



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Aging and Long-Term Support Administration
PO Box 45600, Olympia, Washington 98504-5600

August 9, 2024

AL TSA: NH #2024-037

**AS OF JULY 1, 2024, CMS PATIENT DRIVEN PAYMENT MODEL (PDPM)
REPLACED RESOURCE UTILIZATION GROUP (RUG) METHODOLOGY TO DETERMINE
MINIMUM DATA SET (MDS) ASSESSMENT ACCURACY**

Dear Nursing Facility/Home Administrator:

As of July 1, 2024, Centers for Medicare and Medicaid Services (CMS) Payment Driven Payment Model (PDPM) replaced Resource Utilization Group (RUG) methodology to determine Minimum Data Set (MDS) assessment accuracy. During the 2024 legislative session, the State Legislature authorized DSHS to replace use of the RUG data set with PDPM methodology for long term care (LTC) facility rate determination, beginning July 1, 2024.

As of July 1, 2024, PDPM is being used by the DSHS Case Mix Accuracy Review (CMAR) RN consultant team to ensure MDS assessments completed by Long-Term Care (LTC) facilities are coded accurately. The CMAR team also calculates the error rate based on changes within the nursing component and will resume publishing this rate as of July 1, 2024.

An "error" occurs when required data corrections result in changes to a nursing component. The CMAR team determines the facility error rate based on nursing component changes. If MDS assessment coding is found to be inaccurate by the CMAR team, the LTC facility is responsible for data correction, which may impact their rate either positively or negatively. An algorithm is used to categorize MDS assessment coding into the nursing components of the Health Insurance Prospective Payment Systems (HIPPS) score.

The Management Services Division (MSD) uses the nursing components of the HIPPS score derived from the PDPM to set facility payment rates. Facility rates may also be affected by the nursing component error rate identified by the CMAR team. In the interest of stability and enabling a transition period, each LTC facility will see an increase of at least 9% in their total rate compared to the rate received on June 30, 2024.

For rates beginning July 1, 2025, and beyond, a work group has been convened and will continue to meet to discuss options for fiscal year 2026 (rates effective July 1, 2025) and fiscal year 2027 (rates effective July 1, 2026). This workgroup contains representatives from both professional associations, SEIU, consultants, case mix nurses, and others.

DSHS will provide a report to the Legislature in December 2024 which will include recommendations for implementation of PDPM for fiscal years 2026 & 2027. A follow up report will be provided to the legislature later and will contain change recommendations based on lessons learned during the first few years of implementation. Additional funding for PDPM implementation may be proposed by DSHS in the report or requested during session.

Related References:

- [CMS.Gov Patient Driven Payment Model](#)
- [CMS Definition and Uses of Health Insurance Prospective Payment System Codes \(HIPPS\)](#)
- [QSO-24-14-NH Nursing Home Data and Care Compare Updates](#)

ALTSA Provider Letter: **CMS PATIENT DRIVEN PAYMENT MODEL (PDPM) REPLACED
RESOURCE UTILIZATION GROUP (RUG) METHODOLOGY TO DETERMINE MINIMUM
DATA SET (MDS) ASSESSMENT ACCURACY**

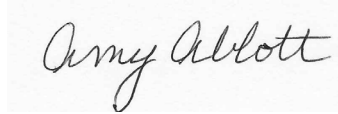
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If you have any questions, please contact Jodi Lamoreaux, Policy Program Manager, at (360) 464-0487 or Jodi.Lamoreaux1@dshs.wa.gov.

For more information about rates and algorithms, please contact MDSHelpdesk@dshs.wa.gov.

Sincerely,

A handwritten signature in black ink that reads "Amy Abbott". The signature is written in a cursive style and is centered within a light gray rectangular box.

Amy Abbott, Director
Residential Care Services

DSHS: *"Transforming Lives"*