OFFICE OF THE GOVERNOR
Walter Sillers Building | PO Box 2222 | Jackson, Mississippi 39225

MISSISSIPPI DIVISION OF MEDICAID

TO: Nursing Facilities

FROM: Mississippi Division of Medicaid (DOM)

DATE: October 10, 2025

RE: Transition from RUG-IV to PDPM

Due to the Centers for Medicare and Medicaid Services (CMS) October 1, 2019 decision to replace the RUG-IV assessment, the Mississippi Division of Medicaid (DOM) will no longer use RUG-IV for its case mix reimbursement payment methodology. Effective January 1, 2026, the nursing home payment methodology will transition to the Patient-Driven Payment Model (PDPM).

Patient Driven Payment Model (PDPM)

To comprehensively measure nursing home resident acuity, DOM will implement a blended approach that incorporates all PDPM components as follows:

PDPM Component	Percentage
Nursing	50%
Physical Therapy	15%
Occupational Therapy	15%
Non-Therapy Ancillary	12%
Speech, Language and Pathology	8%

The case-mix index (CMI) weights as listed in the final Skilled Nursing Facility (SNF) Prospective Payment System (PPS) payment rule for FY 2025 (CMS-1802-F) will be utilized for reimbursement. See the weights below:

HIPPS Code	PT CMI	OT CMI	SLP CMI	Nursing CMG	Nursing CMI	NTA CMI
A	1.45	1.41	0.64	ES3	3.84	3.06
B	1.61	1.54	1.72	ES2	2.90	2.39
C	1.78	1.60	2.52	ES1	2.77	1.74
D	1.81	1.45	1.38	HDE2	2.27	1.26
E	1.34	1.33	2.21	HDE1	1.88	0.91
F	1.52	1.51	2.82	HBC2	2.12	0.68
G	1.58	1.55	1.93	HBC1	1.76	-
H	1.10	1.09	2.70	LDE2	1.97	-
I	1.07	1.12	3.34	LDE1	1.64	-
J	1.34	1.37	2.83	LBC2	1.63	-
K	1.44	1.46	3.50	LBC1	1.35	-
L	1.03	1.05	3.98	CDE2	1.77	-

M	1.20	1.23	-	CDE1	1.53	-
N	1.40	1.42	-	CBC2	1.47	-
O	1.47	1.47	-	CA2	1.03	-
P	1.02	1.03	-	CBC1	1.27	-
Q	-	-	-	CA1	0.89	-
R	-	-	-	BAB2	0.98	-
S	-	-	-	BAB1	0.94	-
T	-	-	-	PDE2	1.48	-
U	-	-	-	PDE1	1.39	-
V	-	-	-	PBC2	1.15	-
W	-	-	-	PA2	0.67	-
X	-	-	-	PBC1	1.07	-
Y	-	-	-	PA1	0.62	-

For all PDPM assessments, the days following an inactive or expired assessment (starting the 93rd day) will be assigned the delinquent PDPM classification of BC1, Inactive Category, with a CMI of 0.751, or equivalent to the lowest case mix category blend, until the next assessment is received.

Alzheimer unit weights were previously calculated based on actual time and salary information of caregivers. The PDPM weights have been determined using a crosswalk between RUG-IV and PDPM, and the same proportionate percentage adjustment was applied. Please note that the Alzheimer's unit weights only apply to the nursing component of PDPM. Alzheimer's Unit CMI weights shall be as follows.

PDPM Category	**Nursing HIPPS Code**	**Regular Unit**	**Alzheimer's Unit**
ES3	A	3.84	
ES2	B	2.9	
ES1	C	2.77	
HDE2	D	2.27	
HDE1	E	1.88	
HBC2	F	2.12	
HBC1	G	1.76	
LDE2	H	1.97	
LDE1	I	1.64	
LBC2	J	1.63	
LBC1	K	1.35	
CDE2	L	1.77	2.266
CDE1	M	1.53	1.958
CBC2	N	1.47	1.882
CA2	O	1.03	1.318
CBC1	P	1.27	1.626

CA1	Q	0.89	1.139
BAB2	R	0.98	1.686
BAB1	S	0.94	1.617
PDE2	T	1.48	1.894
PDE1	U	1.39	1.779
PBC2	V	1.15	1.472
PA2	W	0.67	0.858
PBC1	X	1.07	1.37
PA1	Y	0.62	0.794

PDPM Phase-in Approach

To ensure providers have ample time for the transition to PDPM in the nursing home Medicaid payment methodology, DOM will implement a phase-in approach for a period of 12 months using a corridor methodology to limit rate changes to the direct care/care related rate component to no more than $5 per patient per day. Providers will not experience more than a $5 gain or more than a when compared to the RUG-based equivalent direct care/care related rate for the January 1, 2026 rebase.

To further ensure a successful transition, DOM will provide "shadow" PDPM-based rates for the July 2025 and October 2025 quarters. The "shadow" rates are informational only and will not be used for payment, as rates for the remainder of 2025 will continue to be based on the current RUG-IV methodology. Please note the "shadow" rates are to be distributed prior to the October 2025 training sessions. See training announcement for additional details around the training sessions.

Bed Hold Treatment

Historically, the Mississippi Division of Medicaid (DOM) has required that for CMI calculation purposes, residents on leave be classified as the lower of 1.000 or the resident's CMI at the time they go on leave. Effective for assessment reference dates (ARDs) October 1, 2025, for CMI calculation purposes, the lower of CMI treatment will be discontinued. With this change, providers will no longer be required to enter adjustments for bed holds into the MDS portal. Additionally, bed hold information will not be included in Nurse Reviews for ARDs starting October 1, 2025.

New Therapy Component

A new therapy per diem will be included in the per diem rate for Medicaid-only physical therapy, occupational therapy, and speech language pathology. For the new therapy component, Medicaid paid claims will be utilized to calculate the new therapy per diem for rate year 2026, however, for future periods, all relevant cost and charge information necessary to calculate this rate component will be captured in a new schedule in the cost reporting forms. To ensure all necessary data is captured for 2025 for all providers, a supplemental form may be distributed to providers who submit cost reports prior to the release of the cost reporting forms with the new

therapy schedule. Additional information will be forthcoming, which will include a new cost report template (and supplemental report, if applicable), new cost reporting instructions, and a filing memo which will discuss what requirements are new for the cost reporting submission process.

If you have any questions regarding this transition, please do not hesitate to reach out to Myers and Stauffer at MississippiLTC@mslc.com.