



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

IMPORTANT MEMO

DATE: August 8, 2014

TO: Medicaid Nursing Facility (NF) Providers
TennCare Managed Care Organizations

FROM: Patti Killingsworth, Assistant Commissioner
Chief of Long-Term Services and Supports (LTSS)
Casey Dungan, Assistant Commissioner
Chief Financial Officer

SUBJECT: QUILTSS Bridge Payment Submission and Training

The purpose of this memo is to provide additional IMPORTANT and TIME-SENSITIVE information about QuILTSS Bridge Payment submission and training. Complete and timely submission of this information will affect your TennCare reimbursement for Nursing Facility (NF) services.

On August 5th, you received a memo regarding "Quality Payments to Nursing Facilities." The memo included a document entitled, *QuILTSS Nursing Facility Value-Based Purchasing Quality Framework*, which described how quality-based payments will be determined by TennCare. The *Quality Framework* includes an approach for the new nursing home reimbursement methodology that we anticipate will be implemented in FY 2016 and a separate approach that will be used during the "bridge" or transition year to determine quarterly payments for quality-based adjustments to the FY 2015 per diem rates.

This memo provides additional information regarding the submission of quality data that will be used to determine the first quarterly bridge payment, including training materials that are specifically designed to prepare you to complete the submission process. The Lipscomb University School of TransformAging has worked with TennCare to develop a web-based document to support facilities' submission of quality data and an online training program that instructs facilities how to properly complete the required online form and upload attachments in support of their quality payments. These training materials will be available for online viewing beginning Monday, August 11, 2014 at <https://tn.gov/tenncare/article/ltss-training>. Click on the "QuILTSS Bridge Payment Submission Training" link. We will post as soon as possible on Monday, but no later than close of business. We ask facility staff that will be responsible for submission of your facility's quality data to **complete this training no later than Friday, August 15, 2014.** (The training materials will remain available through September 15, 2014 for your ongoing reference.)

The training presentation will contain another link to the actual online form to be used in bridge payment submissions that is due to TennCare by 4:30 p.m. Central Time, Monday, September 15, 2014.

As previously stated, **it is critical that every facility complete the training by August 15th, and begin immediately compiling bridge payment documentation for timely submission to TennCare by 4:30 p.m. CT, September 15th.** This will allow TennCare to evaluate the submissions and process the first quarterly bridge payments by late October. Submissions received after the deadline specified above will not be evaluated for the first quarterly payment. You may only submit your documentation once per quarter and that submission is final; there will be no revisions, alterations, or adjustments allowed. TennCare will inform facilities who submit information of quality performance results by October 15, 2014.

As you know, these payments for quality and for acuity will be made using new revenue generated from the new assessment fee. TennCare, in cooperation with the Tennessee Health Care Association (THCA), is working to determine the amount of the SFY15 assessment fee, and will have the amount due for each facility by the end of the month. Per the legislation that created this fee, the total collected will be 4.5% of statewide industry revenues. The assessment--both in total and for each facility--will be calculated using the most recently available cost report data that has been desk-reviewed by the Office of the Comptroller. Payment of your facility's assessment will be due once per quarter and will stay constant throughout the year, divided into four equal payments.

A portion of the total assessment fee paid by your facility will be included in your per diem rate, just as it was with the former bed tax. Additional revenue generated from the assessment fee will allow changes to the nursing facility per diem reimbursement methodology to better reflect the acuity of residents served by your facility and the quality of services provided.

During State Fiscal Year 2015 (July 1, 2014-June 30, 2015), the "bridge year," acuity and quality-based adjustments to the per diem rate will be made as quarterly lump sum payments. Facilities will receive four such quarterly payments. The payments will be made by the MCOs.

- Acuity payments will be calculated using several data points including the cost of providing direct care, number of patient (including Medicaid) days, and acuity scores as calculated from your MDS data. These payments will be determined in a similar manner to the method used for the acuity completion payment in Spring 2013.
 - As dictated by the legislation, the total amount of acuity-based payments during the bridge year will be 60% of the "additional" money generated by the assessment fee.
- Quality payments will be calculated for each facility based on the volume of Medicaid resident days and the percentage of total quality points earned for the quarter. Quality scores will be calculated each quarter (as described in the *Quality Framework*) to recognize changes in performance, and payments will be adjusted accordingly.
 - Also dictated by the legislation, the total amount of quality payments during the bridge year will be 20% of the "additional" money generated by the assessment fee.
 - It will be divided into fourths with a small set-aside in case a review determines that a facility's payment should have been higher.
 - Any unused moneys (from the set aside) will roll forward to the total amount available for the next quarter.

- The entire “fourth” will be paid out each quarter, and will depend on the number of facilities submitting quality data, the points each facility achieves, and the volume of Medicaid bed days for each submitting facility.
- The potential quality payment of any facility is not insignificant. Facilities with higher Medicaid resident volume and of course, those with higher quality performance have the opportunity to earn higher payments.

Starting in FY 2016, we anticipate incorporating acuity and quality payments as part of the per diem rate setting process. The final methodology is being developed in cooperation with THCA. While the specific amount of the new funds generated by the assessment fee that will be dedicated to quality on an ongoing basis has yet to be determined, TennCare is committed to ensuring that it is sufficient to properly incentivize and reward facilities’ quality improvement efforts and quality performance.

TennCare and the THCA will conduct a webinar in late August to provide additional detail about both the assessment fee and these payments.

Questions about the *Quality Framework*, including submission and training processes, should be directed to Jay Taylor, Deputy of LTSS Audit and Compliance at jay.taylor@tn.gov.

Questions about the assessment fee and reimbursement methodology should be directed to William Aaron, Deputy Chief Financial Officer at william.aaron@tn.gov.