

**LSA NUMBER:** 10-183(F)  
**TITLE:** MDS 3.0 Conversion  
**DIVISION:** Division of Aging & OMPP  
**PREPARED BY:** Attorney: Kevin Wild

**OVERVIEW OF RULE:** Amends 405 IAC 1-14.6-2, 405 IAC 1-14.6-4, 405 IAC 1-14.6-7, 405 IAC 1-15-2, 405 IAC 1-15-3, 405 IAC 1-15-5, 405 IAC 1-15-6, and 405 IAC 1-15-7.

This rule amendment is required to comport with federal requirements (42 CFR Part 483) implementing version 3.0 of the Minimum Data Set (MDS) effective October 1, 2010. Version 3.0 of the MDS no longer captures Special Care Unit (SCU) information that is used in the case mix reimbursement system, making this rule amendment necessary to capture SCU information through the annual cost reporting processes.

While completion of resident room numbers on version 3.0 on the MDS is not mandated by federal MDS requirements, this rule amendment requires that such room numbers be completed and submitted since this information is essential to correctly determine Medicaid case mix reimbursement for special care units. The MDS transmission, therapy and nursing restorative requirements are being removed since these requirements are included in federal regulations.

This rule amendment also increases the percentage that the administrative reimbursement component is reduced due to unsupported resident assessment to provide a stronger incentive for facilities to meet minimum MDS requirements. Additionally, the maximum frequency between MDS audits is being increased from no less often than once every fifteen (15) months under the current rule, to no less often than every thirty-six (36) months under this rule amendment to recognize a reduced overall risk of unsupported assessments. Lastly, the frequency and time period that preliminary CMI reports are issued is being modified to better correspond with the MDS reporting cycle.

**FISCAL IMPACT:** The Family and Social Services Administration (FSSA) Office of Medicaid Policy and Planning (OMPP) anticipates that there would be no fiscal impact to providers due to this rule amendment.

**ECONOMIC IMPACT:** FSSA has determined that the proposed rule does not have an economic impact of greater than five hundred thousand dollars (\$500,000) on the regulated entities. FSSA estimates that 5 of the providers that are considered small businesses and have a special care unit affected by the amendments will incur an additional cost of approximately \$200 per facility for recordkeeping or other administrative cost to comply with this proposed rule amendment.

**OPPONENTS:** None known.

**PROPONENTS:** None known.

**RECOMMENDATIONS:** None.

**PUBLIC HEARING COMMENTS:** A public hearing was held September 21, with no comments received.