Schiavi, Wallace & Rowe, PC

Certified Public Accountants

A newsletter dedicated to long-term care providers.

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MDS Clinical Validation

Maryland Medicaid's New PPS

By: Judith M. Schiavi, CPA, MBA

Maryland Medicaid is transitioning to PPS January 1, 2015. So what's going to happen to our old patient assessment process?

The Timeframe:

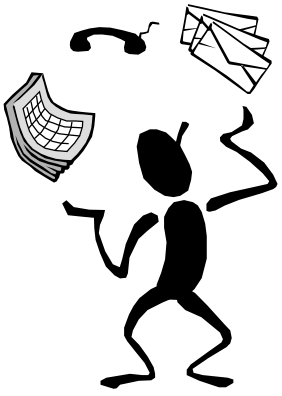
From January 1, 2015 through June 30, 2015, we will continue to experience patient assessment reviews just as we do now. During this period, Delmarva will be reviewing our medical records, submitted levels of care, and additional nursing procedures for services provided through December 31, 2014. The Department has not addressed what will happen to straggler claims (those paid after December 31, 2014 for dates of service prior to December), other than to say the review of those claims will be handled on a case by case basis.

As a result, we will not begin the clinical validation process for the new PPS system until July 1, 2015—a full year from now. The Department is using this time to plan for the new review process. Workgroup meetings have already begun to discuss various aspects of the clinical review, and Myers and Stauffer has been providing information to that workgroup on the types of validation programs that exist in other states which are also case mixed.

The Topics:

Frequency

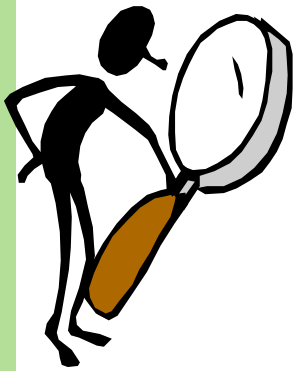
The first issue that needs to be resolved is how often will facilities experience MDS review? It definitely won't be the quarterly process that we have now. But should every facility be reviewed once a year, and then more often if problems are encountered during the review? Can we have a process that includes some onsite and some offsite (desk) reviews?



While the frequency has yet to be determined, the Department has indicated that an "educational without harm" onsite review for every facility during the first year is a priority.

We will not begin the clinical validation process for the new PPS system until July 1, 2015—a full year from now.

Once we experience our first review, future reviews will be conducted without much advance notice. It is typical for the review to be announced to the facility by phone or email only two to three days prior to the planned review date.



Sample Sizes

We know that we are not going to be experiencing a 100% review of our MDS, which means that the reviewers will be responsible for some type of sample selection. Given that a sample should be representative of the whole, it is probable that the primary sample selection will be by RUG classification (ie: a heavier sample selected from the categories under which you reported most of your days), although a completely random sample based upon the total census or number of residents at the end of the quarter would not be without merit.

Error Thresholds

Sample sizes as defined above will be affected by our error rates. If a facility has an error rate that exceeds the as yet undefined error threshold, then the reviewers will pull a secondary sample of assessments to see whether the errors were isolated to that initial sample, or whether they appear to be more pervasive throughout the population.

The technical definition of an error is any assessment where after the review, the "re-RUGing" results in a new RUG classification.

What is considered an "error" in the clinical review of an MDS? We all know that an MDS includes a lot of data. Can one unsupported field cause an MDS to be added to the error list? According to the Department's experts, we need to look specifically to the fields that triggered our RUG category in the MDS that is being reviewed. If one of those fields is unsupported or includes errors, that's where we will have problems. The technical definition of an error is any assessment where after the review, the "re-RUGing" results in a new RUG classification. Note that an error could result in an understated RUG value as well as an overstated value.

The Exit and the Appeals Process

An exit conference will be held at the end of each review day. No additional documentation is accepted after this review, as it is assumed that if supporting documentation exists, then your staff should be able to come up with it during that time period.

As with any review process, there will be disagreements between facilities and reviewers. Therefore an appeal process must also be developed.

Penalties when Error Rate Exceeds the Threshold

What will the department do about providers submitting unsupported MDS? The new PPS system is designed to be prospective in nature, meaning no retrospective settlement. So any penalty would be applied to future rates rather than having a "payback" owed for some prior period. It is possible that a future CMI may be reduced for the errors noted during your review. Alternatively, some states apply penalties to the Routine & Administrative rate for error rates exceeding the threshold (for example, a reduction of the Routine & Administrative rate by 15% might be proposed). This type

of penalty could even be modified to include increasingly onerous penalties the longer it takes a provider to have a review that falls within the acceptable threshold. So the first penalty might be 15% of the Routine & Administrative rate, then after the next review if the facility's error rate is still over the threshold, the penalty becomes 20% of the Routine & Administrative rate, and so on.

Other Issues and Questions

You may have noticed in reviewing your resident rosters that your census isn't yet reflected with 100% accuracy on the resident rosters. For example, a patient converting to Medicaid from Medicare may be counted as Medicare days on the roster. And Managed Medicaid days may be counted as Medicaid when they shouldn't be because of the Medicaid number being reported in field A0700.

The Clinical Validation Workgroup is considering possible corrections ranging from the submission of a separate form clarifying payor coverage dates, additional assessments for payor changes, a Section S comment just for the date correction, or possibly the submission of the payor changes via a separate portal operated by Myers and Stauffer. More information on the solution to this problem will be provided soon, but it isn't too early to take a closer look at your rosters to see how this much this might affect your CMI.

Your Facility's Plan

One bonus is that the MMDS is going away January 1, 2015 with the start of the new PPS. Of course, now you'll be doing an MDS following OBRA assessment schedules for all your Medicaid residents as well.

Before you start to panic, remember that at least the health status of Medicaid residents doesn't change as much as Medicare residents. Still, you'll need to make sure you have processes in place, including communication protocols, to make sure you are accurately capturing the status of all your Medicaid residents including any significant changes.

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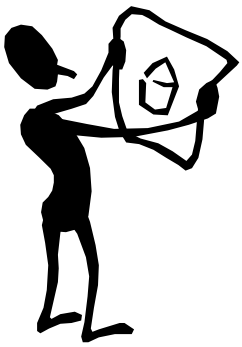

There is still plenty of time to improve your MDS scoring! Yes it is true that the MDS we submit beginning July 1 will be used in our PPS rates when the new reimbursement system initially starts in January of 2015. However, remember that we are phasing in the system. That means that only 25% of our rate for those first six months will be based upon PPS—and the CMIs that we are reporting.

Nevertheless, if you haven't started making a plan for improvement yet, you need to know that other facilities in Maryland are already making progress. One of the expectations of PPS is that facilities will quickly become better at MDS reporting which will result in increasing CMIs for at least the first year or two of PPS.

Consider the way the statewide average CMI's have already started increasing throughout 2013 in the following table;

Case Mix Creep

Roster Dates	3/31/13	6/30/13	9/30/13	12/31/13
Maryland Average CMI	0.9842	0.9856	0.9892	0.9911

Why is this important? Your nursing rate is directly affected by not only by your facility's CMI, but also the relationship of your facility's CMI to Statewide averages. If the Statewide average CMI goes up and your facility's stays the same?, your rate will go down.

Need help in getting your facility ready for PPS? Schiavi, Wallace & Rowe is here to provide support. Contact Judy Schiavi at jschiavi@schiavi-wallace.com for questions.

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