



PDGM – Lessons Learned from 2020



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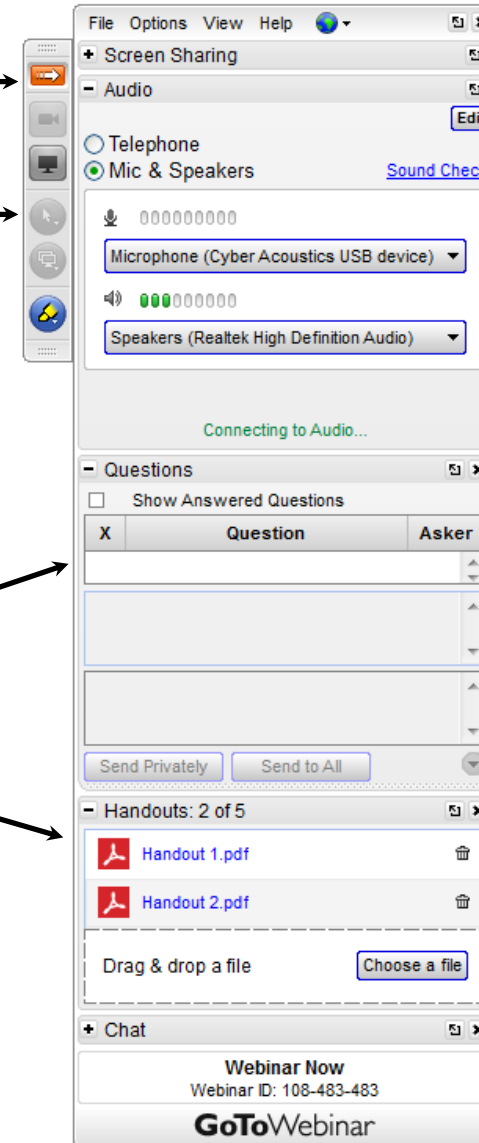
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Objectives

- ▶ Evaluate what we know so far about the impacts of PDGM
- ▶ Recognize how COVID-19 is impacting PDGM results in 2020
- ▶ Discuss potential changes we might see in 2021

Evaluate what we know so far about the impacts of PDGM

Benchmarking Data

- ▶ Based on PDGM 30-Day Periods (as of Mar 19th 2021)
- ▶ Based on SHP National Database with CY'20 Period Start Dates (Jan – Dec '20) for Medicare Traditional patients
- ▶ Comparisons to CMS '20 Final Rule projections which were based on CY 2018 Claims data (paid through July 31, 2019)
- ▶ Based on later of either Final Claims or OASIS
- ▶ QE's are not included
- ▶ Claims (LUPA rates and Visits) data based on Jan – Dec '20
- ▶ COVID-19 is impacting the PDGM Transition

PDGM Components - National

| Clinical Group | CY 2018 | CY 2020 |
|------------------------------|---------------|---------------|
| | CMS | SHP |
| MMTA - Other | 3.0% | 3.1% |
| Neuro / Stroke Rehab | 10.2% | 10.7% |
| Wounds | 11.9% | 14.9% |
| Complex Nursing | 4.4% | 4.0% |
| Musculoskeletal Rehab | 18.8% | 18.9% |
| Behavioral Health | 3.1% | 2.8% |
| MMTA - Surgical Aftercare | 3.4% | 4.1% |
| MMTA - Cardiac / Circulatory | 21.9% | 17.3% |
| MMTA - Endocrine | 7.1% | 5.6% |
| MMTA - GI / GU | 4.1% | 5.0% |
| MMTA - Infectious Disease | 3.8% | 5.2% |
| MMTA - Respiratory | 8.3% | 8.4% |
| Total | 100.0% | 100.0% |

| SHP CY 2020 | | | |
|---------------|---------------|---------------|---------------|
| Q1 | Q2 | Q3 | Q4 |
| 2.9% | 3.0% | 3.3% | 3.2% |
| 10.5% | 10.4% | 11.0% | 10.8% |
| 13.8% | 15.4% | 15.1% | 15.0% |
| 3.5% | 4.5% | 4.1% | 3.9% |
| 19.8% | 17.0% | 19.5% | 19.3% |
| 2.7% | 2.8% | 2.8% | 2.7% |
| 4.3% | 3.9% | 4.2% | 4.2% |
| 17.7% | 18.2% | 16.9% | 16.4% |
| 5.2% | 5.8% | 5.8% | 5.6% |
| 5.0% | 5.1% | 5.0% | 5.0% |
| 5.3% | 5.3% | 5.2% | 5.1% |
| 9.3% | 8.6% | 7.1% | 8.7% |
| 100.0% | 100.0% | 100.0% | 100.0% |

Source: SHP 30-Day Period Starts Jan '20 – Dec '20

PDGM Components – CMS Region

| Clinical Group | Medicare Region | | | | | | | | | |
|------------------------------|------------------------|-----------------------|-------------------|-------------------|--------------------|-----------------------|----------------------|------------------------|------------------|----------------------|
| | Region I - New England | Region II - Northeast | Region III - East | Region IV - South | Region V - Central | Region VI - Southwest | Region VII - Midwest | Region VIII - Mountain | Region IX - West | Region X - Northwest |
| MMTA - Other | 3.5% | 2.5% | 3.0% | 3.1% | 3.0% | 3.0% | 3.3% | 3.8% | 3.3% | 3.5% |
| Neuro / Stroke | 9.4% | 9.1% | 10.6% | 10.7% | 10.5% | 10.4% | 11.0% | 13.2% | 11.6% | 14.3% |
| Wounds | 13.3% | 18.8% | 15.9% | 15.5% | 14.3% | 11.4% | 13.9% | 13.6% | 16.6% | 16.1% |
| Complex Nursing | 3.2% | 6.0% | 4.7% | 3.1% | 4.8% | 2.4% | 5.0% | 5.3% | 5.1% | 6.7% |
| MS Rehabilitation | 18.9% | 18.6% | 19.4% | 17.8% | 20.7% | 16.4% | 22.2% | 24.7% | 20.2% | 22.3% |
| Behavioral Health | 8.6% | 1.4% | 1.7% | 2.9% | 1.4% | 2.9% | 1.4% | 1.9% | 2.0% | 2.1% |
| MMTA - Surgical Aftercare | 4.8% | 6.0% | 5.2% | 3.6% | 4.8% | 2.7% | 4.9% | 3.8% | 4.1% | 3.5% |
| MMTA - Cardiac / Circulatory | 14.5% | 14.2% | 15.8% | 18.7% | 15.9% | 23.9% | 13.9% | 11.0% | 14.2% | 12.4% |
| MMTA - Endocrine | 4.8% | 4.3% | 4.2% | 6.1% | 4.3% | 8.7% | 4.2% | 5.5% | 5.1% | 4.2% |
| MMTA - GI / GU | 5.3% | 5.2% | 5.6% | 4.9% | 5.5% | 4.5% | 5.4% | 4.7% | 5.2% | 4.0% |
| MMTA - Infectious Disease | 5.8% | 5.8% | 5.6% | 4.9% | 5.4% | 4.6% | 5.4% | 5.0% | 5.6% | 4.3% |
| MMTA - Respiratory | 7.8% | 8.0% | 8.3% | 8.6% | 9.3% | 8.9% | 9.6% | 7.4% | 7.0% | 6.5% |
| Overall | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: SHP 30-Day Period Starts Jan '20 – Dec '20

PDGM Components – National

| | CY 2018 | CY 2020 |
|------------------------|---------------|---------------|
| Comorbidity Adjustment | CMS | SHP |
| None | 56.4% | 47.3% |
| Low | 35.5% | 38.0% |
| High | 8.1% | 14.8% |
| Total | 100.0% | 100.0% |

| Functional Impairment | CMS | SHP |
|-----------------------|---------------|---------------|
| Low | 35.1% | 24.0% |
| Med | 33.4% | 31.9% |
| High | 31.5% | 44.1% |
| Total | 100.0% | 100.0% |

| Source & Timing | CMS | SHP |
|-----------------------|---------------|---------------|
| Community – Early | 13.3% | 12.1% |
| Institutional – Early | 18.5% | 23.8% |
| Community – Late | 61.4% | 59.1% |
| Institutional – Late | 6.8% | 5.1% |
| Total | 100.0% | 100.0% |

| SHP CY 2020 | | | |
|---------------|---------------|---------------|---------------|
| Q1 | Q2 | Q3 | Q4 |
| 48.0% | 45.9% | 47.6% | 47.5% |
| 37.8% | 38.6% | 37.6% | 37.8% |
| 14.2% | 15.5% | 14.7% | 14.7% |
| 100.0% | 100.0% | 100.0% | 100.0% |

| Q1 | Q2 | Q3 | Q4 |
|---------------|---------------|---------------|---------------|
| 23.5% | 24.9% | 24.2% | 23.3% |
| 33.0% | 31.4% | 31.9% | 31.4% |
| 43.5% | 43.7% | 43.9% | 45.3% |
| 100.0% | 100.0% | 100.0% | 100.0% |

| Q1 | Q2 | Q3 | Q4 |
|---------------|---------------|---------------|---------------|
| 14.2% | 11.2% | 12.0% | 11.3% |
| 31.1% | 19.8% | 22.0% | 23.0% |
| 50.3% | 63.5% | 60.8% | 60.6% |
| 4.4% | 5.5% | 5.2% | 5.1% |
| 100.0% | 100.0% | 100.0% | 100.0% |

Source: SHP 30-Day Period Starts Jan '20 – Dec '20

PDGM Components – CMS Region

| PDGM Components | Medicare Region | | | | | | | | | |
|----------------------------|------------------------|-----------------------|-------------------|-------------------|--------------------|-----------------------|----------------------|------------------------|------------------|----------------------|
| | Region I - New England | Region II - Northeast | Region III - East | Region IV - South | Region V - Central | Region VI - Southwest | Region VII - Midwest | Region VIII - Mountain | Region IX - West | Region X - Northwest |
| Comorbidity | | | | | | | | | | |
| None | 51.9% | 48.5% | 45.2% | 48.1% | 42.2% | 47.1% | 44.1% | 50.1% | 51.1% | 43.1% |
| Low | 35.3% | 36.1% | 38.7% | 37.8% | 40.7% | 38.7% | 39.7% | 36.9% | 35.6% | 38.9% |
| High | 12.8% | 15.4% | 16.1% | 14.1% | 17.1% | 14.2% | 16.2% | 13.0% | 13.3% | 18.0% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Functional | | | | | | | | | | |
| Low | 32.1% | 17.3% | 22.7% | 22.0% | 23.8% | 24.4% | 24.5% | 31.4% | 27.3% | 24.4% |
| Med | 29.5% | 29.9% | 30.9% | 30.6% | 35.1% | 33.7% | 32.3% | 33.9% | 34.3% | 28.7% |
| High | 38.4% | 52.9% | 46.4% | 47.4% | 41.0% | 42.0% | 43.2% | 34.6% | 38.5% | 46.9% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Source & Timing | | | | | | | | | | |
| Community Early | 11.7% | 11.4% | 11.6% | 12.9% | 12.3% | 9.4% | 12.5% | 14.7% | 14.0% | 15.0% |
| Community Late | 53.3% | 47.8% | 53.2% | 62.7% | 52.8% | 72.3% | 51.3% | 54.5% | 54.9% | 57.6% |
| Institutional Early | 28.1% | 34.2% | 29.1% | 19.5% | 29.0% | 14.3% | 29.9% | 26.3% | 26.6% | 23.6% |
| Institutional Late | 6.9% | 6.6% | 6.1% | 4.8% | 5.9% | 4.0% | 6.2% | 4.6% | 4.5% | 3.8% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: SHP 30-Day Period Starts Jan '20 – Dec '20

CMS Regression Analysis – CMW

- ▶ Case-mix weight for HHRG - 3A2B
- ▶ Adjustment factor of Late Community is significant

| | | | | | | | |
|------------------------------------|--|------------------|-----------------|------------------|-----------------|------------------|-----------------|
| Constant | | 1.0124 | | | | | |
| Admission Source | Admission Timing | | | | | | |
| | <i>Early</i> | <i>Late</i> | | | | | |
| | 0 | -0.4061 | | | | | |
| | 0.1801 | 0.0414 | | | | | |
| Clinical Group | Functional Impairment Level | | | | | | |
| | | <i>Low</i> | | <i>Medium</i> | | <i>High</i> | |
| | | <i>Pt. Range</i> | <i>Case Mix</i> | <i>Pt. Range</i> | <i>Case Mix</i> | <i>Pt. Range</i> | <i>Case Mix</i> |
| | <i>Wound</i> | 0-41 | 0.2345 | 42-59 | 0.3787 | 60+ | 0.5032 |
| | <i>Neuro</i> | 0-45 | 0.1804 | 46-60 | 0.3401 | 61+ | 0.4424 |
| | <i>MMTA- Endocrine</i> | 0-34 | 0.0856 | 35-52 | 0.2588 | 53+ | 0.375 |
| | <i>Musculoskeletal Rehab</i> | 0-38 | 0.069 | 39-52 | 0.1791 | 53+ | 0.3341 |
| | <i>MMTA- Other</i> | 0-36 | 0 | 37-52 | 0.1331 | 53+ | 0.2312 |
| | <i>MMTA- Cardiac and Circulatory</i> | 0-36 | -0.0455 | 37-52 | 0.1055 | 53+ | 0.2173 |
| | <i>MMTA- Inf. Disease, Neoplasms, and Blood Diseases</i> | 0-36 | -0.0235 | 37-52 | 0.1024 | 53+ | 0.2159 |
| | <i>MMTA-Surgical Aftercare</i> | 0-37 | -0.1006 | 38-50 | 0.0524 | 51+ | 0.2103 |
| | <i>MMTA-Respiratory</i> | 0-37 | -0.049 | 38-52 | 0.0887 | 53+ | 0.1966 |
| | <i>Complex Nursing Interventions</i> | 0-38 | -0.0593 | 39-58 | 0.1341 | 59+ | 0.1963 |
| | <i>MMTA -GI and GU System</i> | 0-41 | -0.0565 | 42-54 | 0.0983 | 55+ | 0.1851 |
| <i>Behavioral Health</i> | 0-36 | -0.084 | 37-52 | 0.0784 | 53+ | 0.1674 | |
| Comorbidity Adjustment | | | | | | | |
| <i>No Comorbidity Adjustment</i> | | 0 | | | | | |
| <i>Low Comorbidity Adjustment</i> | | 0.0507 | | | | | |
| <i>High Comorbidity Adjustment</i> | | 0.1474 | | | | | |
| Total Case Weight | | 0.7901 | | | | | |

Source: Amended from CY 2020 CMS Final Rule

Case-Mix Weight (Non-LUPA)

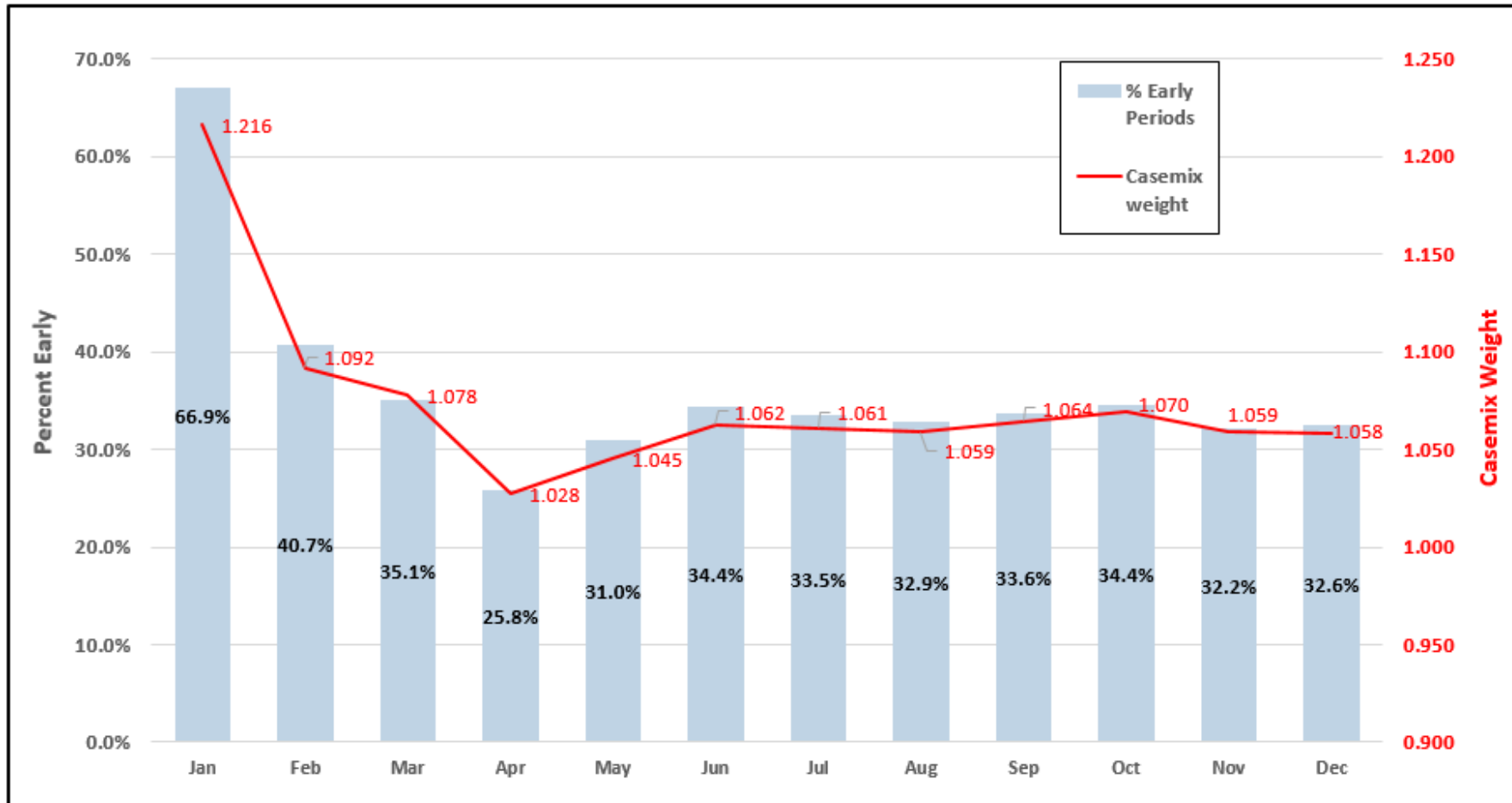
- ▶ First Periods CMW reflect the higher resources utilized

| Clinical Group | All Periods | Period 1 | Period 2 | Period 3 | Period 4 | Period 5+ |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| MMTA - Other | 1.003 | 1.261 | 0.822 | 0.776 | 0.777 | 0.771 |
| Neuro / Stroke Rehab | 1.176 | 1.449 | 1.000 | 0.956 | 0.956 | 0.969 |
| Wounds | 1.199 | 1.499 | 1.095 | 1.063 | 1.066 | 1.078 |
| Complex Nursing | 0.866 | 1.228 | 0.795 | 0.765 | 0.767 | 0.792 |
| Musculoskeletal Rehab | 1.149 | 1.375 | 0.900 | 0.835 | 0.842 | 0.848 |
| Behavioral Health | 0.854 | 1.139 | 0.737 | 0.697 | 0.695 | 0.679 |
| MMTA - Surgical Aftercare | 1.076 | 1.281 | 0.778 | 0.729 | 0.730 | 0.755 |
| MMTA - Cardiac / Circulatory | 0.958 | 1.278 | 0.820 | 0.770 | 0.767 | 0.762 |
| MMTA - Endocrine | 1.061 | 1.385 | 0.959 | 0.908 | 0.907 | 0.901 |
| MMTA - GI / GU | 1.000 | 1.266 | 0.797 | 0.768 | 0.767 | 0.769 |
| MMTA - Infectious Disease | 1.002 | 1.286 | 0.825 | 0.772 | 0.768 | 0.757 |
| MMTA - Respiratory | 1.018 | 1.291 | 0.805 | 0.766 | 0.762 | 0.760 |
| Overall | 1.071 | 1.347 | 0.892 | 0.864 | 0.862 | 0.876 |

Source: SHP 30-Day Period Claims Billed Jan '20 – Dec '20

Casemix vs % Early Periods

- ▶ Reflects strong correlation to Early Periods with Non-LUPA CMW



Source: SHP 30-Day Period Claims Billed Jan '20 – Dec '20

Case-Mix Weight – CMS Region (Non-LUPA)

| Clinical Group | Medicare Region | | | | | | | | | |
|------------------------------|------------------------|-----------------------|-------------------|-------------------|--------------------|-----------------------|----------------------|------------------------|------------------|----------------------|
| | Region I - New England | Region II - Northeast | Region III - East | Region IV - South | Region V - Central | Region VI - Southwest | Region VII - Midwest | Region VIII - Mountain | Region IX - West | Region X - Northwest |
| MMTA - Other | 1.035 | 1.109 | 1.059 | 0.982 | 1.050 | 0.913 | 1.043 | 0.996 | 0.996 | 1.013 |
| Neuro / Stroke | 1.181 | 1.266 | 1.218 | 1.156 | 1.211 | 1.118 | 1.217 | 1.147 | 1.178 | 1.184 |
| Wounds | 1.192 | 1.232 | 1.211 | 1.195 | 1.196 | 1.174 | 1.217 | 1.165 | 1.202 | 1.211 |
| Complex Nursing | 0.868 | 0.885 | 0.862 | 0.870 | 0.866 | 0.848 | 0.870 | 0.830 | 0.873 | 0.857 |
| MS Rehabilitation | 1.174 | 1.246 | 1.182 | 1.126 | 1.183 | 1.082 | 1.176 | 1.143 | 1.143 | 1.125 |
| Behavioral Health | 0.924 | 0.929 | 0.943 | 0.829 | 0.935 | 0.782 | 0.921 | 0.905 | 0.864 | 0.914 |
| MMTA - Surgical Aftercare | 1.073 | 1.142 | 1.087 | 1.059 | 1.082 | 1.039 | 1.093 | 1.071 | 1.070 | 1.066 |
| MMTA - Cardiac / Circulatory | 1.011 | 1.114 | 1.030 | 0.938 | 1.014 | 0.853 | 1.026 | 0.987 | 0.978 | 1.018 |
| MMTA - Endocrine | 1.100 | 1.130 | 1.148 | 1.055 | 1.129 | 0.978 | 1.143 | 1.039 | 1.068 | 1.121 |
| MMTA - GI / GU | 1.025 | 1.081 | 1.037 | 0.980 | 1.026 | 0.918 | 1.042 | 0.994 | 1.007 | 1.016 |
| MMTA - Infectious Disease | 0.991 | 1.081 | 1.035 | 0.982 | 1.041 | 0.916 | 1.052 | 1.016 | 1.020 | 1.029 |
| MMTA - Respiratory | 1.048 | 1.135 | 1.066 | 0.994 | 1.060 | 0.910 | 1.083 | 1.052 | 1.038 | 1.042 |
| Overall | 1.094 | 1.162 | 1.114 | 1.052 | 1.104 | 0.981 | 1.117 | 1.077 | 1.082 | 1.094 |

Source: SHP 30-Day Period Claims Billed Jan '20 – Dec '20

LUPA Rates

- ▶ Rates based on Period Sequence – Overall Rate = 9.1%
- ▶ Nuances of Period LUPA rates if Stay ends in that Period

| Clinical Group | Period 1 | Period 2 | Period 3 | Period 4 | Period 5 + |
|--------------------|-------------|--------------|-------------|-------------|-------------|
| Behavioral Health | 9.2% | 9.7% | 4.7% | 6.7% | 8.3% |
| Complex Nursing | 11.4% | 12.8% | 21.0% | 14.3% | 24.2% |
| MMTA - Cardiac | 9.7% | 9.7% | 3.9% | 6.7% | 4.0% |
| MMTA - Endocrine | 9.8% | 15.0% | 6.7% | 10.7% | 6.2% |
| MMTA - GI / GU | 9.2% | 10.5% | 6.7% | 8.2% | 11.1% |
| MMTA - Infectious | 8.8% | 10.4% | 6.6% | 8.4% | 13.6% |
| MMTA - Other | 9.3% | 10.1% | 4.1% | 6.6% | 6.4% |
| MMTA - Respiratory | 9.9% | 10.4% | 3.9% | 6.9% | 3.9% |
| MMTA - Surg Aftcr | 10.5% | 13.9% | 4.2% | 8.6% | 4.1% |
| MS Rehab | 10.2% | 9.8% | 2.6% | 7.1% | 3.4% |
| Neuro Rehab | 10.5% | 9.4% | 3.6% | 7.0% | 5.6% |
| Wounds | 9.3% | 12.7% | 5.6% | 9.1% | 5.1% |
| Overall | 9.9% | 10.7% | 5.0% | 8.0% | 7.8% |

Source: SHP 30-Day Period Claims Billed Jan '20 – Dec '20

LUPA Rates – CMS Region

| Clinical Group | Medicare Region | | | | | | | | | |
|------------------------------|------------------------|-----------------------|-------------------|-------------------|--------------------|-----------------------|----------------------|------------------------|------------------|----------------------|
| | Region I - New England | Region II - Northeast | Region III - East | Region IV - South | Region V - Central | Region VI - Southwest | Region VII - Midwest | Region VIII - Mountain | Region IX - West | Region X - Northwest |
| MMTA - Other | 10.7% | 11.3% | 8.9% | 8.0% | 9.6% | 5.9% | 9.3% | 7.6% | 8.8% | 9.8% |
| Neuro / Stroke | 10.3% | 11.4% | 9.0% | 7.6% | 10.2% | 5.9% | 8.5% | 7.8% | 9.4% | 11.4% |
| Wounds | 8.7% | 9.0% | 8.5% | 8.0% | 8.6% | 6.6% | 8.1% | 6.9% | 8.3% | 8.7% |
| Complex Nursing | 19.4% | 22.0% | 23.1% | 19.5% | 20.8% | 14.6% | 22.7% | 19.9% | 14.0% | 23.6% |
| MS Rehabilitation | 10.3% | 10.9% | 9.2% | 8.0% | 10.2% | 6.2% | 9.7% | 8.4% | 10.3% | 10.7% |
| Behavioral Health | 10.3% | 12.9% | 8.8% | 8.7% | 9.3% | 6.0% | 7.8% | 7.3% | 8.1% | 11.1% |
| MMTA - Surgical Aftercare | 13.1% | 14.7% | 11.1% | 9.5% | 11.4% | 7.7% | 9.6% | 9.1% | 11.0% | 10.7% |
| MMTA - Cardiac / Circulatory | 9.3% | 11.5% | 8.7% | 6.9% | 9.1% | 4.8% | 8.2% | 8.0% | 9.1% | 9.6% |
| MMTA - Endocrine | 11.3% | 11.1% | 11.3% | 9.4% | 11.6% | 7.1% | 9.5% | 6.9% | 10.4% | 11.5% |
| MMTA - GI / GU | 11.1% | 12.7% | 10.3% | 8.6% | 11.4% | 6.5% | 9.7% | 10.5% | 10.0% | 12.1% |
| MMTA - Infectious Disease | 12.1% | 11.7% | 9.4% | 10.5% | 10.2% | 7.4% | 9.2% | 8.9% | 9.3% | 9.7% |
| MMTA - Respiratory | 10.2% | 11.8% | 9.3% | 7.7% | 9.7% | 5.7% | 9.0% | 8.7% | 10.5% | 9.3% |
| Overall | 10.6% | 11.8% | 9.9% | 8.4% | 10.4% | 6.2% | 9.6% | 8.7% | 9.8% | 11.1% |

Source: SHP 30-Day Period Claims Billed Jan '20 – Dec '20

LUPAs by HHRG and Sequence (Top 10)

| Period 1 | Clinical Group | # of Periods | LUPA Rate |
|-----------------|--------------------------------|--------------|-----------|
| 1DA2 | Complex Nursing Interventions | 763 | 23.7% |
| 1DA1 | Complex Nursing Interventions | 2,035 | 21.7% |
| 1DB2 | Complex Nursing Interventions | 958 | 19.0% |
| 1DC1 | Complex Nursing Interventions | 1,412 | 17.7% |
| 1DB1 | Complex Nursing Interventions | 1,948 | 16.6% |
| 1FA2 | Behavioral Health | 793 | 14.8% |
| 1EA1 | Musculoskeletal Rehabilitation | 24,420 | 14.6% |
| 1BA1 | Neuro / Stroke Rehabilitation | 16,586 | 14.3% |
| 2LA1 | MMTA - Respiratory | 14,500 | 14.3% |
| 1BA2 | Neuro / Stroke Rehabilitation | 5,366 | 14.3% |
| Period 2 | | | |
| 4IC1 | MMTA - Endocrine | 283 | 23.0% |
| 4GA1 | MMTA - Surgical Aftercare | 292 | 21.6% |
| 3GA1 | MMTA - Surgical Aftercare | 6,503 | 19.8% |
| 4EC3 | Musculoskeletal Rehabilitation | 653 | 19.4% |
| 4BA2 | Neuro / Stroke Rehabilitation | 216 | 19.4% |
| 4EB1 | Musculoskeletal Rehabilitation | 647 | 19.3% |
| 3IB1 | MMTA - Endocrine | 9,936 | 19.1% |
| 3IB2 | MMTA - Endocrine | 8,404 | 18.7% |
| 4GA2 | MMTA - Surgical Aftercare | 275 | 18.5% |
| 4EA1 | Musculoskeletal Rehabilitation | 348 | 18.1% |

Source: SHP 30-Day Period Claims Billed Jan '20 – Dec '20

LUPA Trend Rates

- ▶ National and selected states
- ▶ March '20 had the highest National rate – 11.8%

| LUPA Rate | Q1, 2020 | Q2, 2020 | Q3, 2020 | Q4, 2020 |
|-----------|----------|----------|----------|----------|
| National | 9.8% | 8.3% | 8.8% | 8.9% |
| FL | 8.9% | 7.3% | 8.0% | 7.5% |
| MA | 11.2% | 10.0% | 10.5% | 10.5% |
| NJ | 13.6% | 11.1% | 11.3% | 11.9% |
| NY | 12.1% | 10.6% | 11.0% | 11.7% |
| TX | 6.9% | 5.7% | 5.9% | 5.9% |
| KS | 9.4% | 7.7% | 8.8% | 9.8% |

Source: SHP 30-Day Period Claims Billed Jan '20 – Dec '20

Visit Utilization

► Breakout by Discipline and Clinical Group (Non-LUPA)

| Clinical Group | Nursing | PT | OT | ST | MSW | HHA | Total |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| MMTA - Other | 3.44 | 3.40 | 1.02 | 0.19 | 0.09 | 0.40 | 8.54 |
| Neuro / Stroke Rehabilitation | 2.64 | 4.14 | 1.72 | 0.89 | 0.11 | 0.57 | 10.06 |
| Wounds - Post-Op Wound Aftercare | 7.60 | 1.46 | 0.53 | 0.07 | 0.05 | 0.48 | 10.18 |
| Complex Nursing Interventions | 4.25 | 0.93 | 0.33 | 0.10 | 0.04 | 0.88 | 6.52 |
| Musculoskeletal Rehabilitation | 2.49 | 5.25 | 1.40 | 0.09 | 0.06 | 0.44 | 9.73 |
| Behavioral Health | 3.11 | 2.52 | 0.89 | 0.39 | 0.12 | 0.33 | 7.36 |
| MMTA - Surgical Aftercare | 5.16 | 2.80 | 0.90 | 0.15 | 0.07 | 0.30 | 9.39 |
| MMTA - Cardiac / Circulatory | 4.10 | 2.71 | 0.88 | 0.13 | 0.08 | 0.45 | 8.35 |
| MMTA - Endocrine | 6.38 | 2.44 | 0.76 | 0.13 | 0.09 | 0.46 | 10.26 |
| MMTA - GI / GU | 4.28 | 2.71 | 0.95 | 0.14 | 0.09 | 0.53 | 8.70 |
| MMTA - Infectious Disease | 4.36 | 2.44 | 0.78 | 0.13 | 0.09 | 0.49 | 8.29 |
| MMTA - Respiratory | 4.15 | 2.96 | 1.04 | 0.20 | 0.09 | 0.42 | 8.87 |
| Overall | 4.33 | 3.11 | 1.01 | 0.21 | 0.08 | 0.47 | 9.20 |

Source: SHP 30-Day Period Claims Billed Jan '20 – Dec '20

Visit Utilization

► Breakout by Payment Adjustment Type and Clinical Group

| Clinical Group | Overall | Standard | LUPA | PEP | Outlier |
|----------------------------------|-------------|-------------|-------------|-------------|--------------|
| MMTA - Other | 7.95 | 7.92 | 1.58 | 5.98 | 21.50 |
| Neuro / Stroke Rehabilitation | 9.37 | 9.10 | 2.01 | 7.77 | 23.82 |
| Wounds - Post-Op Wound Aftercare | 9.51 | 9.41 | 1.89 | 7.34 | 24.70 |
| Complex Nursing Interventions | 5.44 | 5.86 | 1.07 | 5.12 | 21.94 |
| Musculoskeletal Rehabilitation | 9.07 | 9.14 | 2.37 | 7.55 | 22.41 |
| Behavioral Health | 6.85 | 6.83 | 1.39 | 5.14 | 19.69 |
| MMTA - Surgical Aftercare | 8.58 | 8.63 | 1.89 | 6.91 | 22.26 |
| MMTA - Cardiac / Circulatory | 7.85 | 7.79 | 1.70 | 6.52 | 21.58 |
| MMTA - Endocrine | 9.46 | 8.10 | 1.80 | 9.27 | 39.51 |
| MMTA - GI / GU | 7.99 | 7.99 | 1.42 | 6.03 | 22.11 |
| MMTA - Infectious Disease | 7.59 | 7.61 | 1.25 | 6.14 | 21.83 |
| MMTA - Respiratory | 8.25 | 8.24 | 1.63 | 6.40 | 22.01 |
| Overall | 8.53 | 8.44 | 1.79 | 6.97 | 24.00 |

| | | | | | |
|--------------------------|--------|-------|------|------|------|
| Percent of Period Claims | 100.0% | 86.3% | 9.1% | 0.1% | 4.5% |
|--------------------------|--------|-------|------|------|------|

Source: SHP 30-Day Period Claims Billed Jan '20 – Dec '20

Visit Utilization

► Breakout by Period Sequence (Non-LUPA)

| Clinical Group | Period 1 | Period 2 | Period 3 | Period 4 | Period 5 + |
|----------------------------------|--------------|-------------|-------------|-------------|-------------|
| MMTA - Other | 10.76 | 6.60 | 7.40 | 6.42 | 6.80 |
| Neuro / Stroke Rehabilitation | 13.05 | 7.79 | 8.64 | 7.20 | 7.98 |
| Wounds - Post-Op Wound Aftercare | 12.23 | 9.05 | 9.52 | 8.91 | 9.63 |
| Complex Nursing Interventions | 9.71 | 6.49 | 6.44 | 5.65 | 5.65 |
| Musculoskeletal Rehabilitation | 11.76 | 7.03 | 8.16 | 6.72 | 7.52 |
| Behavioral Health | 10.28 | 6.10 | 6.45 | 5.54 | 5.39 |
| MMTA - Surgical Aftercare | 11.02 | 6.55 | 7.87 | 6.92 | 8.22 |
| MMTA - Cardiac / Circulatory | 11.58 | 6.89 | 7.04 | 6.08 | 6.30 |
| MMTA - Endocrine | 11.59 | 7.85 | 8.24 | 7.68 | 11.84 |
| MMTA - GI / GU | 11.00 | 6.89 | 7.29 | 6.50 | 6.59 |
| MMTA - Infectious Disease | 10.41 | 6.87 | 7.13 | 6.45 | 6.39 |
| MMTA - Respiratory | 11.31 | 6.88 | 7.29 | 6.27 | 6.50 |
| Overall | 11.62 | 7.28 | 7.98 | 6.98 | 7.79 |

Source: SHP 30-Day Period Claims Billed Jan '20 – Dec '20

Recognize how COVID-19 impacted PDGM results in 2020

COVID-19 Volume Statistics

- ▶ 30-Day Periods Start April '20 through December '20

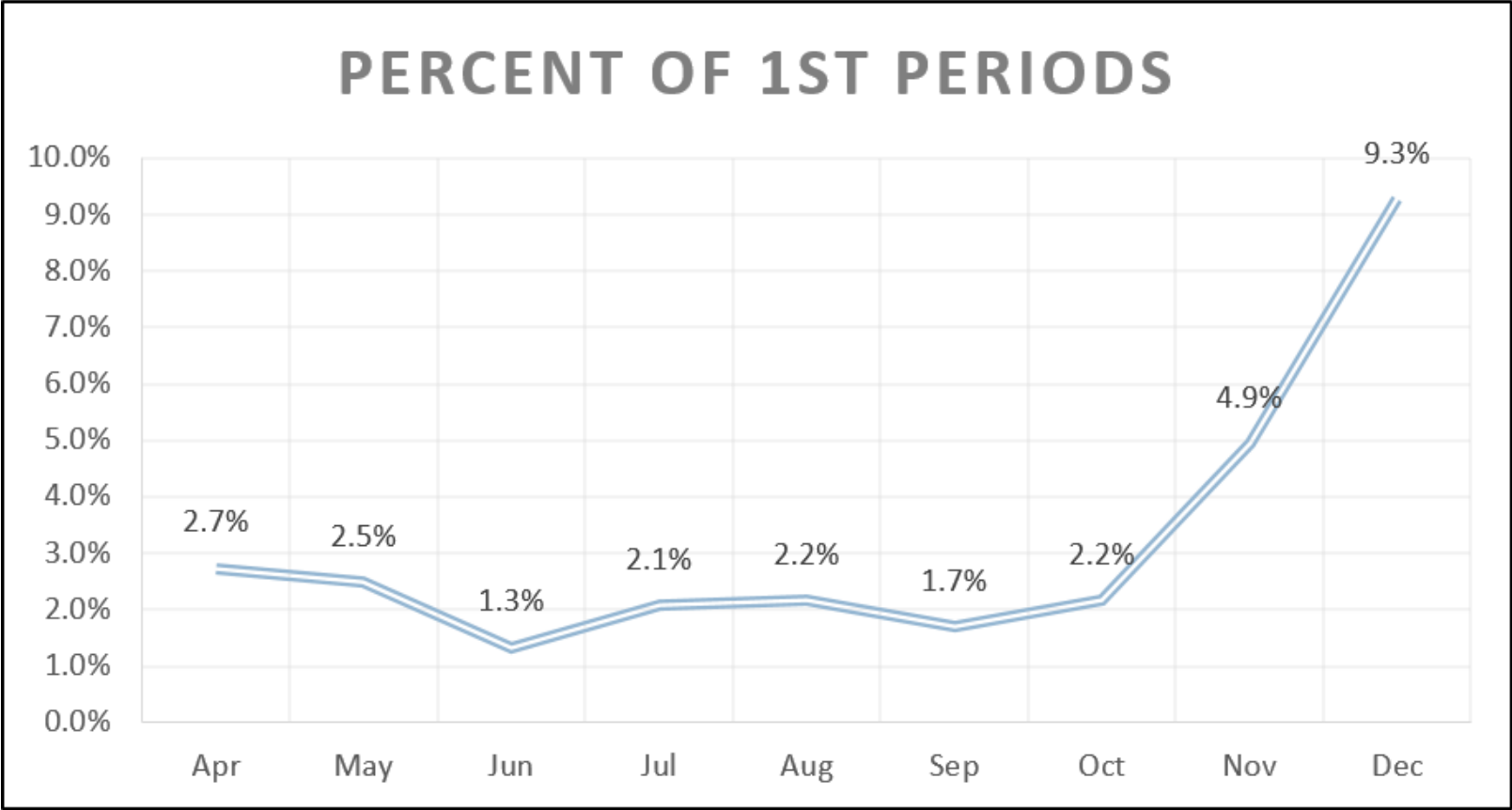
| Primary Diagnosis | Medicare PDGM Periods | All Payers |
|-------------------|-----------------------|------------|
| COVID-19 | 95,254 | 189,414 |
| All Diagnoses | 5,198,010 | 9,720,367 |
| Percent | 1.8% | 1.9% |

| COVID – 19 Medicare Periods | Region I - New England | Region II - Northeast | Region III - East | Region IV - South | Region V - Central | Region VI - Southwest | Region VII – Midwest | Region VIII - Mountain | Region IX - West | Region X - Northwest |
|------------------------------|------------------------|-----------------------|-------------------|-------------------|--------------------|-----------------------|----------------------|------------------------|------------------|----------------------|
| % of Periods | 1.5% | 2.7% | 1.9% | 1.7% | 2.5% | 1.5% | 2.8% | 2.1% | 1.4% | 1.0% |
| % of 1 st Periods | 2.5% | 3.9% | 3.0% | 3.1% | 4.0% | 3.4% | 4.4% | 3.4% | 2.3% | 1.8% |

Source: SHP National Database: April '20 – Dec '20

COVID-19 as a Percent of 1st Periods

► Based on SOC COVID-19 Patients to all 1st Period Patients



Source: SHP National Database: April '20 – Dec '20

PDGM Components – COVID-19

| Comorbidity Adjustment | SHP | COVID-19 |
|------------------------|---------------|---------------|
| None | 47.0% | 52.2% |
| Low | 38.0% | 38.0% |
| High | 15.0% | 9.8% |
| Total | 100.0% | 100.0% |

| Functional Impairment | SHP | COVID-19 |
|-----------------------|---------------|---------------|
| Low | 24.1% | 19.7% |
| Med | 31.6% | 30.9% |
| High | 44.3% | 49.4% |
| Total | 100.0% | 100.0% |

| Source & Timing | SHP | COVID-19 |
|-----------------|---------------|---------------|
| Early | 33.2% | 62.3% |
| Late | 66.8% | 37.7% |
| Total | 100.0% | 100.0% |
| Community | 71.3% | 38.8% |
| Institutional | 28.7% | 61.2% |
| Total | 100.0% | 100.0% |

Source: SHP 30-Day Period Starts April '20 – Dec '20

COVID-19 Medicare 30-Day Period Claim Statistics

▶ LUPA Rates and Visits April '20 – Dec '20

| Metric | COVID-19 Primary | All Primary Diagnoses |
|-----------------|------------------|-----------------------|
| LUPA Rate | 11.9% | 8.9% |
| Revenue/Period | \$1,871.06 | \$1,794.61 |
| Visits/Period | 8.39 | 8.37 |
| Case-Mix Weight | 1.136 | 1.059 |
| Outlier Rate | 3.4% | 4.3% |

Source: SHP National Database Claims Billed: April '20 – Dec '20

**Discuss potential changes we
might see in 2021**

Budget Neutrality

- ▶ CMS required to evaluate budget neutrality of PDGM for 6 years
 - ▶ Reconciliation with HHAs annually
 - ▶ May lead to increase or decrease in rates to achieve budget neutrality
- ▶ CY22 PDGM rulemaking will examine whether CY20 PDGM spending was “budget neutral”
- ▶ Compare spending under PDGM to spending that would have occurred if HHPPS stayed in operation
- ▶ Utilization changes due to Covid impact will not be directly considered: increased LUPAs; number of admissions; visit utilization
- ▶ Real change in case mix controls budget neutrality calculation; “nominal” change is excluded. CMS used similar approach in earlier “case mix creep” adjustments.

CMS Behavior Assumptions

TABLE 14: ESTIMATED 30-DAY BUDGET-NEUTRAL PAYMENT AMOUNTS

| Behavior Assumption | 30-day Budget Neutral (BN) Standard Amount | Percent Change from No Behavior Assumptions ¹ |
|--|--|--|
| No Behavior Assumptions | \$1,908.18 | |
| LUPA Threshold (1/3 of LUPAs 1-2 visits away from threshold get extra visits and become case-mix adjusted) | \$1,872.33 | -1.88% |
| Clinical Group Coding ² (among available diagnoses, one leading to highest payment clinical grouping classification designated as principal) | \$1,786.13 | -6.40% |
| Comorbidity Coding (assigns comorbidity level based on comorbidities appearing on HHA claims and not just OASIS) | \$1,903.46 | -0.25% |
| Clinical Group Coding + Comorbidity Coding + LUPA Threshold | \$1,748.11 | -8.389% |

Notes:

¹ Adding all the percent decreases for each behavior assumption results in a total percent decrease of -8.53 percent. However, there is overlap and interactions between the behavior assumptions and when combined, the budget-neutral payment amount results in a -8.389 percent decrease from the payment amount without these assumptions applied.

² The clinical group coding assumption has a higher percent decrease (-6.40 percent) in this year's final rule compared to the percent decrease in the CY 2019 HH PPS proposed rule (-4.28 percent). This is because the CY 2019 clinical coding assumption was based on the six proposed clinical groups and the CY 2020 clinical coding assumption is based on the finalized 12 clinical groups.

- ▶ **LUPA Threshold** – With the assumption cut in half, CMS was likely expecting a rate of 6.2%. Latest SHP YTD LUPA rate = 9.1%
 - ▶ Opposite from what CMS Predicted
 - ▶ Need to translate the dollar impact against the other assumptions

CMS Behavior Assumptions

- ▶ **Clinical Coding** – Some shifts to higher paying CMW Clinical Groups
 - ▶ Using Casemix weight factors from the Final Rule there is a 1.7% increase observed using the SHP ratios
- ▶ **Comorbidity Adjustment** – Significant increase in “High” level of Comorbidity
 - ▶ Using Casemix weights factors from the Final Rule there is a 1.1% increase observed using the SHP ratios

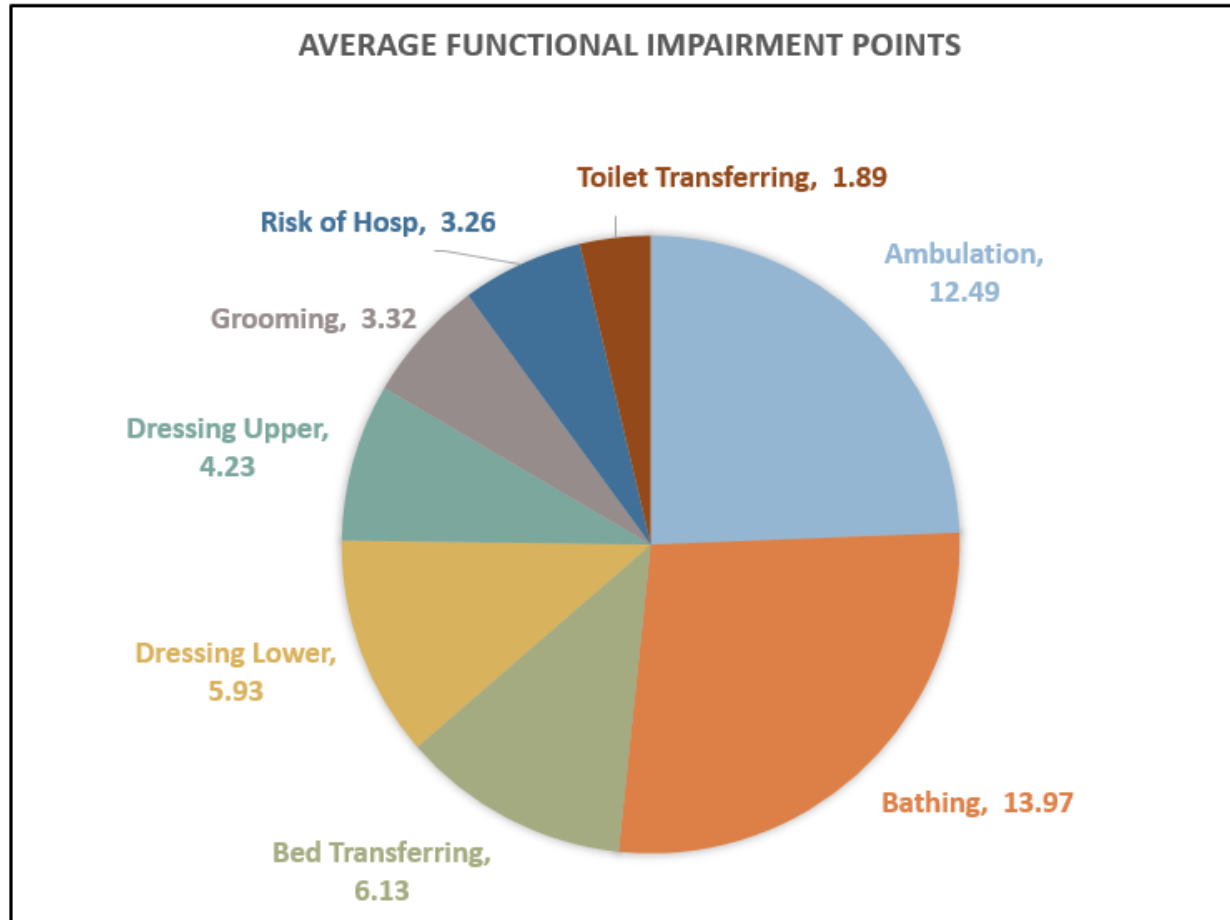
CMS Behavior Assumptions

Possible Behavior Changes not addressed in the final rule

- ▶ Change in Functional Impairment – Higher Casemix weight
- ▶ Longer Lengths of Stay (LOS) – more periods per Admission
- ▶ Change in First Period Only Episodes – more 2+ Periods
- ▶ Fewer Visits per Period – Could reflect lower costs
- ▶ Profitability – Outside of scope but something to watch

Functional Impairment

- ▶ Points Distribution By OASIS Item
- ▶ Total Points Avg. = 51.2
- ▶ Higher than CMS base-line points Avg. =45.9



Source: SHP 30-Day Period Starts Jan '20 – Dec '20

| Measure | % Chg |
|---------------------|--------------|
| Ambulation | 6.7% |
| Bathing | 11.8% |
| Bed Transferring | 10.6% |
| Dressing Lower | 5.8% |
| Dressing Upper | 12.7% |
| Grooming | 9.8% |
| Risk of Hosp | 57.6% |
| Toilet Transferring | 11.8% |
| Overall | 11.6% |

Length of Stay Measures

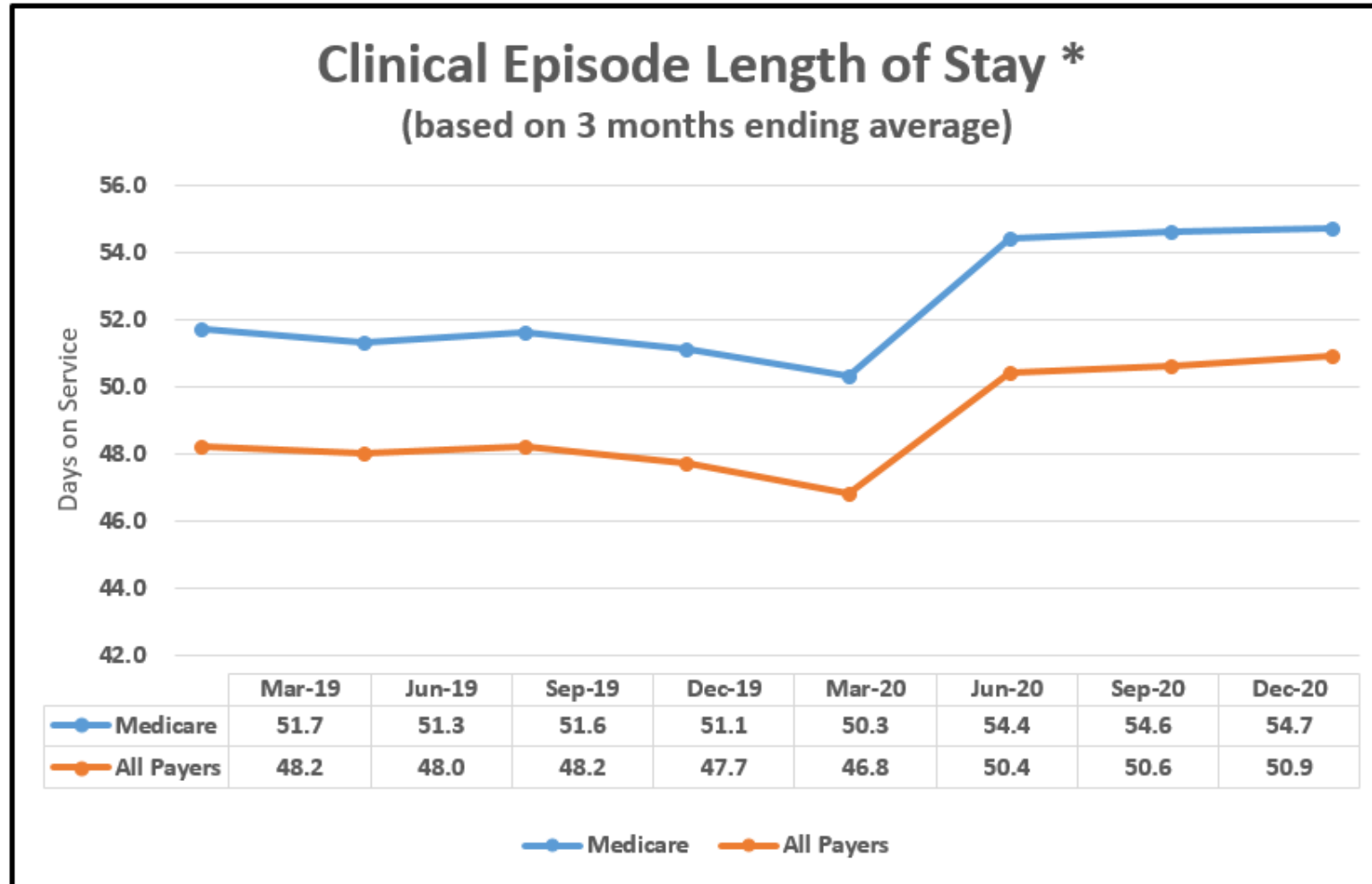
▶ Percent of First Period Only and Periods per Admission

CY 2020 Starts of Care Only

| Clinical Group | First Period Only | Any First Period | % First Only to All First Periods | Periods per Admission |
|------------------------------|-------------------|------------------|-----------------------------------|-----------------------|
| MMTA - Other | 32,064 | 92,429 | 34.7% | 1.97 |
| Neuro / Stroke Rehab | 92,371 | 303,109 | 30.5% | 2.09 |
| Wounds | 80,738 | 287,713 | 28.1% | 2.65 |
| Complex Nursing | 13,825 | 42,943 | 32.2% | 3.20 |
| Musculoskeletal Rehab | 332,691 | 701,732 | 47.4% | 1.70 |
| Behavioral Health | 15,359 | 53,752 | 28.6% | 2.37 |
| MMTA - Surgical Aftercare | 73,018 | 164,296 | 44.4% | 1.62 |
| MMTA - Cardiac / Circulatory | 127,781 | 416,038 | 30.7% | 2.32 |
| MMTA - Endocrine | 29,810 | 112,698 | 26.5% | 2.56 |
| MMTA - GI / GU | 54,605 | 150,242 | 36.3% | 1.93 |
| MMTA - Infectious Disease | 55,797 | 147,164 | 37.9% | 2.00 |
| MMTA - Respiratory | 92,681 | 262,582 | 35.3% | 1.90 |
| Overall | 1,000,740 | 2,734,698 | 36.6% | 2.06 |

Source: SHP 30-Day Period Starts Jan '20 – Dec '20

Home Health Clinical Episodes LOS



* Clinical Episode LOS = Days from SOC/ROC to Discharge

Source: SHP National Database: Jan '19 – Dec '20

Visits Per Period by Clinical Group

- Compares CMS Limited Data Set (LDS) visits to SHP National Data

All Periods

CMS LDS Files - CY 2018

| Clinical Group | National Avg Visits | National Avg Non-Therapy Visits | National Avg Therapy Visits |
|--------------------------------|---------------------|---------------------------------|-----------------------------|
| Behavioral Health | 7.84 | 4.44 | 3.39 |
| Complex Nursing Interventions | 6.59 | 5.05 | 1.54 |
| MMTA - Cardiac / Circulatory | 9.23 | 5.71 | 3.52 |
| MMTA - Endocrine | 11.14 | 8.09 | 3.05 |
| MMTA - GI / GU | 9.17 | 5.45 | 3.71 |
| MMTA - Infectious Disease | 8.77 | 5.67 | 3.10 |
| MMTA - Other | 9.16 | 5.95 | 3.21 |
| MMTA - Respiratory | 9.39 | 5.27 | 4.12 |
| MMTA - Surgical Aftercare | 9.62 | 5.89 | 3.73 |
| Musculoskeletal Rehabilitation | 10.53 | 3.88 | 6.65 |
| Neuro / Stroke Rehabilitation | 11.23 | 4.19 | 7.05 |
| Wounds | 10.87 | 8.52 | 2.35 |
| Overall | 9.86 | 5.33 | 4.53 |

All Payment Types

SHP CY 2020 Jan - Dec Claims

| Clinical Group | National Avg Visits | National Avg Non-Therapy Visits | National Avg Therapy Visits |
|--------------------------------|---------------------|---------------------------------|-----------------------------|
| Behavioral Health | 6.85 | 3.34 | 3.52 |
| Complex Nursing Interventions | 5.44 | 4.36 | 1.09 |
| MMTA - Cardiac / Circulatory | 7.85 | 4.38 | 3.47 |
| MMTA - Endocrine | 9.46 | 6.41 | 3.06 |
| MMTA - GI / GU | 7.99 | 4.53 | 3.46 |
| MMTA - Infectious Disease | 7.59 | 4.55 | 3.05 |
| MMTA - Other | 7.95 | 3.67 | 4.27 |
| MMTA - Respiratory | 8.25 | 4.37 | 3.87 |
| MMTA - Surgical Aftercare | 8.58 | 5.09 | 3.48 |
| Musculoskeletal Rehabilitation | 9.07 | 2.78 | 6.29 |
| Neuro / Stroke Rehabilitation | 9.37 | 3.12 | 6.26 |
| Wounds | 9.51 | 7.61 | 1.90 |
| Overall | 8.53 | 4.54 | 3.99 |

% Variance

| Clinical Group | National Avg Visits | National Avg Non-Therapy Visits | National Avg Therapy Visits |
|--------------------------------|---------------------|---------------------------------|-----------------------------|
| Behavioral Health | -12.5% | -24.9% | 3.6% |
| Complex Nursing Interventions | -17.4% | -13.8% | -29.3% |
| MMTA - Cardiac / Circulatory | -15.0% | -23.3% | -1.4% |
| MMTA - Endocrine | -15.1% | -20.9% | 0.3% |
| MMTA - GI / GU | -12.8% | -16.9% | -6.8% |
| MMTA - Infectious Disease | -13.5% | -19.8% | -1.8% |
| MMTA - Other | -13.3% | -38.3% | 33.2% |
| MMTA - Respiratory | -12.2% | -17.0% | -6.0% |
| MMTA - Surgical Aftercare | -10.9% | -13.5% | -6.7% |
| Musculoskeletal Rehabilitation | -13.8% | -28.3% | -5.4% |
| Neuro / Stroke Rehabilitation | -16.6% | -25.6% | -11.2% |
| Wounds | -12.6% | -10.7% | -19.4% |
| Overall | -13.5% | -14.8% | -11.9% |

Source: SHP 30-Day Period Claims Billed Jan '20 – Dec '20

National Standardized Margins

- ▶ Overall margins look strong to date: Period average: 27.8%
Stay average: 28.9%

| Clinical Group | Period Margin | Stay Margin |
|------------------------------|---------------|--------------|
| MMTA - Other | 28.2% | 29.3% |
| Neuro / Stroke Rehab | 26.3% | 26.9% |
| Wounds | 26.1% | 30.5% |
| Complex Nursing | 37.8% | 29.4% |
| Musculoskeletal Rehab | 25.5% | 27.0% |
| Behavioral Health | 30.2% | 29.0% |
| MMTA - Surgical Aftercare | 24.7% | 27.8% |
| MMTA - Cardiac / Circulatory | 30.1% | 29.5% |
| MMTA - Endocrine | 31.5% | 35.1% |
| MMTA - GI / GU | 27.9% | 29.4% |
| MMTA - Infectious Disease | 29.3% | 30.3% |
| MMTA - Respiratory | 28.8% | 30.2% |
| Overall | 27.8% | 28.9% |

Source: SHP PDGM Scorecard Overview Jan '20 – Dec '20

Key Lessons Learned

- ▶ COVID-19 is impacting the expected transition from PPS to a steady state under PDGM
- ▶ Behavioral Changes are mixed to what CMS projected
- ▶ CMS may consider other behavioral adjustments in the future
- ▶ Functional Impairment threshold points for Low, Medium and High will likely be updated to recalibrate a more even distribution (1/3rd, 1/3rd, 1/3rd) similar to annual updates of the Functional PPS recalibrations
- ▶ The largest factor in CMW benchmark differences is related to the proportion of Early/Late periods
- ▶ While many of the average PDGM metrics shared are helpful, there is a wide variance based on CMS Region and down to the state and provider level

Key Lessons Learned

- ▶ Telephony may be contributing to the lower visits per period compared to the CMS LDS
- ▶ Managing avoidable LUPA's is complicated with the 5 different visit thresholds – agencies need to identify where they have higher rates and update their workflow to manage these cases
- ▶ Profitability for late periods may be greater or less depending on LUPA rates and visits rather than case-mix weight
- ▶ Proposed rule for CY 2022 could see the BA addressed and updates to the case-mix values based on updated claims data from CY 2020. If so, there will be differences between the proposed and final rule after additional claims are analyzed for CY 2020.

Thank You for Attending!

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Questions and Answers

Winning Wednesday Webinar Series