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Patient Driven Payment Model for Long-Term Care (PDPM LTC) Webinar

**Health and Human Services Commission (HHSC)
Provider Finance Department
April 2024**



Webinar Housekeeping

- This webinar is being recorded.
- Recording and presentation slides will be available within 24 hours on the [HHSC Provider Finance Department NF PDPM LTC Website](#).
- All attendees are muted.
- Audience members can submit questions to the presenters in the chat. HHSC will provide written responses to questions received in a Frequently Asked Questions document on the [HHSC Provider Finance Department NF PDPM LTC Website](#).



Introduction

- The purpose of the webinar is to provide the overview of the proposed rate methodology and implementation activities.
- The proposed methodology is a Texas version of Patient Driven Payment Model (PDPM) modeled based on the SNF PDPM.
 - Improved payment accuracy and appropriateness by focusing on the patient characteristics, rather than the volume of services provided
- Texas version of PDPM methodology will be adopted and appropriate for long-term stay. It will rely on MDS 3.0 data.
- HHSC is proposing to implement the methodology on September 1, 2025.



Agenda

1. Pre-implementation Work
2. Rider 25
3. Methodology Overview
 - Resource Utilization Group (RUG) III Rate Components
 - PDPM LTC Rate Components
4. PDPM LTC Payment Groups
5. PDPM LTC Methodology Rulemaking Process
6. PDPM LTC Rate Setting Process



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Pre-implementation Work

Pre-implementation Work (1 of 2)

Pre-implementation work

- Beginning in 2019, HHSC hosted an internal workgroup to evaluate the rate methodology for nursing facilities (NFs). HHSC's internal workgroup developed three preliminary options for a revised reimbursement methodology.
- In early 2020, HHSC convened the Nursing Facility Payment Methodology Advisory Committee (NF-PMAC) to provide external stakeholder feedback on any alternative methodology.



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Pre-implementation Work (2 of 2)

Stakeholder Engagement Process

- HHSC and the NF-PMAC worked closely to evaluate several alternative methodologies for the Committee's consideration. NF PMAC held meetings between July 2020 through July 2022 to review proposed reimbursement models.
- In April 2022, NF-PMAC voted to recommend that HHSC transition the payment methodology from RUG-III to a Texas version of the Patient Driven Payment Model (PDPM) for Long-Term Care (LTC), further referenced to as PDPM LTC.
- In July 2022, NF-PMAC provided recommendations to HHSC in support of using proposed PDPM LTC methodology and finalized recommended assumptions and parameters for calculating reimbursement rates.



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Rider 25

Rider 25

Texas Specific Version of PDPM

- The 88th Texas Legislature directed HHSC to develop and implement a Texas version of the PDPM rate methodology in accordance with the 2024-25 General Appropriation Act, H.B. 1, 88th Legislature, Regular Session, 2023 (Article II, HHSC, Rider 25).
- Rider 25 provided appropriations to support providers in maintaining quality services while transitioning to a Texas version of PDPM.



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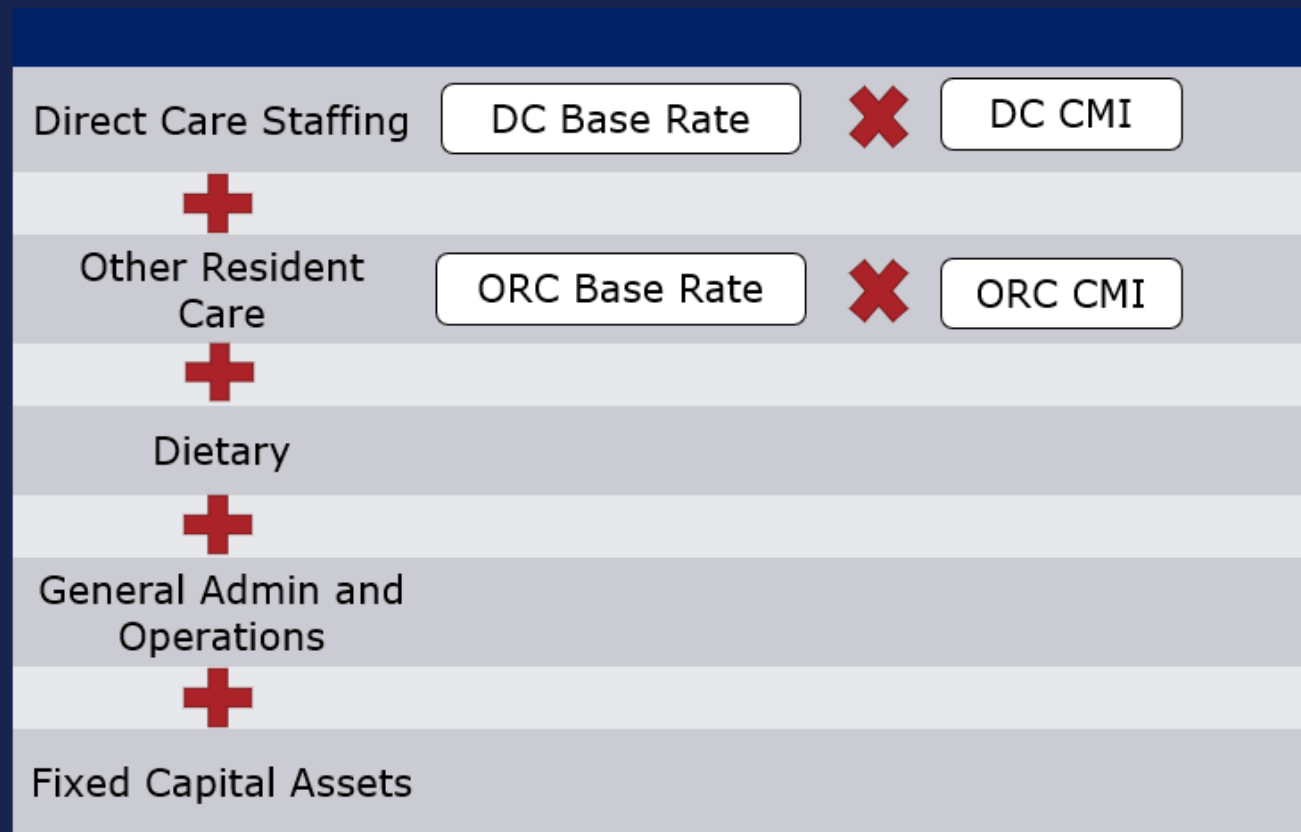


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Methodology Overview

Methodology Overview (1 of 6)

RUG-III Rate Components



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Methodology Overview (2 of 6)

PDPM LTC Rate Components

| | | | | | |
|--------------|----------------------------|---|-------------|---|----------------------------------------|
| NURSING | Nursing Base Rate | × | Nursing CMI | + | 18% Add-on (Only for HIV Residents) |
| + | | | | | |
| NTA | NTA Base Rate | × | NTA CMI | | |
| + | | | | | |
| BIMS | Highest Nursing Group Rate | × | 5% | | |
| + | | | | | |
| Non-Case Mix | Non-Case Mix Base Rate | | | | |



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Methodology Overview (3 of 6)

PDPM LTC Nursing component

- **The Nursing component of PDPM LTC** attempts to capture and quantify the volume of direct care needed to provide daily care to a resident based on a Nursing case-mix classifier determined in accordance with their MDS 3.0 assessment data.
- PDPM LTC Nursing Groups are as follows (sorted from highest acuity to lowest):
 - ▶ group E – “extensive services”
 - ▶ group H – “special care high”
 - ▶ group L – “special care low”
 - ▶ group C – “clinically complex”
 - ▶ group B – “behavioral and cognitive symptoms”
 - ▶ group P – “reduced physical function”



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Methodology Overview (4 of 6)

PDPM LTC NTA component

- The **Non-Therapy Ancillary (NTA)** component of PDPM LTC attempts to capture and quantify the extent to which NF residents are medically complex.
- To do so, it identifies different conditions and services that are most often related to medical complexity, using specific MDS 3.0 items.
 - ▶ NTA Group 1 represents NTA score 9+
 - ▶ NTA Group 2 represents NTA score 3-8
 - ▶ NTA Group 3 represents NTA score 0-2



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Methodology Overview (5 of 6)

PDPM LTC Case-Mix Indices (CMIs)

- **Case-mix index (CMI)** is a relative value based on assessment data used to assign nursing facility residents to a diagnosis-related group for a CMI-adjusted rate component.
- Nursing and NTA are the case-mix adjusted rate components according to PDPM LTC methodology. Each classifier is associated with a unique CMI value which determines rate component proportion in the total rate.
- PDPM LTC CMIs for Nursing and NTA components will be based on the Skilled Nursing Facility (SNF) Medicare PDPM CMIs, provided in the CMS Final Rule for fiscal year 2024.



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Methodology Overview (6 of 6)

PDPM LTC Non-Case-Mix Component

Non-Case-Mix component is constant across all PDPM LTC groups and includes the following cost areas:

- A. Dietary costs, including food service and nutritionist staff expenses and supplies;
- B. Laundry and housekeeping costs;
- C. The general/administration cost; and
- D. The fixed capital asset cost.



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PDPM LTC Payment Groups

PDPM LTC Payment Groups (1 of 2)

Brief Interview for Mental Status (BIMS) Rate component

For residents with severe cognitive impairment, the PDPM LTC rate will include an additional 5% of the highest CMI adjusted Nursing rate.

HIV/AIDS add-on

Additionally, NF residents with an HIV/AIDS diagnosis will get assigned to the highest NTA rate and receive an additional 18% of the Nursing rate for their Nursing group.



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PDPM LTC Payment Groups (2 of 2)

72 possible combinations

| Nursing Group | NTA Group | BIMS Group | HIV/AIDS Patient Add-on | Non-Case-Mix |
|---------------|-----------|------------|-------------------------|--------------|
| P | 1 | Y | Y | paid to all |
| B | 2 | X | X | |
| C | 3 | | | |
| L | | | | |
| H | | | | |
| E | | | | |



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PDPM LTC Methodology Rulemaking Process

PDPM LTC Methodology Rulemaking Process (1 of 3)

- HHSC is proposing amendments to Title 1 of the Texas Administrative Code Sections 355.304, 355.306, 355.307, and 355.308 to clarify that these rules will remain in effect until PDPM LTC methodology is implemented.
- HHSC is proposing to repeal Sections 355.309 and 355.314 as those are no longer applicable.
- HHSC is proposing new rules Sections 355.318 and 355.320 to establish the PDPM LTC methodology and transition the staffing enhancement program under PDPM LTC.



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PDPM LTC Methodology Rulemaking Process (2 of 3)

- HHSC anticipates the proposed TAC Rules will be published in the *Texas Register* and open for formal comment by mid-May or earlier. The deadline for the public comment period will last 31 days.
- A public hearing to receive comments on the proposal will be held on May 21, 2024, at 9:00 a.m., in HHSC's Public Hearing Room 125W, inside the John H. Winters Building located at 701 W. 51st St., Austin, TX 78751. Written comments will be accepted until the end of the public comment period via email.
- Please direct all comments pertaining to the proposed rules to PFD-LTSS@hhs.texas.gov.



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PDPM LTC Methodology Rate Setting Process

PDPM LTC Rate Setting Process

- HHSC will be holding a public rate hearing during summer of 2024 once the rulemaking process is completed. Notification of the rate hearing and the proposed rates will be published on the HHSC Provider Finance website prior to the public rate hearing.
- HHSC is anticipating to seek federal approval for amendments to the Medicaid State Plan to support the PDPM LTC rate methodology.
- The proposed rates will be limited to available appropriations.



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Questions

- Please submit your questions in the chat. HHSC will provide written responses to any questions in a Frequently Asked Questions document on the [HHSC Provider Finance Department NF PDPM LTC Website](#).



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PDPM LTC

**HB1, Rider 25: Implement Patient
Driven Payment Model (PDPM) for
Nursing Facility Services**

PDPM LTC Scope

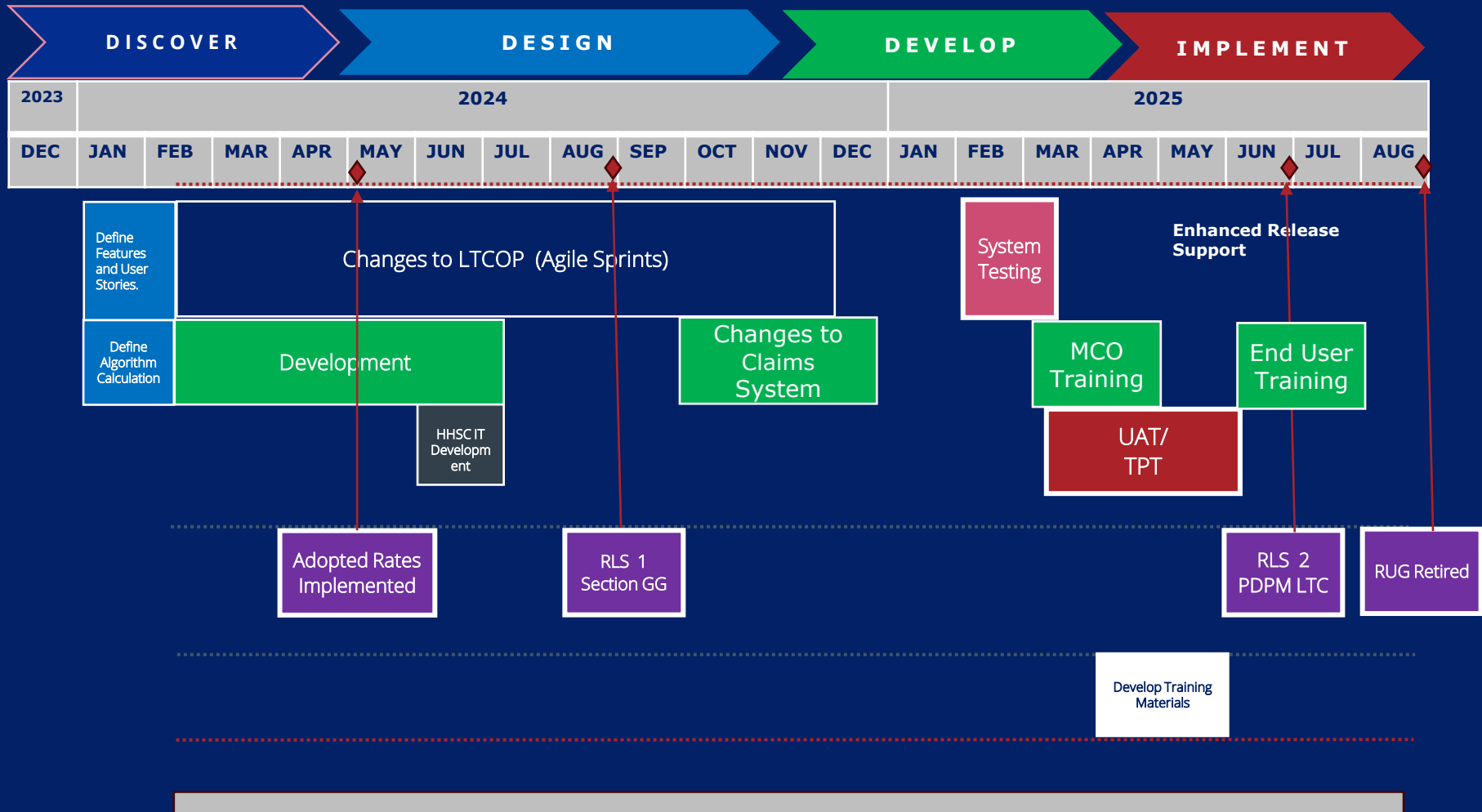
- Develop and implement a Long-term Care (LTC) Patient Driven Payment Model (PDPM) for Nursing Facility Daily Care in the Medicaid program.
- Develop Algorithm for PDPM LTC (replace RUG).
- PDPM LTC related changes will be made to the LTCOP.
- Changes to table and field length.
- Changes to Claims system.
- Addition of Section GG to the LTCOP.
- User Guides updated to include PDPM LTC information.



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PDPM LTC Timeline

From December 1st, 2023 – August 2025





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Thank you!

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