

Skilled Nursing Facility PDPM Technical Amendment SC1024

This amendment would make two technical corrections to the language in HB 96 addressing the way the direct care component of Ohio's skilled nursing facility (SNF) reimbursement rates will be adjusted for resident acuity beginning July 1, 2025. Ohio employs a federally-prescribed methodology to calculate a case-mix score for each SNF that reflects the acuity and care needs of its residents. The case-mix score is then used to adjust the facility's direct care rate. Because CMS changed its case-mix formula from Resource Utilization Groups (RUGs) to the Patient-Driven Payment Model (PDPM), Ohio in turn must change its system to adopt PDPM.

Two years ago, HB 33 put in place an interim case-mix system until Ohio could incorporate the federal changes. The interim system ends June 30, 2025. In HB 96, ODM spells out how they think the transition to PDPM should proceed. While we have concerns about ODM's proposal from a substantive perspective, there are two technical issues that must be addressed even if ODM's methodology is used.

First is the different scales of RUGs and PDPM. Each SNF's direct care rate is the product of a standardized price for each peer group multiplied by the facility's own case-mix score. Because the scale of case-mix scores for PDPM averages around 1.4 and the scale for RUGs averages around 3.0, simply substituting the PDPM score for the RUGs score would result in huge cut to the direct care rate of every SNF in Ohio. HB 96 currently is silent on this issue. The amendment would adjust the prices to account for the difference in the case-mix scale.

Second is the language in HB 96 calling for a six-month case-mix score freeze from July 1 to December 31, 2025. We support the freeze, but the bill's language refers to freezing each facility's quarterly RUGs case-mix score for June 30. Most Ohio SNFs do not have quarterly RUGs scores because they froze their scores at the March 31, 2023, level. The SNFs that did not freeze their scores also will not have a June 30 quarterly score on July 1 because quarterly case-mix scores are not finalized for 45 days after the end of the quarter.

The amendment would correct the bill's language to reflect the current situation in the field. For facilities that froze their case-mix scores, the amendment would use the already-frozen score. For facilities that did not freeze, the amendment would use the case-mix scores that otherwise would have taken effect July 1. Those scores are the average of the quarterly scores from the fourth quarter of 2024 and the first quarter of 2025, both of which will be final before July 1.

The amendment is technical and does not have any fiscal impact.