



New Blog

PDPM & PDGM

Sorting out the confusion

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On Monday, July 2, 2018, Centers for Medicare and Medicaid Services (CMS) released the 2019 Proposed Rule. Our industry has been anxiously awaiting this announcement since the introduction of “Home Health Groupings Model,” or HHGM in July 2017.

This Proposed Rule would update the home health prospective payment system (HH PPS) payment rates, including the national, standardized 60-day episode payment rates, effective for home health episodes of care ending on or after January 1, 2019.

As this shapes up to be the biggest change to Medicare Home Health in 20 years, we are both concerned and excited. Concerned to make sure that proposed changes, if adopted, do not affect the availability and quality of home health therapy delivery to the many Medicare beneficiaries that need our care. However, being part of an advanced, forward-thinking company like HealthPRO® Heritage, we are excited to partner with our contract agencies to be leaders in the industry through these changes.

Most notable among the many changes outlined, CMS provided details related to the proposed transition from HH PPS towards value-based care payment reform under a new name: **“Patient-Driven Groupings Model,” or PDGM.** This model is a warmed over version of “Home Health Groupings Model,” or HHGM that was excluded from the 2018 Final Rule due to a plethora of comments.

In their [fact sheet on the proposal](#), CMS states “the Proposed Rule includes policies that are based on three pillars: empowering patients, increasing competition, and fostering innovation.” Furthermore, “CMS encourages comments, questions, or thoughts on the

Proposed Rule” and will accept comments until August 31, 2018. This is highly encouraged, as it is our opportunity as an industry to make our voices heard!

Proposed to launch for episodes beginning on or after January 1, 2020, the transition to PDGM will allow providers more than one year to prepare. Below are overall highlights of the proposal. We will dive into broader detail in future blog posts.

- As mandated as part of the Bipartisan Budget Act of 2018, episodes would move to 30-day vs 60-day periods and payment would be structured around 216 case-mix groups that do not include number of therapy visits as a driving factor. Instead, 30-day episodes would be classified according to a combination of 5 major factors:
- “Early” or “Late”: Only the first 30-day episode would qualify as “early” with all other subsequent episodes qualifying as “late.”
- “Institutional” or “Community”: The 30-day period would be classified as “institutional” if the patient had an acute or post-acute stay within 14 days of the start of care.
- Clinical Grouping: Depending on principal diagnosis, patients would be assigned to 1 of 6 major clinical groups.
- Function Level: Would rely on the OASIS codes to designate a patient’s level into either “low impairment,” “medium impairment,” or “high impairment.”
- Comorbidity Adjustment: “no adjustment” (none of the 11 comorbidity diagnoses), “low adjustment” (1 qualifying comorbidity), “high adjustment” (2+ qualifiers)
- Payment Rate Changes under the HH PPS. CMS projects that Medicare payments to agencies in CY 2019 would be increased by 2.1%, or \$400 million, based on the proposed policies. This is a significant shift from the original proposed “HHGM” which was not budget neutral.

Other significant parts to this Proposed Rule include CMS wishing to foster innovation through enhanced remote patient monitoring, improving home infusion therapy services benefits, clarifying HH QRP (quality reporting program) criteria, progressing further toward value-based purchasing, and reducing regulatory burdens.

Navigating from 60-day to 30-day episodes with quantity of therapy visits not being a direct factor will be challenging to agencies and therapy groups like HealthPRO® Heritage alike. It’ll require detailed analysis and strategies to be developed to ensure patients are still properly cared for. Thankfully, CMS has stated it “will provide, upon request, a Home Health Claims-OASIS Limited Data Set (LDS) file to accompany the CY 2019 HH PPS Proposed and Final Rules.” The file can be requested by following the [instructions on their website](#). We urge all agencies to make use of this availability by CMS.

[In part 2 of this series \(click here to read\)](#), we will look in-depth at the numerous examples of HealthPRO® Heritage’s strategies and initiatives that have supported clients in navigating market place changes proactively.

Information based on PDPM Proposed Rule released by CMS on April 27, 2018 and PDGM Proposed Rule released July 2, 2018