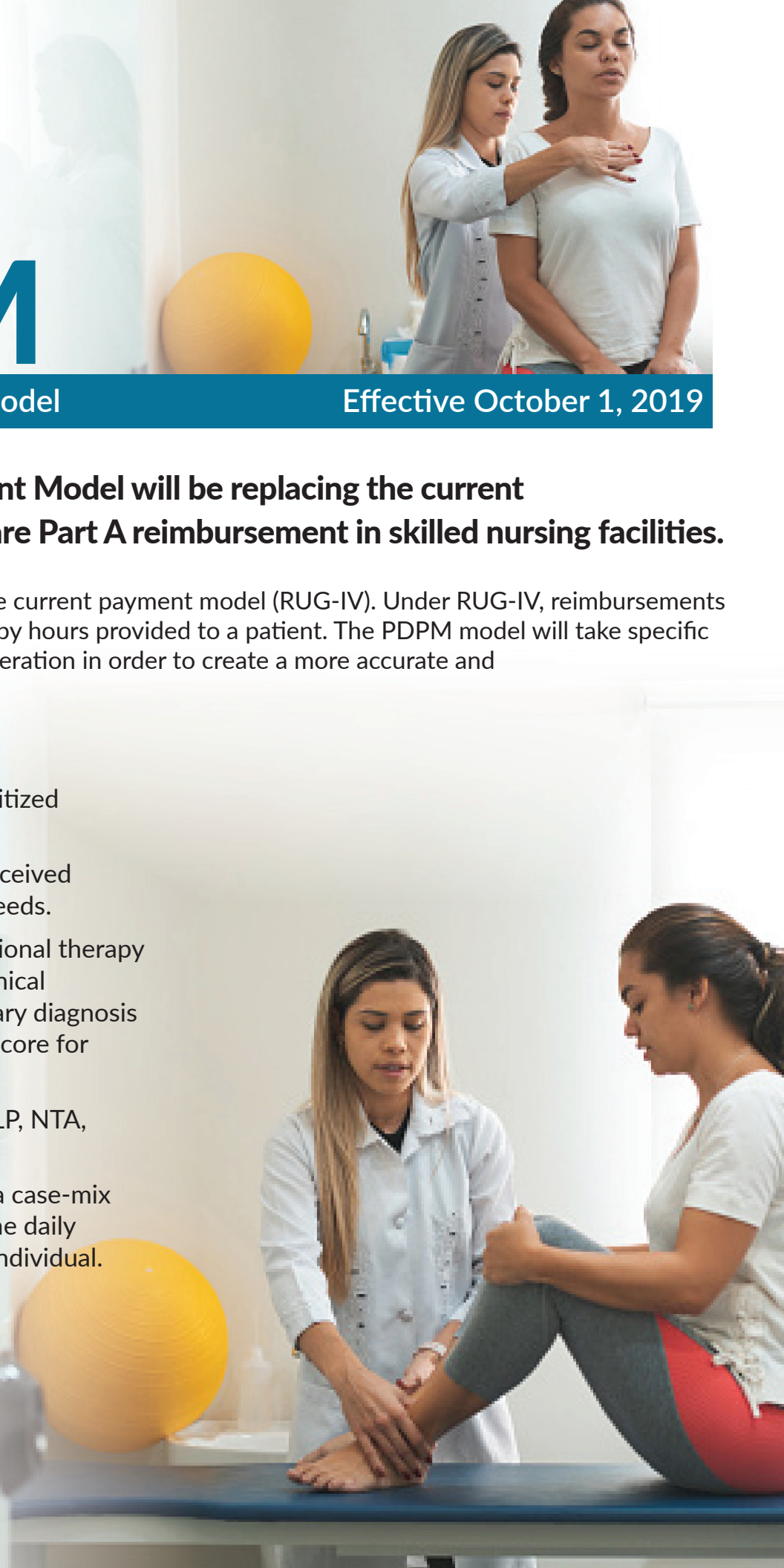
The Patient Driven Payment Model will be replacing the current RUG-IV system for Medicare Part A reimbursement in skilled nursing facilities.

CMS has identified issues with the current payment model (RUG-IV). Under RUG-IV, reimbursements are based on the number of therapy hours provided to a patient. The PDPM model will take specific patient characteristics into consideration in order to create a more accurate and appropriate patient treatment.

Under PDPM

- Therapy minutes are de-prioritized as the basis for payment.
- Medicare payments will be received based on the patient's care needs.
- Physical therapy and occupational therapy patients will be assigned a clinical category based on their primary diagnosis and will receive a functional score for each component.
- Score calculation varies for SLP, NTA, and nursing.
- PDPM assigns every patient a case-mix classification that will drive the daily reimbursement rate for that individual.

See the reverse for services PDPM will use in their case-mix components and for how PDPM may affect a therapy business



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Services that PDPM will use in their case-mix components:

- Physical Therapy (PT)
- Occupational Therapy (OT)
- Speech Language Pathology (SLP)
- Nursing
- Non-Therapy Ancillary (NTA)

How might PDPM affect a therapy business?

• Managing Care

PDPM will require the therapist to manage how they deliver their services so each patient is provided with the right amount of care. Therapists will not get paid for services provided beyond the reimbursement level for their patient, so avoiding over-delivering therapy is important. However, under-delivering therapy could lead to poor patient outcomes and the potential for Medicare audits.

• Staffing

Less demand for therapists in the SNF setting could be anticipated due to the reduction in total therapy minutes provided. This could help in finding and retaining the best therapy resources.

• Financial

Contract therapy providers will see a reduction in revenues. It is possible with PDPDM, however, to achieve neutral or positive profit margins while increasing patient outcomes.

Case-Mix Reimbursement Rate

