THERAPY AND THE **NEW PDPM**

Finding success with therapy under CMS's groundbreaking new payment model

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Skilled Nursing News

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Beginning in just a few short months, both skilled nursing facilities and their therapy partners need to adapt to an entirely different way of billing for rehabilitation services under Medicare. If your firm hasn't started planning, now is the time to develop a strategy for winning under the new system.

The Patient-Driven Payment Model (PDPM) takes effect on October 1, 2019, replacing the current Resource Utilization Group (RUG) system that has dictated therapy reimbursements for years. With the shift, providers are no longer rewarded for simply providing as many therapy minutes as possible; instead, the Centers for Medicare & Medicaid Services (CMS) has essentially decided to challenge providers to more closely link their therapy services to patients' individual needs, with higher reimbursements for more complex cases.

Many analysts and organizations have predicted that skilled nursing facilities will start to consider therapy as a cost to manage, rather than a source of revenue. But these services are still vastly important to both residents and providers, and with a solid plan and committed partners, operators and therapy providers can both thrive under the new system.

This white paper will explore the new approaches to therapy under PDPM that can benefit skilled nursing residents and present big opportunities for innovative operators in the space, as well as why a proven therapy partner is important in the new payment landscape.

In this white paper you will learn:

- How agencies should approach therapy contracts under the new model
- How to avoid regulatory pitfalls when working with Medicare under PDPM
- Why a trusted therapy partner can help SNFs adapt to the new reimbursement structure

Preparing staff for the new model

Stressing the importance of data to frontline staff

As with many prior payment models, PDPM comes with its own "alphabet soup" of acronyms for providers to master before next October. There's an increased importance of accurate Minimum Data Set (MDS) reporting, including the Section GG, activities of daily living (ADL) scores, and Brief Interview for Mental Status (BIMS) reporting.

In order to master the acronyms, employees need to take a step back and realize why these new requirements are vital to both resident outcomes and a facility's bottom line.

Certain diagnosis information that previously had no impact on reimbursements is becoming essential, and management is responsible for ensuring that all teams within a skilled nursing facility — from nursing to therapy to billing — are on the same page.

"Payment under PDPM is like putting a jigsaw puzzle together, and if you don't have all of the pieces of the puzzle, you can't see the picture," says Leah Klusch, operational consultant and executive director of The Alliance Training Center in Alliance, Ohio. "The facility needs all of the pertinent data before the rate can be calculated properly."

Providers must point to specific, Medicare-approved reasons for therapy services from the moment a resident enters the building. It's not enough to say a resident has "weakness," Klusch said: The documentation must explain that this person had a hospital stay for pneumonia, and requires therapy to combat weakness as part of that resident's overall care plan. And team members across the silos need to hear that message.

"Therapy has always been segregated, and now we have to be consistent in the facility with all of our records, so that when somebody goes back and looks at it, they see that that everybody is compliant and that they're on the same page," Klusch said.

Working with Medicare

Avoiding regulatory and legal pitfalls

CMS cited concerns over fraud as a major reason behind PDPM; remove the temptation to pad out therapy minutes, federal regulators reasoned, and there's less likelihood that unscrupulous providers will game the system.

Under PDPM, providers need to develop more appropriate therapies for each individual resident, with no shortcuts such as one-size-fits-all plans that see residents of varying capabilities and needs all performing the same tasks. In turn, that could mean that while some residents have substantially fewer therapy minutes than they would have under the RUG payment scheme, some may end up getting many more.

3 Tips for a Prepared Staff

Here are three important steps providers can take to ensure success from top to bottom:

1. **Develop strong care plans.** With the reimbursement incentive shifted away from hours and toward resident needs, nurses and therapists need to explain to CMS how an individual resident's therapy fits into his or her overall care plan and goals. This information needs to be documented closely, with every possible reason listed.

2. **Stay up to date.** In keeping with that theme, a facility's interdisciplinary team need to be up to date with all of the other changes that have come into play over the last few years — including the various new data points and codes required on the MDS, and increased regulatory activity. Providers can't roll with the coming changes if they aren't set with the old ones, and tackling PDPM with out-of-date information won't lead to success.

3. **Specialize within buildings.** All sorts of data, from the MDS to the ADL assessment to the BIMS score, will take on increased importance once the shift occurs. Smart operators should ensure that the most knowledgeable person is in charge of each data set.

Top 3 Contract Tips

A new payment model means new wrinkles when skilled nursing operators and their therapy partners sit down to negotiate contracts. Here's what players on both sides of the table should consider, according to attorney Glenn Hendrix:

1. **Liability protection.** Now that operators technically have an incentive to save money by cutting therapy hours in certain cases, rehab firms could be at risk for unwanted attention from plaintiffs' attorneys. Both sides should ensure the other has adequate liability insurance and tailored cross-indemnity provisions to cover these issues. Don't be afraid to get into the fine details.

2. **Documentation clarity.** The RUG-IV model puts a premium on documentation justifying the need for therapy. Under PDPM, providers should be equally attuned to documenting why they're not providing therapy. While there doesn't necessarily need to be exact language in the contract regarding each side's documentation requirements, make sure to set clear expectations around the type and quality of information you expect from your partners.

3. **Payment calculation.** Some therapy providers have explored contracts that allows them to share a percentage of a SNF's overall reimbursements, while others plan on continuing with time-based billing under PDPM. The right answer depends on the individual situation, but rehab and nursing providers should be aware that each payment method comes with different business and liability risks that should be addressed in the contract.

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Glenn P. Hendrix, *partner at the law firm Arnall Golden Gregory*

"The therapists are going to have to take a look at the individualization of the program for that person, and we may offer a lot more minutes to people who don't have co-morbidities, and our more frail elders may be able to get further in the long run in their recuperation if we offer a modified program at the beginning without producing as much fatigue and, sometimes, pain," Klusch says.

That focus on individual needs can also protect both therapy providers and skilled nursing operators from another pitfall under PDPM: new litigation threats. In the past, the government had focused primarily on prosecuting skilled nursing facilities and their rehab partners for artificially inflating therapy minutes by essentially cashing in on services that they either never provided or performed for residents that didn't need such high-intensity care.

The RUG system encouraged overuse of services — and not underuse. While False Claims Act litigation involving alleged overuse of therapy has made a lot of headlines, the bigger litigation threat to SNFs has involved the alleged under-provision of nursing care, according to Glenn P. Hendrix, a partner at the law firm Arnall Golden Gregory who specializes in health care issues.

"With this new payment model, the incentives are completely reversed. If anything, the incentives are to underutilize therapy," Hendrix says. "I think you'll start seeing plaintiffs' lawyers looking at this."

Should a provider attempt to save money by logging insufficient therapy minutes lawyers for residents and their families may start focusing on rehab services in the same way they already pursue cases involving nursing care — with the built-in documentation requirements of PDPM working against operators.

"They've got a road map to make a case just from the billing, because on that discharge assessment, you've got to list how many minutes you've provided to a patient," Hendrix says.

Both therapy providers and SNFs should take a close look at their contracts, with a specific emphasis on making sure both sides have adequate liability insurance and indemnity protection to protect them in case allegations of fraud spring up.

"On the rehab supplier side, they've got to be mindful of the fact that whereas they really have not been touched at all by the liability or litigation crisis — and I would call it a crisis in some parts of the country — they may be now," Hendrix says.

Connecting outcomes to reimbursement

Providing affordable high-quality care

Providers need to remember that PDPM doesn't exist in a vacuum. The long-term care space is in the midst of several other transformative shifts, including the rise of Medicare Advantage plans, new cost-sharing arrangements between acute and post-acute care operators, and initiatives such as the SNF Value-Based Purchasing Program from CMS.

In that context, PDPM represents a major step toward a long-term goal from CMS: linking reimbursements directly to patient outcomes.

"This is step one, appropriately identifying the diagnosis," says Renee Halfhill, president and CEO of Blue Sky Therapy.

Three Problems a Therapy Partner Can Help Solve

1. **Communication.** Reimbursement doesn't just depend on one facility's performance anymore: data collected through assessments and Quality Reporting requirements tracks a single patient's progress from hospital to skilled nursing facility to home, with the potential for penalties at every step along the way. A good therapy partner has contacts across the care continuum, and can help ensure that a patient stays on his or her care plan after leaving the SNF and returning to home.
2. **Coding.** Accurately recording a resident's specific care needs, and then following through on the plan, becomes even more vital under PDPM, which rewards skilled nursing facilities for treating higher-acuity residents. Including a knowledgeable therapy partner into the intake process will ensure that the resident achieves the best outcomes, and the SNF gets the appropriate level of reimbursement.
3. **Readmissions.** Readmissions to the hospital hurt skilled nursing facilities' bottom lines. Trained therapists — e.g. those with a focus on swallowing issues and cognition — can detect subtle changes in a resident's status, allowing the clinical staff to potentially intervene before the problem rises to the level of an emergency room visit.

That's why providers shouldn't see PDPM as a problem to solve. Instead, it's a way to better achieve the goals that CMS and residents want to accomplish: high-quality care at an affordable price, followed by a safe return home.

Improved outcomes will greatly enhance the patient experience and can help boost a facility's star ratings and reputation among both potential residents and the hospital partners on which SNFs rely for referrals, potentially creating a virtuous cycle of quality care and increased census. Finding a therapy partner that knows how to accurately determine a resident's condition and diagnosis, and provide an individualized clinical pathway is critical toward achieving those goals.

"We find that the right care, by the right professional in the right amount of time is the key to achieving a positive outcome for the patient, Halfhill says. "This delivers a positive outcome to all. This then translates to continued or improved referrals from their hospital partners, great feedback in the community and the best possible outcomes for the patients they serve with low readmissions back to the hospital."

In that way, therapy isn't a just another cost on a SNF's balance sheet: It's a key partner to thriving in today's complicated, interconnected post-acute care landscape.

"We really feel like the name is correct — the Patient-Driven Payment Model — because it forces everyone to have eyes on the patient, at all times to determine what they need in the largest ways and smallest ways, and how to best deliver the service for the best possible outcome to the patient," Halfhill says.

PDPM represents the biggest shift in Medicare reimbursements for therapy providers in a generation. With the therapy partnership in place, skilled nursing providers can succeed and grow under the new structure.

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Renee Halfhill, *CEO of Blue Sky Therapy*

Partnering for success: How your therapy provider can help

Some therapy providers are uniquely positioned to help SNFs succeed under the new payment model.

Blue Sky treats each patient as if it is a family member, and looks to add value to each of its partner facilities. Blue Sky's philosophy encourages the provision of therapy minutes based on the patient's clinical needs, with the frequency and volume of daily treatment procedures varying depending on the acuity of the patients treated in the SNF setting. As a technology-driven therapy provider, Blue Sky offers care management tools that others in the industry simply are not utilizing.

Additionally, Blue Sky has been collecting outcome data since 2014 — with results consistently above the national average. All Blue Sky therapists are certified in the HIPAA-secure CARE Tool, which allows data to enter into a national database and provides communication for team members, patients and family members. As a result, the company is able to guide data-driven decision-making to achieve the right levels of care and optimal outcomes for each patient — all of which are valuable tools under the new PDPM.

"'Patient-driven care' is part of our core values," Halfhill says. "It is the only way for us. With decades of experience, we are owned and operated by licensed therapists and we know what is needed at a grass-roots level: taking care of our patients and delivering the highest potential outcome for patients, families and clients."

Therapy partners with measured success are more critical than ever under the new payment structure. Exploring the benefits of a therapy partner can not only improve outcomes, but can be an indicator of success under PDPM.

To learn more about Blue Sky Therapy and preparing for PDPM, contact us.

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