

MDS 3.0 Guidance Document
Department of Medical Assistance Services
Provider Reimbursement Division
Revised December 2014

Use of MDS Data in Medicaid Rate Setting

Effective July 1, 2014, the Virginia Department of Medical Assistance Services (DMAS) began the conversion of nursing facility reimbursement to a price-based methodology. For dates of service on or after November 1, 2014, DMAS fully implemented this methodology and requires nursing facilities to submit Resource Utilization Group (RUG) codes on nursing facility claims. The RUG code determined from Minimum Data Set (MDS) assessment identifies the severity level of resident based on the RUG score or Case Mix Index (CMI).

MDS 3.0

On October 1, 2010 The Centers for Medicare and Medicaid Services (CMS) implemented 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 Assessments using MDS 3.0

Virginia has not changed the RUGS grouper that is currently used. Under MDS 2.0 DMAS used the RUGS III, 34 Grouper, Version 5.12, Index Maximizing Calculation. DMAS now uses the RUGS III, 34 Grouper, Version 5.20, Index Maximizing Calculation. The Medicaid version will continue to be updated as determined by CMS for MDS 3.0.

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 have seen few, if any, changes upon implementation of MDS 3.0 with regard to calculating RUGS scores. Providers should continue to submit MDS 3.0 data as instructed by CMS in collaboration with the Virginia Department of Health (VDH). DMAS does not require any additional documentation. VDH supplies DMAS with a copy of the MDS 3.0 data and the assigned RUG for the RUGS III grouper.

DMAS did not upgrade to RUGS IV with the transition to MDS 3.0; therefore, providers should not see any change in the manner in which resident severity or resource utilization is assigned. Providers will be given notice of any change to the grouper used.

For calculation of the RUGS/CMI, DMAS requires 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, Cil Bullard, (804) 367-2141 or Priscilla.Bullard@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 30-90-306](#).
- Technical information on the RUGS and CMI processes formerly used by Virginia Medicaid was available in [Appendix F](#) of the DMAS Nursing Facility Manual. DMAS will be revising the nursing home manual to reflect the use of RUGS in the price-based methodology.
- Effective December 3, 2014, DMAS has discontinued the quarterly RUGS research process. Questions about nursing facility reimbursement should be submitted to NFPayment@dmass.virginia.gov.