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State/Territory Name: California

State Plan Amendment (SPA) #: 15-032B

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

MAR 30 2016

Mari Cantwell
Chief Deputy Director, Health Care Programs
California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

RE: California State Plan Amendment 15-032-B

Dear Ms. Cantwell:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 15-032-B. This State plan amendment (SPA) updates Attachment 4.19-D to authorize the Skilled Nursing Facility Quality and Accountability Supplemental Payment (QASP) System for the rate year beginning August 1, 2015.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid State plan amendment TN 15-032-B is approved effective August 1, 2015. We are enclosing the HCFA-179 and the amended plan pages.



If you have any questions, please call Blake Holt at (415) 744-3754.

Sincerely,

A handwritten signature in black ink, appearing to be 'Kristin Fan', written over a solid black rectangular redaction box.

Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 15-032B	2. STATE CA
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE August 1, 2015	
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: CCR title 22, section 51124.5		7. FEDERAL BUDGET IMPACT:	
		a. FFY 2014/15 -\$12,787,929.00 \$7,500,000	
		a. FFY 2015/16 -\$77,190,499.00 \$37,500,000	
		b. FFY 2016/17 \$79,984,795.00	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement 4 to Attachment 4.19-D, pages 20, 21, 23-24		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): 20, 21 Supplement 4 to Attachment 4.19-D pages; 1, 17, 23 & 24	
10. SUBJECT OF AMENDMENT: Extends the AB 1629 facility specific rate methodology, Quality Assurance Fee, and Quality and Accountability Supplemental Payment Program from July 31, 2015 to July 31, 2020. Updates SNF QASP program dates for 2015-16 rate year.			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: The Governor's Office does not wish to review the State Plan Amendment.	
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Department of Health Care Services Attn: State Plan Coordinator 1501 Capitol Avenue, Suite 71.326 P.O. Box 997417 Sacramento, CA 95899-7417	
13. TYPED NAME: Mari Cantwell			
14. TITLE: Director			
15. DATE SUBMITTED: SEP 30 2015			
17. DATE RECEIVED:			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: MAR 30 2016	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: AUG 01 2015		20. SIGNATURE OF REGIONAL OFFICIAL:  for Kristin Fan	
21. TYPED NAME: KRISTIN FAN		22. TITLE: DIRECTOR, FMG	
23. REMARKS: Pen and ink changes made to Boxes 1, 7, 8, 9, and 10 with state's concurrence.			

IX. Quality and Accountability Supplemental Payment

- A. For the rate year beginning August 1, 2015, the Department will develop and implement the Skilled Nursing Facility Quality and Accountability Supplemental Payment (QASP) System. This program provides supplemental reimbursement for FS/NF-Bs, including FS/adult subacute facilities, that improve the quality of care rendered to its residents and would be in addition to the rate of payment FS/NF-Bs receive under the current reimbursement methodology.
- B. The Department, in consultation with CDPH and representatives from the long-term care industry, organized labor, and consumers; has developed a three tiered scoring methodology, with improvement scoring, for supplemental payments. The Minimum Data Set data file is obtained from the Centers for Medicare & Medicaid Services. The Department has a data use agreement with the Health Services Advisory Group for such purposes.
1. 100 points are divided among the measurements with point values distributed for each quality indicator.

Measurement Area/Indicator	Possible Points:
Minimum Data Set Clinical	100.00
Influenza Vaccination: Short Stay	8.33
Pneumococcal Vaccination: Short Stay	8.33
Facility Acquired Pressure Ulcer Incidence	16.66
The Use of Physical Restraints	16.67
Urinary Tract Infection	16.67
Control of Bowel or Bladder	16.67
Self-Reported Moderate to Severe Pain	16.67

2. A facility's score for each indicator is as follows: a facility's performance based on MDS data is less than statewide average: zero points; at or above statewide average, up to but not including 75th percentile: half points; at or above the 75th percentile: full points. Indicators may be added or removed in the future, subject to state and CMS approval.

In determining the statewide average and the 75th percentile for each indicator, the performance of all facilities, including ineligible facilities as defined in paragraph C below, are included.

3. Facilities receive an overall quality of care score when points from each of the quality measures are totaled.

TN 15-032B

Supersedes

TN 14-032

Approval Date MAR 30 2016Effective Date: August 1, 2015

4. Facilities that score at least 50.00 points are eligible for QASP payments.
5. The prior year (July 1 to June 30) performance is used for current state rate year payment as well as determination of the 75th percentile and statewide average. For example, MDS data from the performance period of July 1, 2013 to June 30, 2014 will be used to make state rate year 2014/15 payments.

The California Department of Public Health, in collaboration with the Department, computes each facility's score based on the MDS data. In using the MDS data file, the Long Stay Pressure Ulcer measure is adjusted so that unhealed pressure ulcers are not added back into the performance calculation.

6. Eligible facilities are grouped into three payment tiers based on their overall quality of care score. Facilities with scores from 0 to 49.99 points are grouped as Tier 1. Facilities with scores from 50.00 to 66.66 points are grouped into Tier 2. And facilities with scores from 66.67 to 100 points are grouped into Tier 3. Ineligible facilities, as defined in paragraph C, are grouped into Tier 0.

Tier 0 and Tier 1 facilities will not receive any supplemental payments under this QASP program component. The total pool amount for this component is converted into a Tier 2 per diem and a Tier 3 per diem. The Tier 3 per diem is set at 1-1/2 times the Tier 2 per diem. Each facility within Tier 2 and Tier 3 will receive a supplemental payment equal to the respective tier per diem times the facility's number of Medicaid bed days (including fee-for-service and managed care days) for the performance period.

The formula for determining the Tier 2 and Tier 3 per diems is as follows:

$$\text{Total pool} = (\text{Aggregate Tier 2 Medicaid bed days} * \text{Tier 2 per diem}) + (\text{Aggregate Tier 3 Medicaid bed days} * 1.5 * \text{Tier 2 per diem})$$

$$\text{Tier 3 per diem} = \text{Tier 2 per diem} \times 1.5$$

* Medicaid bed days total for the performance period includes fee-for-service and managed care days

The Department will utilize audited Medi-Cal fee-for-service and managed care bed days for determining payment amounts. The audited bed days are drawn from the audit reports used to establish 2015/16 Fee-For-Service per diem rates. Note that any facility that does not have any Medicaid fee-for-service day either from the audit period or the payment period would not be included in the above computation and will not receive this payment.

will receive a supplement payment equal to the improvement per diem times its number of Medicaid days (including fee-for-service and managed care).

The Medicaid days are derived from the same source as Medicaid days in paragraph B.6.

Note that any facility that does not have any Medicaid fee-for-service day either in the performance period or the payment period would not be included in the above computation and will not receive this payment.

8. The aggregate supplemental payments will be funded by a pool of \$90,000,000 for the 2015/16 rate year. \$81,000,000 will be the total pool amount used to compute the Tier 2 and 3 per diems in paragraph B.6, and \$9,000,000 will be the total pool amount used to compute the improvement per diem in paragraph B.7. Annually, the pool amounts will be updated in the state plan and will be based on funds derived from general fund related to setting aside 1% of the weighted average Medi-Cal per diem rate, plus the savings from the Professional Liability Insurance being applied at the 75th percentile and the administrative penalties collected for facilities' failure to meet the nursing hours per patient day requirement, minus administration costs.
- C. For the rate year beginning on August 1, 2015, the Department will pay an annual lump sum Medicaid supplemental payment (as computed in paragraphs B.6 and B.7 above), by April 30, 2016, to eligible skilled nursing facilities, based on the following performance measures as specified in W&I Code Section 14126.022 (i):
1. Immunization rates (short stay only)
 2. Facility acquired pressure ulcer incidence
 3. The use of physical restraints.
 4. Urinary Tract Infection
 5. Control of Bowel or Bladder
 6. Self-Reported Moderate to Severe Pain
 7. Compliance with the nursing hours per patient per day requirements pursuant to Section 1276.5 of the Health and Safety Code.
- a. The Department will determine a facility ineligible to receive supplemental payments if the facility fails to meet the following minimum qualifying criteria:

- i. A facility fails to provide supplemental data as requested by the Department.
- ii. CDPH determines that a skilled nursing facility fails to meet the nursing hours per patient per day requirements pursuant to Section 1276.5 of the Health and Safety Code.
- iii. For the performance period, facility has Class AA/A citations. These citations are issued due to serious harm or death of a resident.
- iv. For the audit period, facility does not have any Medi-Cal bed days. Furthermore, facility must have Medi-Cal fee-for-service bed days in the payment period in order to receive a Medi-Cal fee-for-service supplemental payment.