STATE OF MARYLAND

DHMH

Office of Health Services
Medical Care Programs

Maryland Department of Health and Mental Hygiene

201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – Joshua M. Sharfstein, M.D., Secretary

MEMORANDUM

TO: Nursing Home Administrators
        Nursing Home MDS Coordinators

FROM: Mark A. Leeds, Director
        Long Term Care and Community Support Services

DATE: November 22, 2011

Note: Please ensure that appropriate staff members in your organization are
        informed of the contents of this memorandum.

RE: Medicaid Resource Utilization Groups (RUGs)

The Department is working with the Health Facilities Association of Maryland (HFAM) and the LifeSpan Network to review current payment methodology for nursing facilities. Specifically, the Department is interested in moving to a new acuity system based on resource utilization groups (RUGs).

Beginning December 1, 2011, the Department will start a pilot project to use data within the Minimum Data Set (MDS) 3.0 to assign a Medicaid RUG to nursing facility residents. Specifically, the Department will be assigning RUG IV, index maximizing, 48 and 66 groupers using the current CMS STRIVE time study. These data will be aggregated by the Hilltop Institute at the University of Maryland, Baltimore County and reviewed by stakeholders as a pilot project.

No changes to the nursing cost center reimbursement are being implemented at this time.

Potential Errors

Currently, RUG assignments for residents are generated by both the facility MDS software as well as the Office of Health Care Quality (OHCQ) software system based on transmitted MDS 3.0 data. If a RUG assignment does not match (between the facility RUG and OHCQ RUG), an error message is sent to the facility.

The pilot project will now request that facilities ensure that their MDS software assigns a Medicaid RUG to all residents which will then be transmitted to OHCQ as part of the normal transmission process. OHCQ's software system will also begin assigning a Medicaid RUG to all residents. When the Medicaid RUG assignment does not match (between the facility RUG and OHCQ RUG) the facility will receive an error message. While this will not have an effect on billing or claims processing, we do not want it to cause confusion.

To prevent these error messages, the Department recommends that facilities begin assigning a Medicaid RUG to all residents as soon as possible within their current MDS software system. Nursing Homes should provide the following information to their software vender, so they can make the necessary changes to Medicaid RUG calculation.

Begin Date: 12/01/2011
End Date: 12/31/2099
Rug version: RUG-IV
Logic Version: 101
Model: 48
Classification Type: Index-maximizing
Urban Code: F01
Rural Code: F01

Begin Date: 12/01/2011
End Date: 12/31/2099
Rug version: RUG-IV
Logic Version: 101
Model: 66
Classification Type: Index-maximizing
Urban Code: F03
Rural Code: F03

If you or your software vendor have any questions, please contact the Office of Health Care Quality MDS/OASIS Automation Helpdesk at 410-402-8209.

Comments regarding this memorandum may be directed to Eric Saber at 410-767-1458 or by e-mail to esaber@dhmh.state.md.us.

cc: Nursing Home Liaison Committee