

MDS 3.0 Guidance Document
Department of Medical Assistance Services
Provider Reimbursement Division
September 2010

Use of MDS Data in Medicaid Rate Setting

The establishment of nursing facility payment ceilings and rates involves adjustments for the facility's resident severity level, which is correlated with resource use. The Virginia Department of Medical Assistance Services (DMAS) determines resident severity using the Resource Utilization Group methodology. Facility case mix is determined by averaging each resident RUGS score.

DMAS determines each individual Medicaid RUGS score and the facility Case Mix Index (CMI) at the end of each quarter using information from the Minimum Data Set (MDS).

MDS 3.0

On October 1, 2010 The Centers for Medicare and Medicaid Services (CMS) will fully implement MDS Version 3.0. According to CMS:

MDS 3.0 has been designed to improve the reliability, accuracy, and usefulness of the MDS, to include the resident in the assessment process, and to use standard protocols used in other settings. These improvements have profound implications for Nursing Home and Swing Bed care and public policy. Enhanced accuracy supports the primary legislative intent that MDS be a tool to improve clinical assessment and supports the credibility of programs that rely on MDS.

Medicaid Quarterly Assessments using MDS 3.0

Virginia will not be changing the RUGS grouper that is currently used and has been in effect for the past eight years. DMAS uses the RUGS III, 34 Grouper, Version 5.12, Index Maximizing Calculation.

The RUGS III grouper was developed to be used with MDS 2.0. In order to continue using the RUGS III grouper, CMS has developed a crosswalk that identifies MDS 3.0 items that are equivalent to MDS 2.0 items used in the RUGS III grouper.

Effect of MDS 3.0 on Virginia Medicaid Nursing Facility Providers

Providers will see few, if any, changes upon implementation of MDS 3.0 with regard to calculating the facility case mix index used in Virginia Medicaid Nursing facility reimbursement. Providers should submit MDS 3.0 data as instructed by CMS in collaboration with the Virginia Department of Health (VDH). DMAS will not require any additional documentation. VDH will supply DMAS with a copy of the MDS 3.0 data needed for the RUGS III grouper. Data will be in a flat text file in the format described on the CMS website. DMAS will be responsible for implementing the necessary mapping to use the MDS 3.0 data in the RUGS III grouper.

DMAS will not be upgrading to RUGS IV; therefore, providers should not see any change in the manner in which resident severity or resource utilization is assigned.

For calculation of the RUGS/CMI, DMAS will require standard items collected on MDS 3.0 in addition to three items in MDS 3.0 Section S. Providers are only required to complete these items and should not complete other Section S options.

Current Primary Payer, MDS 2.0 item S1A, MDS 3.0 item S9100A

Primary Payer on Entry, MDS 2.0 item S1B, MDS 3.0 item S9100B

Date of Initial Medicaid Payment, MDS 2.0 item S2, MDS 3.0 item S9100C

Additional Resources

- MDS 3.0 technical guidance, including the MDS 2.0→3.0 cross walk, can be found at: www.cms.gov → Medicare → Nursing Home Quality Initiatives → [MDS Technical Information](#).
- General questions on MDS 3.0 including submission and coding of MDS items can be addressed to the Resident Assessment Instrument (RAI) Coordinator at VDH, Gary Gregory, (804) 367-2141 or gary.gregory@vdh.virginia.gov.
- Technical questions on MDS 3.0 including submission and corrections of MDS items can be addressed to the RAI/MDS Automation Coordinator at VDH, Sandy Lee, (804) 367-6636 or sandra.lee@vdh.virginia.gov.
- Regulations on the use of case mix in Virginia Medicaid nursing facility reimbursement, including the listing of case mix indices, can be found at [12VAC 30-90-305](#) thru 12VAC 30-90-307.
- Technical information on the RUGS and CMI processes used by Virginia Medicaid can be found in [Appendix F](#) of the DMAS Nursing Facility Manual. The information in Appendix F is still valid as modified by this guidance document.
- Completion of the “Request for Research” form will remain the process for providers to submit questions of resident status and/or inclusion in the RUGS classification for Medicaid reimbursement purposes. The form is on the DMAS website and may be accessed via the “search forms” function. Questions regarding RUGS research request submission can be directed to: Jodi Kuhn at DMAS (804) 786-1009 or jodi.kuhn@dmass.virginia.gov.