

The Centers for Medicare and Medicaid Services' Retirement of Section G of the Required Minimum Data Sets will Leave Many Post-Acute Care Providers in Limbo

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On October 1, 2023, the Centers for Medicare and Medicaid Services ("CME") will be retiring Section G, a measure of the functional status of nursing home residents, from the Medicare and Medicaid Minimum Data Sets ("MDS"). In its place, CMS offers Section GG, which places rehabilitation services into its own case mix component instead of including with other clinical conditions.

Under the resource utilization group ("RUG") model, Medicare and Medicaid assessed reimbursements to skilled nursing facilities under Medicare Part A by categorizing residents based upon the therapy care and resources required by the resident's condition. Section G helps provide the necessary data to assess the quantity and quality of therapy services required by a resident. Instead of basing reimbursement rates on the classification of the patient, the RUG based reimbursement upon the amount of therapy minutes provided to the resident.

Resulting from the IMPACT Act in 2014, the CMS created the patient-driven payment model ("PDPM") because it found that the RUG system incentivized post-acute care providers to administer therapy without considering the individual patient's goals, characteristics or diagnoses. The PDPM assesses Medicare and Medicaid reimbursement on the individual characteristics, goals and diagnoses of the resident instead of a RUG score or the volume of services provided to that resident. The characteristics of the resident are assigned a score which in turn places the resident into a case mix group. The resident's individualized characteristics, goals and outcomes are the driving force of payment, not the quantity (minutes) and quality of therapy provided to that resident.

Although the PDPM was adopted on October 1, 2019, many post-acute care providers use Section G in assessing the patient's level of care under the PDPM and RUG models. To find a standardized data set in different health care settings, the CMS developed Section GG to replace Section G in part due to the fact that Section G in skilled nursing facilities did not translate well with an inpatient rehabilitation facility's patient assessment instrument. Section GG was an attempt to find a common and standardized data set for all post-acute care providers.

However, the switch to Section GG will leave a gap. Some physical therapists feel that Section GG narrowly covers only self-care and mobility while ignoring other issues such as the resident's inability to communicate thereby requiring the care of a speech therapist. Even further, many states have not yet fully transferred from the RUG model to the PDPM model. With the removal of Section G, and the incorporation of Section GG which leaves gaps in assessment, long term care providers in several states will not be able to calculate accurate RUG scores. In addition, Section G data was tied to the minimum staff required to meet the facility's resident's care needs. In many states, such as New York, which currently enforces minimum staff requirements, the requirements will need to be adjusted. Finally, Section G is tied to several states' post-acute care quality measurements.

The CMS will temporarily allow long term care providers to use both Section G and Section GG. However, some argue that this will create an increased workload for a thinning workforce. Therefore, in the absence of transition to a PDPM model, most states will be forced to provide double MDS documentation in the meantime.

While most states are left in limbo by the lack of federal guidance, a few states have taken steps to address the new model of reimbursement. Illinois has slowly incorporated the PDPM, and slowly removed aspects of the RUG creating blended case mix indexes ("CMI") from the RUGs and the PDPM. As a result, many providers have already started to adapt to operating without Section G. Medicare reimburses approximately 80% of Illinois providers under the PDPM. In Ohio, like other states, Section G is tied to quality measurements. The legislature in Ohio reacted by incorporating Section GG and suggesting use of the nursing CMIs from the PDPM. However, the state is considering whether to shift therapy CMIs in addition to the nursing CMIs.

Without further guidance, many states will be scrambling to address the retirement of Section G by October 1, 2023. We will be monitoring these events as they develop.