



ZIMMET HEALTHCARE
SERVICES GROUP, LLC

Medicare SNF Part A Payment Reform: Preparing for RCS-I

The Medicare Resident Classification System (RCS-I) is targeted for implementation on October 1, 2018, per CMS' May 4, 2017 Advanced Notice of Program Rule Making.

To be clear, this rule is not “final,” and as such the program’s specifics and the effective date may change. In fact, CMS uncharacteristically extended the normal rulemaking “comment period” to allow for comprehensive input from the provider community, and recently announced that the agency will continue to accept feedback even months after the extended comment window officially closed. Furthermore, CMS has implicitly announced its intention to continue refinements after implementation, as the name “RCS-I” makes sense only if CMS anticipates an “RCS-II.” These steps speak volumes about the magnitude of the RCS payment reform initiative.

Despite the uncertainty, most industry stakeholders believe RCS will be implemented as scheduled on October 1, 2018, albeit with minor refinements to program mechanics.

Regardless of the ultimate specifics, RCS will undoubtedly have a dramatic impact on SNF revenue distribution, ancillary contracting, financial modeling and care management strategies. Simply stated, this is the most challenging payment system transition many of us will experience in our careers.

Mastering the complete realignment of clinical/financial incentives requires significant preparation. While we must live with uncertainty for months, providers cannot afford to delay preparing for the inevitable RCS implementation transition – possibly only a few short months away.

Zimmet Healthcare has devoted extensive resources to mastering the complex RCS dynamics. Our analysts have exhaustively modeled the financial and operational impact on the provider community. We published a nationally recognized [white paper](#) on program implications. Our partners routinely engage in highly technical discussions with industry trade associations and thought leaders. We actively participate in workgroups designed to evaluate program management. And most notably, ZHSG developed the only [RCS rate composite simulator](#) currently available (hosted on our website). In short, our team is fully prepared to assist providers during this monumental payment system transition.

Projecting the RCS Financial Impact

Reimbursement drives care patterns. While this may not be a politically correct statement, it is unassailably true. That said, sensitivity to payment and quality care are not necessarily mutually exclusive. In fact, it is often not the treatment, but the documentation and administrative approach, that threaten a provider's financial stability under RCS.

To highlight this point, consider the facility-specific "[Payment Impact Analysis](#)" released by CMS over the summer. RCS is intended to be budget neutral, so we were not surprised to see a relatively even distribution between revenue "winners" and "losers" under the new system. However, this projection, in our opinion, is inaccurate at best and utterly useless at worst for the following reasons:

1. CMS simply regrouped assessments that were completed under the auspices of RUGs. Many MDS sections that drive RCS are currently non-revenue sensitive. Improved coding and administrative management would have improved the purported RCS revenue for many providers. Simply stated, *regrouping old MDS assessments to predict RCS revenue is a pointless exercise.*
2. The projection was based on 2014 assessments. As well documented, this cohort includes many non-medically complex rehab admissions that SNFs simply don't get anymore. This is also the population that suffers the greatest reimbursement decrease under RCS, thus their inclusion diluted the projected RCS revenue.
3. The analysis considered only one side of the financial equation. Regardless of the revenue impact on a specific SNF, operating costs are expected to decrease across the industry (mostly related to therapy). Projecting your *net* RCS financial impact requires analysis of patient-specific expenses as well.

Preparing for RCS

Immediately after RCS was announced, we started receiving requests for preparation assistance. Despite our high level of readiness, we discouraged the premature expenditure of facility resources, given the uncertainty surrounding implementation. However, the risk/readiness equation has shifted; industry expectations now favor an October 1, 2018 implementation in a form resembling the original notice.

Zimmer Healthcare Services Group has designed a comprehensive yet cost-effective **RCS Transition Program** to assist providers as they prepare for the new payment system. Our analysis begins with a forensic review of a randomly selected, statistically valid sample of admissions. The entire medical record is evaluated to compute “realizable” RCS composite scores (as opposed to a simple MDS regrouping), based on actual (and current) resident acuity. The sample findings may be used with reasonable confidence to extrapolate the facility-wide reimbursement impact.

The deliverable is a reliable net revenue projection, in addition to a highly detailed “Risk and Opportunity” assessment based on your facility-specific profile and includes:

- Benchmark of key RCS capture metrics.
- Acuity-based clinical program “Development and Formalization” action plan designed to align with RCS reimbursement-sensitivities.
- Therapy utilization analysis to ensure incentive alignment and optimum cost/benefit return under RCS.
- Documentation assessment specific to likely RCS audit target areas.
- Reimbursement management resource review to ensure optimal administrative allocation and staffing under RCS.
- **Comprehensive follow-up staff training.**

While ZHSG’s RCS Transition Program is comprehensive, it is not intrusive to current operations. The engagement may be completed remotely with access to a facility’s electronic medical record system.

Most notably, our RCS Transition Program is supported by the **Zimmer Healthcare guarantee**. If you feel the process does not provide value to your RCS preparations, you will not be charged for the engagement.

Contact us anytime at (877) SNF-2001 or info@zhealthcare.com for more information, but do not delay – October 1, 2018 will be here before we know it.