



STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
DIVISION OF TENNCARE  
310 Great Circle Road  
Nashville, Tennessee 37243

**IMPORTANT MEMO**

**DATE:** October 5, 2018

**TO:** Medicaid Nursing Facility (NF) Providers  
TennCare Health Plans

**FROM:** Patti Killingsworth, Assistant Commissioner  
Chief of Long-Term Services and Supports (LTSS)

**CC:** Tennessee Health Care Association  
Nursing Facility QuILTSS Stakeholder Group  
William Aaron, Chief Financial Officer and Zane Seals, Deputy Chief Financial Officer  
Karen Lewis, Interim Acting Director of LTSS Value-Based Purchasing  
Erika Stanley, Assistant Director of LTSS Value-Based Purchasing

**SUBJECT:** **Implementation of New Acuity and Quality Adjusted NF Reimbursement Methodology and QuILTSS #11 Quality Measurement Period**

**The purpose of this memo is to provide important updates regarding quality-related components of the new acuity and quality adjusted NF reimbursement methodology and the specific requirements for the QuILTSS #11 quality measurement period—specifically as it relates to Satisfaction and Culture Change/Quality of Life measures.**

As advised in the May 1<sup>st</sup> memo, consistent with feedback received from NFs and other stakeholders, QuILTSS #11 will mark the implementation of standardized measurement approaches, and set the stage for transition to quality outcome measures and benchmarks in future rate setting periods. This includes the implementation of standardized instruments and data collection methods for the three Satisfaction measures (Resident, Family and Staff) and the four Culture Change/Quality of Life measures (Resident Choice, Respectful Treatment, Resident/Family Input, and Meaningful Activities). Combined, these seven measures comprise 65 of the 100 possible quality performance points (excluding bonus points) in QuILTSS.

We will be combining the survey processes for these measure sets to ease survey fatigue, but will employ distinct measure sets for each quality domain and measure. We have been working with the Tennessee Health Care Association and other NF stakeholders to identify measurement tools and processes that will best meet the needs of the industry in Tennessee and the goals of the QuILTSS Initiative. **We continue to be *incredibly* grateful to all of our partners for their time, commitment, and invaluable input throughout this process.**

**The vendor that has been selected to support facilities in this process is NRC Health.**

We plan to use NRC Health’s “standard” Resident Satisfaction Survey, Family Satisfaction Survey and Staff Satisfaction Survey instruments with CoreQ questions. Each instrument will be scored for purposes of calculating the facility’s performance for each of the respective (Resident, Family, Staff) satisfaction measures in QuILTSS.

In addition, we will ask a separate set of questions for each of the four Culture Change, Quality of Life measures. The last question in each of these measure sets, which will always be an overall question, will be scored for purposes of calculating each facility’s performance for that measure in QuILTSS. The other questions in the set can be used by the facility to help inform quality improvement efforts (i.e., help the facility determine the actions they want to take to improve the score) for that measure. Over time, we hope to determine through analysis which of the factors have the greatest impact on each measure and may adjust questions accordingly.

For purposes of QuILTSS, these measurement processes will be conducted with **all Medicaid residents and all long-stay residents**, regardless of payer source. For purposes of CoreQ, long-stay residents include only those individuals who have been residents in the facility for 100 days or more. In order to participate in CoreQ, we will use the same definition for QuILTSS. A facility may elect under a separate agreement with NRC to conduct additional surveys or survey additional resident groups, including short-stay, discharge, etc.

For purposes of the QuILTSS #11 measurement period, points for the Satisfaction and Culture Change/Quality of Life measures will be awarded based on each facility’s adoption and implementation of standardized measures, survey instrument(s) and methodologies for each measure as described herein. To be eligible for points, a facility must sign an agreement with NRC Health, agree that the data will be submitted by NRC Health to TennCare, participate in training, and complete the survey process in the manner prescribed.

We plan to conduct the baseline survey early in the New Year (2019)—late January/early February. This is based on feedback that the holiday months (November and December) are not preferred times for conducting these surveys. All facilities (including those who may have other contractual relationships with NRC Health) will participate in the baseline survey in order to standardize the survey methodology. A webinar will be scheduled in November to further discuss the timeline/survey process.

Going forward, we will maintain an annual survey schedule early in the New Year with those surveys informing the rate setting process effective July 1 of that year. Data collected during the baseline year will be used, in consultation with THCA and other NF stakeholders, to establish a quality outcome benchmark for each measure in the second measurement year which will be used to establish rates for July 1, 2020. Beginning in 2020, a facility’s quality incentive score will be based in part on whether the facility achieves the performance benchmark for each measure and for facilities that do not achieve the benchmark, a lesser score based on the percentage of improvement over the baseline year. If a facility does not participate in the baseline year (2019), it will not be eligible for points based on improvement and would be required to meet or exceed the benchmark in order to receive points in year 2 (2020). The first two years of performance data will be used (in consultation with THCA and other NF stakeholders) to establish benchmarks for next 3-year rating period.

Survey results will also be provided directly to each NF for quality improvement purposes. Each NF will be able to use their survey results to determine the actions they will take in order to improve Satisfaction measures going forward. They will no longer need to provide evidence of these actions to TennCare, as their Satisfaction and Culture Change/Quality of Life outcomes will reflect the efficacy of their quality improvement efforts.

TennCare hopes to cover the cost of the development and implementation of this survey process, and the collection of baseline data as part of the federal SIM (State Innovations Model) test grant funded by the Centers for Medicare and Medicaid Innovations. While this is a longstanding part of our approved grant, we must obtain specific approval of these funds before we will know for certain that these costs will be covered. NRC Health has agreed to adjust existing agreements with partners currently contracted with them. A discount will be provided at the time a facility renews their agreement based on the services being provided to them by NRC Health. A member from NRC Health will be in contact with partner facilities once the funds for this project have been approved. Going forward, we plan to work with THCA to submit a request for CMP funding to help support facilities with the costs of these quality improvement efforts.

Additional information will be provided as it becomes available. Questions regarding this memo or the QuILTSS Initiative should be directed [QuI.LTSS@tn.gov](mailto:QuI.LTSS@tn.gov)