



September 12, 2025

FACT SHEET

Nursing Facilities: Patient Driven Payment Model (PDPM) Reimbursement Methodology

Overview

As announced in the *Nursing Facility – Optional State Assessment Fact Sheet* (July 1, 2025), the Ohio Department of Medicaid (ODM) will no longer require nursing facilities to complete the Optional State Assessment (OSA). House Bill (HB) 96 authorizes ODM to incorporate the Patient-Driven Payment Model (PDPM) grouper methodology for prospective payment of skilled nursing facilities.

What is PDPM

PDPM is a case-mix classification system developed by the Centers for Medicare and Medicaid Services (CMS). It uses data from the Minimum Data Set (MDS) 3.0 to classify residents into payment groups. These groups reflect the clinical characteristics and acuity needs of residents and form the basis for reimbursement.

Transition to PDPM in Ohio

Direct Care Component: Beginning January 1, 2026, ODM will transition the direct care portion of the reimbursement methodology to use PDPM acuity groupings.

Nursing Component: The nursing-only portion of PDPM will follow the Federal Fiscal Year 2024 PDPM weights, as published in Table 5 of CMS's Final Skilled Nursing Facility Prospective Payment System Rule for fiscal year 2024.

Case Multiplier: ODM will calculate a case-mix multiplier to align the Resource Utilization Group (RUG) and PDPM case mix scores until the next statewide rebasing.

- This multiplier will be calculated for each direct care peer group. The calculation will compare the average RUG-based semi-annual case mix scores in effect on December 31, 2025, with the average PDPM nursing component semi-annual case mix score effective January 1, 2026.

A phase-in period will apply as follows:

- January 1, 2026: the increase or decrease to a nursing facility's direct care rate shall be one-third of the difference between the 1/1/25 direct care rate and the current PDPM rate;
- July 1, 2026: the increase or decrease to a nursing facility's direct care rate shall be two-thirds of the difference between the 1/1/25 direct care rate and the current PDPM rate;
- January 1, 2027: the increase or decrease to a nursing facility's direct care rate shall be two-thirds of the difference between the 1/1/25 direct care rate and the current PDPM rate;
- July 1, 2027: the PDPM will be fully implemented.

Questions? **Contact** NFRatesetting@medicaid.ohio.gov or NFPolicy@medicaid.ohio.gov .