Introduction

The long-term post-acute care (LTPAC) industry had a major change in 2018: Resident Classification System-1 (RCS-1). This new Medicare payment model RCS-1 has the potential to turn things upside down for providers that are not sufficiently prepared.

The industry have become accustomed to the index maximizing system which incentivized higher therapy utilization. RCS-1 completely overhauls reimbursement, comprising literally tens of thousands of unique daily rates based on countless different combinations.

Source: https://blog.richterhc.com/ready-or-not-here-comes-rcs-1

1.RCS-1 Index Combining System

This approach financially incentivizes lower therapy utilization. Every Medicare resident will receive a calculated case-mix score in each of four indexed components: PT/OT, SLP, NTA and Nursing. The four indices are then combined with a non-case-mix component to determine reimbursement. The therapy components will be determined by resident characteristics, not days and minutes as is currently the case.

2. RCS-1 Rates

Days one through 14 will be paid at 100 percent of the calculated rate.

Starting with day 14, and every third day thereafter, the rate will be decreased by one percent.

The study preformed in 2015 indicated that residents required incrementally less intensive services, and it was determined that the reimbursement should reflect the decreased needs.

3. Group and Concurrent Minutes

Under the RUG system, group and concurrent minutes were possible; however, they provided some financial obstacles. Under RCS-1 this will be effectively reversed, and group and concurrent minutes will be incentivized. Individual minutes will be required to be at least 50 percent of the total minutes. Group and concurrent minutes will be capped at 25 percent respectively. With management oversight these changes will still allow for a lucrative profit margin.
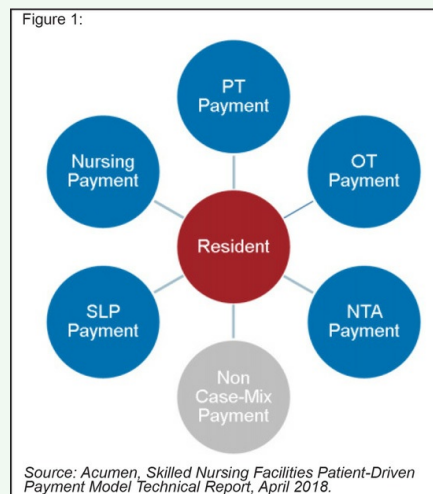
4. RCS-1 Assessment Schedule

Upon admission to the facility, the MDS nurse will complete an Entry Tracker. The next assessment will be the 5-Day Assessment, which will be completed with Assessment Reference Date (ARD) on days one to eight of the stay. The 5-Day Assessment will be the only assessment needed until which time the resident is discharged.

4. RCS-1 Assessment Schedule (cont)

The only exception to this would be if the resident had a significant change during their stay. If this occurs, a Significant Change in Status Assessment (SCSA) will be required within 14 days of identification. Once the assessment is completed, the new calculated case-mix score will take effect on the ARD of the SCSA..

It should also be noted that if a resident is discharged to the hospital and returns to the facility within three days, no new 5-Day Assessment is required. Should the resident be out of the facility for greater than three days, a new 5-Day Assessment will be required upon their return.

RCS-1 Patient Driven Model

Figure 1:

Source: Acumen, Skilled Nursing Facilities Patient-Driven Payment Model Technical Report, April 2018.

5. Diagnosis Codes

Diagnosis coding will be more important than ever. There will be specific weights given to diagnosis codes and these will be included in the computation of the calculated case-mix score.

6. Activities of Daily Living (ADLs)

ADLs will continue to be included in the overall calculation with one change: Bed Mobility will no longer be included in the calculation. It will remain vital that ADL scores are captured and accurately documented during the assessment look back period. ADL documentation should continue throughout the stay as a means to detect any significant changes as well.