Surviving Under the Medicare Prospective Payment System

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As we pass the one year anniversary of the initiation of the Medicare Prospective Payment System (PPS), I thought it would be appropriate to review the components of PPS and discuss the impact it has made upon the professions. It is believed that many professionals have limited understanding of PPS unless they are practicing in those settings in which PPS is the new way of life.

PPS was developed as a result of the Balanced Budget Act (BBA) of 1997. The Medicare Prospective Payment System (PPS) began implementation July 1, 1998 for skilled nursing facilities. There will be a transition to PPS over the next four years. The hallmark of PPS is that the payment rate is all inclusive. It covers all services delivered under a relatively fixed payment rate. Previously, ancillary services such as rehabilitation, respiratory therapy and certain supplies were reimbursed at cost. In other words, there was no limit on the amount of certain therapies or services and there was no cap on the costs for these services until recently.

The Minimum Data Set (MDS 2.0) is the tool used to set the plan of care and to define the resource intensity needs of the patient. The information from the MDS will be used to classify patients with like clinical and resource needs under Resource Utilization Group (RUG III) payment categories. The highest RUG III categories are those designated as Rehabilitation (5 Groups). Each rehabilitation category is based upon the total # of minutes of Physical, Occupational and Speech Therapy required combined with the patient's level of dependence as determined by an ADL score. The documentation for care is interdisciplinary and needs to coordinate with items on the MDS that are identified as key to reimbursement. In addition, the MDS must be completed according to specific time frames. Some keys for success under PPS are timely, accurate submission of MDS, preadmission screening, interdisciplinary assessment and documentation, staffing for patient acuity and case management. The challenge for providers will be to efficiently and cost effectively manage resources for each patient.

There has definitely been a tremendous impact felt amongst all disciplines providing rehab services including speech-language pathology and audiology. The most marked impact has been the elimination of many positions and/or the reduction of hours for many therapists. The focus on increased efficiency has created the need for less staff. It has particularly impacted physical therapists and occupational therapists as "care extenders" or assistants are being utilized to provide direct patient care at a lower cost. The physical therapist and occupational therapist have taken on the role of supervisor and evaluator. This is true for speech language pathologists in those states that have provisions for the use of SLP assistants. At this time, it is not legal in New York State to use SLP assistants so the licensed and certified speech language pathologist continues to be required to deliver all aspects of patient care. There are additional potential

negative impacts of PPS which include increased turf issues as the therapy minutes are divided amongst the disciplines and decreased internship opportunities as therapists are forced to become more productive leaving no time to supervise students.

There are, however, opportunities under PPS and we must always look for the "silver lining in the cloud." PPS has created the necessity for increased communication and teamwork amongst all disciplines and this is tremendously positive. It has forced therapists to focus upon case management and discharge planning which was often overlooked. PPS as well as other changes in reimbursement has created the need to develop courses which can prepare future clinicians to meet the challenges they will face in the "real world." It will allow us to better equip our students to be marketable. The elimination of positions through PPS may impact on the shortage of speech language pathologists in the schools in some areas. There may be therapists who will transition into school based positions. PPS has required us to be creative and "think outside the box" which is always exciting!

Here are some strategies for survival:

- Educate - become knowledgeable and share your knowledge
- Be a decision maker and team player
- Look for opportunities to demonstrate cost effectiveness and outcomes
- Be flexible - this is critical!
- Advocate

The impact of the BBA will be felt across all providers in the future as HCFA intends to impose a prospective payment system on acute rehabilitation units, hospitals and outpatient providers. We have only just begun to fight! I have attempted to provide some information and insight into a complicated system. I would love to hear from you and share information and experiences. You can contact me at (516) 474-6328 or ellayneg@ix.netcom.com.