

12VAC30-90-19. Implementation of RUGS payment rates.

Effective January 1, 2001, the Department shall implement Phase I of a new prospective payment system for nursing facilities participating in the Virginia Medical Assistance Program. The new payment system shall be based on a Resource Utilization Groups (RUGs) methodology to reflect resident intensity. Phase I of the implementation will be conducted from January 1, 2001, through December 31, 2001. Phase I will include modeling of the RUGs case mix and payment methodology and will be used to inform nursing facilities of the payments under the RUGs methodology in comparison to the payments under the current payment methodologies. During Phase I, nursing facilities will continue to receive payment of direct operating rates based on the current PIRS methodology and the Specialized Care methodology.

- A. The Department shall base its nursing facility direct care payment rate calculations on the RUG-III 34-group, Version 5.12, Index Maximization patient classification system. The Health Care Financing Administration (HCFA) standard CMI (case-mix index) Set B01 will be used to assign the CMI value to each of the 34 RUG groups.

1. The average case-mix index for each nursing facility shall be calculated for each nursing facility based upon the Health Care Financing Administration's (HCFA) required assessment data reported on the Resident Assessment Instrument's (RAI) Minimum Data Set (MDS).
  
  2. The average case-mix index for each nursing facility shall be calculated by computing the simple average of case-mix indexes for all residents residing in the nursing facility on the last day of March and on the last day of September.
- B. The new reimbursement reporting system shall not be used to determine actual payments made for Medicaid nursing home services from January 1, 2001, through December 31, 2001. During this time period reimbursement shall continue to be based on the current PIRS nursing facility reimbursement methodology and the current RUG-III 44-group Specialized Care reimbursement methodology.
- C. Regulations shall be adopted effective January 1, 2002, providing for completion of the transition to the RUGS methodology.