

June 19, 2018

TennCare Contracted Nursing Facilities:

The purpose of this memo is to provide additional information pertaining to implementation of the new quality- and acuity adjusted reimbursement system for Nursing Facilities (NFs). This system has been developed in consultation with the Tennessee Health Care Association, and with significant input from NF providers and stakeholders. For ease of review, changes from the memo issued on June 14, 2018 are tracked in blue underline in the attached, except that URLs have **not** changed since the 6/5 and 6/14 versions.

As you know, effective July 1, 2018, there will no longer be distinct Level 1 and Level 2 Nursing Facility rates in the CHOICES program. Under the new reimbursement system, each NF will have a blended quality- and acuity- adjusted per diem rate which takes into account the case mix of residents in the facility and the facility's quality performance in QuILTSS.

The new TennCare Rule 1200-13-02 (available at http://publications.tnsosfiles.com/rules_filings/05-01-18.pdf) which operationalizes the new reimbursement system becomes effective on July 30, 2018. Thus, the **Nursing facility reimbursement rate changes will be implemented August 1, 2018, but with an effective date of July 1, 2018.**

Beginning July 1, 2018, Skilled Services may still be requested on the PAE for purposes of calculating the acuity score for level of care determination, but not for purposes of reimbursement (other than Enhanced Respiratory Care for contracted ERC facilities). Enhanced Respiratory Care (ERC) Reimbursement submission and approval processes will not change *except* that ERC rates will be an add-on **to the NF's blended per diem rate**. TPAES will be streamlined for ERC requests.

Level of Care Eligibility and CHOICES Enrollment Segments

Effective 6/30, all existing CHOICES 1b segments (currently level 2 reimbursement **and** ERC) will end, *except* for people who qualify for ERC reimbursement.

- If a person has BOTH a 1a ("regular" NF LOC) AND 1b (skilled or ERC) segment, the 1b segment will be closed, and the 1a segment will continue, *unless* the person qualifies for ERC reimbursement.
- If a person has ONLY a 1b segment (and is not eligible for ERC), it will be converted to a 1a segment, with the same end date currently applicable to the 1b segment. This is a person whose continued LOC eligibility is contingent on the need for the skilled service.

Effective 7/1, the ONLY 1b segments will be for people who qualify for ERC reimbursement.

Billing beginning July 1, 2018

Your new blended rate will be loaded to your Medicaid Level 1 ID. **For dates of service July 1, 2018 and after, NFs will bill for ALL TennCare non-ERC CHOICES residents using your Medicaid Level 1 ID and revenue code 191** and for any such claims paid *prior* to August 1, 2018, will *initially* be paid the current Level 1 rate. Once new rates are implemented on August 1, 2018 and retroactive to July 1, 2018, MCOs will retroactively adjust any claims paid at the Level 1 rate for dates of service between 7/1 and 7/31 to reflect the new blended rate. NFs will **not** be required to resubmit claims for these adjustments. Any claims paid on or after August 1, 2018 for dates of service 7/1 and after will be paid at the appropriate new blended rate, and adjustment will not be required.

If you are a dual certified facility (i.e., participate in the Medicare as well as Medicaid program), at least for now, you **will** also maintain your Medicaid Level 2 ID. Your new blended rate will also be loaded to your Medicaid Level 2 ID **for purposes of processing crossover claims**. (The NPI that you use for billing SNF claims is currently mapped to your Medicaid Level 2 ID for crossover claims.)

If you are a dual certified facility that is also a contracted ERC facility, your new blended rate will also be your base rate for ERC Reimbursement. TennCare will continue to send your add-on ERC rate amounts to each MCO, based on your ERC Quality Tier.

For dates of service July 1, 2018 and after NFs will bill for CHOICES residents using your Medicaid Level 2 ID and revenue code 192 ONLY for ERC. Be sure you do not use your Medicaid Level 2 ID to bill CHOICES NF claims *except* for ERC claims.

You must bill with the correct Medicaid ID and revenue code in order to be reimbursed.

Unless you are a dual certified facility, your Medicaid Level 2 ID will be closed effective June 30, 2018. At some point in the future, *all* Medicaid Level 2 IDs will be closed *except* for contracted ERC facilities. (Your NPI will then map to your Medicaid Level 1 ID for crossover claims.) This transition should be seamless for facilities.

As a reminder, Level 1 bed hold days are no longer covered and should not be billed effective 7/1/18.

NOTE that this reimbursement system governs payments to NFs under the CHOICES program only. All members receiving **long-term** services and supports **must** be enrolled in CHOICES in order to be eligible for Medicaid reimbursement of NF services. MCOs may also have limited special contract arrangements with NFs for **short-term episodes of care** in the NF in order to facilitate hospital discharge when continued stay in the hospital would otherwise be required or to stabilize a condition rather than admit to hospital when hospital admission would otherwise be required. In such case, the contract arrangement typically contemplates a higher level of skilled care, is offered at the MCO's sole discretion as a cost-effective alternative to the hospitalization

the MCO would otherwise be responsible for providing and at the payment rate prescribed under the special contractual arrangement, and only for the period of time that hospitalization would otherwise be needed. Revenue codes for these cost-effective alternative services shall be determined by the MCO based on the applicable level of care required. A member who requires placement in the NF beyond the short-term episode approved by the MCO under this arrangement must be enrolled in CHOICES to continue to receive Medicaid payment for NF services, and then, shall be reimbursed pursuant to the new blended payment methodology (or ERC reimbursement structure, as applicable).

Also note that with the blending of Levels 1 and 2 reimbursement, in order to avoid delays in claims processing and payment, MCOs will no longer be requiring EOBs for CHOICES NF services, *except* for members approved for ERC reimbursement. This does **not** however negate the provider's responsibilities regarding third party liability (TPL) as set forth in federal and state law and regulation and in your MCO contract(s) to identify any and all TPL coverage a resident may have, including Medicare and long-term care insurance as applicable, and to seek such TPL payment before submitting claims to the MCO for reimbursement.

Webinars

In June, LTSS will host a series of webinars over the upcoming Blended Rates changes. In this webinar, we will review PAE-related aspects of the blended rate changes, including changes in TPAES, and provide TPAES tips regarding these changes.

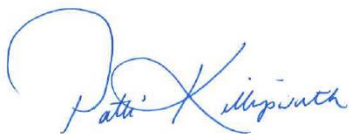
The webinar will be held on June 18th at 10am CT. This training webinar will be recorded and available on the LTSS training website no later than June 25th.

To register, click on the Training Request link here:

<https://www.tn.gov/tenncare/long-term-services-supports/ltss-training-request.html>

If you have further questions regarding these changes, please contact the MCO or call the LTSS help desk.

Sincerely,

A handwritten signature in blue ink that reads "Patti Killingsworth". The signature is stylized with a large, looping initial "P" and a cursive "Killingsworth".

Patti Killingsworth, Assistant Commissioner
Chief of Long-Term Services and Supports

C: Jesse Samples, Executive Director, THCA
William Aaron, Chief Financial Officer
Zane Seals, Deputy Chief Financial Officer
Dennis Elliott, Director of Provider Services
TennCare Contracted Managed Care Organizations