



HEALTHTRUST

Seniors Housing & Healthcare Real Estate Advisory Services



TRENDS IN SENIORS HOUSING

Introduction from Alan Plush, MAI (Partner)

Happy New Year. HealthTrust is off to a fast start...we hope you are, too. As a specialty seniors housing/healthcare valuation and consulting firm we occasionally like to inform clients of significant industry shifts. PDPM is the major topic impacting skilled nursing in 2019. Below is a brief PDPM synopsis. Please contact any HealthTrust Partner for more information.

PDPM Insights

What is PDPM and Why is it Changing?

The skilled nursing landscape continues to present challenges on many fronts for capital providers and operators alike. One such challenge is the recent announcement by CMS to implement a new reimbursement model effective October 1, 2019. The new model, Patient-Driven Payment Model (PDPM), is CMS's latest effort to better align provider payments with patient outcomes and quality service. Gone are the days where providers are rewarded for driving volume and maximizing rehabilitation minutes. The new focus is on value and quality outcomes.

So, what is PDPM? Under the current payment model a Medicare A patient enters a skilled nursing facility and a clinician determines a care plan based on ADL needs and therapy regimen (OT/PT/Speech). The intensity of care and therapy minutes delivered are tracked and scored. The score corresponds to 1 of 66 RUG categories and each RUG category has an assigned reimbursement value. The provider is economically incented to deliver more care and more therapy; even if it isn't in the best interest of the patient and does not achieve the desired clinical outcome. PDPM, on the other hand, scores the patient on five categories upon admission (nursing, non-ancillary, occupational, physical and speech therapy) and predetermines the initial reimbursement level. Generally, reimbursement is higher during the first few days of a patient's stay and declines over time as the patient stabilizes and achieves maximum recovery. Providers are economically incented to deliver patient appropriate care in a timely manner that achieves the clinical outcomes identified during initial assessment. Providers are not rewarded for longer length of stays or excessive therapy minutes.

Critical to successful PDPM transition is the patient assessment process. PDPM puts more emphasis on patient history prior to coming to the post-acute setting. This allows clinicians to determine a functional baseline and craft a care plan designed to return the patient to their baseline and hopefully return home. The MDS nurse role has always been important, but under PDPM the MDS nurse role is critical. A weak MDS process will result in delayed and/or inaccurate assessments negatively impacting reimbursement. The intensity of clinical care and therapy requirements are determined during the assessment and set the bar for evaluating patient outcomes over time and ultimately impacting reimbursement. These outcomes will be transparent for consumers and referral sources to research via publicly available websites.



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The following are suggested guidelines for determining if a facility/operator is prepared for PDPM.

- What is the productivity and skill set of the MDS nurse?
- Are the admissions and/or clinical liaisons capable of providing a history of the potential patient?
- Does the facility support an Interdisciplinary Team (IDT) approach capable of quickly identifying system breakdowns and taking remediation action?
- Does the operator embrace a robust Quality Assurance/Performance Improvement (QAPI) process involving facility, regional and corporate resources?

General industry consensus is PDPM will be revenue neutral for operators however will reduce the regulatory and compliance burdens and allow for greater operational efficiency. For this reason, many operators see it as a net positive. As with any major overhaul of the CMS reimbursement system, there will be winners and losers. The best predictor of successful PDPM transition is an organization's preparedness and communication leading up to October 1, 2019.

Upcoming Events

January 30 - February 1, ASHA Annual Meeting - [More Info](#)

February 20 - 22, NIC Spring Conference - [More Info](#)

March 7, Interface Seniors Housing West - [More Info](#)

March 18 - 20, NCREIF Winter Conference - [More Info](#)

April 16 - 18, ULI Spring Meeting - [More Info](#)

[Contact us](#) today to schedule a meeting.

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