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As New SNF Payment System Takes Effect, CMS Will Monitor Changes in Therapy, Coding

By Nina Youngstrom

Starting Oct. 1, per diem payments to skilled nursing facilities (SNFs) will be more generous on the first few days of a Medicare beneficiary's stay, and then drop as the stay continues. That's one of the changes under the Patient Driven Payment Model (PDPM), the radical new SNF prospective payment system, which replaces resource utilization groups (RUG-IV). Because SNFs will receive higher per diem payments in the earliest days of the patient stay, there is always the possibility for gaming the system, and CMS will be watching.

"The front-loading of the per diem makes sense from a financial standpoint because beneficiaries require more resources in the beginning, but from a compliance perspective, it flips the incentive," said Regina Alexander, senior consultant at VantagePoint HealthCare Advisors in Hampden, Connecticut. Compliance officers will have to keep an eye out for manipulation of the per diems, with SNFs rushing patients out the door as reimbursement wanes or encouraging interrupted stays because the SNF stay starts over if beneficiaries are gone for more than three days.

The PDPM is the most significant overhaul of the SNF PPS since its inception in 1997, she said. It ends the dominance of physical, occupational and speech therapy in payment. Instead, payment will be driven by patient characteristics and resource needs. "The contribution of skilled nursing is recognized in the new model. Therapy no longer rules the roost," Alexander said Sept. 11 at a Health Care Compliance Association webinar.

CMS has high hopes for PDPM. "It improves payment accuracy by focusing on the patient and their needs rather than the services provided, and reduces administrative burden and reallocates the payments," said John Kane, CMS SNF team lead, at SNF quality reporting training in May.

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