
CMCS Informational Bulletin

DATE: December 6, 2018

FROM: Mary Mayhew, Deputy Administrator and Director
Center for Medicaid & CHIP Services

SUBJECT: Nursing Facility Case-Mix Payment Changes

This informational bulletin informs states of two changes that may impact states' payments for Medicaid beneficiaries in the nursing home setting.

Effective October 1, 2019, CMS will replace the existing Resource Utilization Group (RUG), Version 4 case-mix methodology that is used to classify Skilled Nursing Facility (SNF) patients in a covered Part A stay for payment purposes under the SNF Prospective Payment System with a new case-mix classification model, the Patient Driven Payment Model (PDPM).

On October 1, 2020 CMS will no longer support RUG-III and RUG-IV case-mix methodologies via the Minimum Data Set (MDS).

PDPM utilizes a streamlined assessment schedule compared to RUG-III and RUG-IV by eliminating all current scheduled assessments, except the 5-day, and all unscheduled assessments (i.e., Other Medicare-Required Assessments). For States that rely on these assessments for calculating their case-mix group, CMS has created an optional assessment so that Medicaid payment is not adversely impacted when PDPM is implemented on October 1, 2019. States will have some flexibility in crafting policies associated with this assessment. The optional assessment will be effective from October 1, 2019 through September 30, 2020.

Finally, in an effort to reduce provider burden, improve quality of care, and standardize data elements across provider settings, CMS will be removing several MDS data elements over the next few years. Many MDS data elements used in RUG-III and RUG-IV are no longer required for Federal purposes. With the removal of data elements, RUG-III and RUG-IV will no longer be functional. States that continue to use RUG-III or RUG-IV after October 1, 2020 will need to implement a new process to gather the needed data.

CMS will communicate updates regarding these changes as more information becomes available.

Any questions regarding these changes can be sent to OSAMedicaidinfo@cms.hhs.gov.