

PDGM quick FAQs

**Want to learn more about this new payment model?
Start with these common questions:**

What is PDGM?

Required by the Bipartisan Budget Act of 2018, PDGM was developed to improve reimbursement for all types of patients eligible for home health benefits and remove perceived incentives to over-provide therapy services. Analyst and investment firm TripleTree has called it “the most significant regulatory and reimbursement reform since the creation of the Prospective Payments System (PPS) 20 years ago.” It is meant to change the home health industry from a volume-driven to a more patient-driven focus.

When does PDGM go into effect?

The new Patient-Driven Groupings Model (PDGM) goes into effect January 1, 2020.

What changes are coming to payment episode timings?

New payment episode timings: PDGM will break up the standard 60-day episode of care into one of two 30-day episodes. Thirty-day periods will be implemented as a basis for payment vs. the 60-day periods used now.

Will my reimbursement change?

Yes, you should plan for some change. Experts say some HHAs will experience positive revenue changes, while some will experience negative ones. Still others may experience no changes. While CMS projects that PDGM will increase payments to HHAs, some experts estimate that more than 44% of home health providers will experience a decrease in reimbursements under PDGM next year.

How will PDGM affect reimbursement from therapy visits?

PDGM will eliminate therapy thresholds as the primary determinant of reimbursement, so the number of therapy visits will no longer determine reimbursement.

How will LUPA thresholds change?

PDGM will usher in 432 case-mix adjusted payment groups, which means 432 LUPA thresholds. Under PDGM, visits under the threshold are paid per-visit, and visits at or over the threshold are paid the case mix-adjusted 30-day payment rate.

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How will OASIS assessments be affected?

Under the new payment model, OASIS is still completed every 60 days, but there will be two payment periods within that cycle instead of one. Based on an OASIS assessment, new 30-day periods will be categorized according to four subgroups:

- Timing of 30-day episode • Admission source (community or institutional referral)
- Clinical grouping; functional impairment • Comorbidity adjustment (none, low or high)

What is the behavior adjustment and why is it controversial?

CMS is anticipating that agencies will take certain measures to benefit from the PDGM rollout, so they are enforcing rate adjustments into the base rate based on behavioral assumptions. PDGM is slated as budget neutral but HHAs are expected to experience a -4.36% behavioral adjustment as CMS assumes agencies will change diagnosis codes and add visits to reduce LUPAs. Some providers and provider-focused associations are fighting the behavior adjustment by urging lawmakers to modify this part of PDGM.

Will my claim workflow increase under PDGM?

With PDGM, billing occurs every 30 days within a 60-day episode. This means two RAPs and two finals must be generated every 60 days, effectively doubling your RAP and final claim volume. You should adjust your staff, workflow and technology resources to handle the influx.

How will diagnoses change?

About 40% of the diagnoses allowed under PPS will not be accepted as primary diagnoses under PDGM. Also, if providers don't get new diagnosis codes right, CMS will immediately deny those claims.

How can my HHA prepare?

If you haven't started preparing already, you're behind! Agencies need to assess and focus on the following areas:

- Optimizing your patient intake process • Preparing for 30-day billing periods
- Reviewing your coding practices • Assessing how you manage episodes
- Preparing for additional LUPA thresholds • Understanding that therapy hours will no longer count
- Educating your staff and referring physicians

How can I find out more about PDGM?

For more information, visit the [CMS PDGM Resource Page](#).

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