

## **THE PATIENT DRIVEN PAYMENT MODEL IS HERE**

---

### **WHAT DOES IT MEAN FOR RESIDENTS?**

On **October 1, 2019**, the Centers for Medicare & Medicaid Services (CMS) began implementing a new payment system for Medicare-covered nursing home care. The payment system is called the [“Patient Driven Payment Model”](#) (PDPM). PDPM creates a new set of financial incentives for nursing homes to consider when admitting and discharging residents, as well as providing resident care. Following is an example of some these incentives.

#### **Nursing homes have a higher incentive to admit a resident if the resident is . . .**

- A man
- Younger than 65 years old but not older than 74
- Disabled or has End-Stage Renal Disease
- Cognitively impaired (severely)

#### **Nursing homes have a higher incentive to admit a resident if the resident needs . . .**

- No therapy (or just one type of therapy)
- IV medication
- Tracheostomy and/or respiratory care
- Infection isolation

#### **Nursing homes have a higher incentive to discharge a resident within . . .**

- 15 days

**Note:** For CMS’s full impact analysis, please see the [Final Rule](#).

**While it will take some time to assess PDPM’s effects on resident care, PDPM makes clear that skilled therapy will no longer be driving Medicare-covered nursing home care.** Thus, a major concern is that residents may receive less therapy under the new payment system. Unfortunately, making matters worse for residents in need of skilled therapy, PDPM also allows 25 percent of a resident’s total therapy regimen, by discipline, to be provided in group and/or concurrent therapy settings. Although CMS acknowledges that individual therapy is the best option because it is tailored to specific care needs, CMS makes clear that nursing homes will not be penalized for going over the 25 percent limit. As a result, in addition to less therapy services overall, residents may receive less individualized therapy under PDPM.

The Center for Medicare Advocacy and Long Term Care Community Coalition are especially concerned by PDPM’s impact on maintenance therapy. As confirmed in the [Jimmo v. Sebelius Settlement Agreement](#), Medicare beneficiaries in nursing homes are entitled to receive skilled therapy to maintain their condition or to slow/prevent further decline. PDPM’s preference for skilled nursing over skilled therapy, and incentives to discharge residents sooner, may mean that Medicare beneficiaries in need of maintenance therapy will ultimately pay the biggest price under the new payment system.

For more information about Medicare and nursing home care, please visit:

[www.MedicareAdvocacy.org](http://www.MedicareAdvocacy.org) & [www.NursingHome411.org](http://www.NursingHome411.org).