Texas Nursing Home QIPP

History:

• Description of the Upper Payment Limit (UPL) Program
  • Federal Intent of UPL (pay a Medicare equivalent supplement)
  • As of FFY 2013 there were 13 States with NF-UPL Programs
  • Texas Began Participation in FY 2014
  • Non-State Public NF’s increased from 30+ to over 300
  • UPL Program was Discontinued when NF Managed Care Rolled Out (March 2015)
  • UPL was replaced by the Minimum Payment Amount Program (MPAP) from March 2015 through August 2016 (MPAP terminated by CMS)
Texas Nursing Home QIPP

History:

• Minimum Payment Amount Program (MPAP)
  • State Initiated Program that Replaced the UPL Program
  • Necessitated due to implementation of NF-Managed Care
  • Implemented to Make Sure UPL Funds were Protected
  • Created a More Complex Reimbursement Methodology
  • Necessitated Greater Understanding and Involvement by NF Providers Statewide
  • The MPAP Programs was Replaced by a new Quality Based Reimbursement Program in September, 2017
Texas Nursing Home QIPP

Historical UPL and MPAP Payments:

- **Upper Payment Limit Program:**
  - Oct 2013 through Feb 2015 - $208,192,055 all funds

- **Minimum Payment Amount Program:**
  - March 2015 through December 2016 - $285,466,851 (AF)
  - FY 2016 Estimated MPAP Payments - $626,824,728 (AF)

- Estimated loss of Federal MPAP Funds FY 17 - $352,651,592
- 279 Nursing Facilities and 68 Public Entities affected
Texas Nursing Home QIPP

MPAP Issues:

- Minimum Payment Amount Program
  - IGT vs. Payment Delay – (6-8 month delay in reimbursements)
  - Relationship Between MCO Payment and MPAP Payment
  - Transition from Historical Claims to Current Claims
  - MCO were unable to produce a clean and complete Payment file for reconciliation
  - CMS denial of the program due to IGT Agreements (i.e. “Pay to Play”)
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MPAP Termination Issues:

- CMS notified HHSC of these deficiencies on April 27, 2016:

The State's Minimum Payment Amount Program (MPAP), implemented on March 1, 2015, establishes an enhanced fee schedule for non-state, government-owned nursing facility providers that enter into an agreement to provide an intergovernmental transfer (IGT) to fund the non-federal share of the MPAP program fee schedule. CMS has determined that the MPAP agreement indicates that minimum payments will only be made to nursing facilities that have entered into an IGT agreement, thereby making the funding for the enhanced fee schedule contingent upon these transfers. This funding arrangement through the MPAP agreement represents a stipulation on provider payments which violates section 1902(a)(2) of the Social Security Act and 42 Code of Federal Regulations (CFR) 433.53(c)(2). CMS will not approve any future contract and rate actions containing this arrangement or any other stipulations on provider payments such as that found in the MPAP program.
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Transition to Quality Incentive Payment Program (QIPP):

- With the MCO reconciliation issues and the CMS Denial HHSC decided to transition the MPAP Payment program to the Current QIPP Program
- HHSC and the Texas Legislature promulgated Rider 97 to provide the direction for the QIPP program
Discussion on Transition from MPAP to QIPP

**HHSC - Rider 97:**
Nursing Facility Minimum Payment Amounts Program. It is the intent of the Legislature that not later than September 1, 2016, the Commission shall fully transition the Nursing Facility Minimum Payment Amounts Program (MPAP) program from a program solely based on enhanced payment rates to publically-owned nursing facilities to a Quality Incentive Payment Program (QIPP) for all nursing facilities that have a source of public funding for the non-federal share, whether those facilities are publically- or privately-owned. No state General Revenue is to be expended under the QIPP. The additional payments to nursing facilities through the QIPP should be based upon improvements in quality and innovation in the provision of nursing facility services, including but not limited to payment incentives to establish culture change, small house models, staffing enhancements and outcome measures to improve the quality of care and life for nursing facility residents.
Texas Nursing Home QIPP

Discussion on Transition from MPAP to QIPP

- Legislative Direction via Rider 97
- Postponed from September 1, 2016 to September 1, 2017
- HHSC convened industry/agency staff for workgroups
- Development of Performance Outcome Metrics
- QIPP Financial Parameters Impact on Districts/Authorities
  Continued Participation
- Inclusion of Private Nursing Facilities in QIPP.
Texas Nursing Home QIPP

Substantial Changes in the transition to QIPP

- All Payments contingent on Meeting Performance Metrics
- Payments transitioned from NF claims file to Monthly Premiums to MCO (PMPM)
- Creation of funding cap based on Budget Neutrality (400 M)
- Inclusion of Private Nursing Facilities in QIPP based on a Percentage of Medicaid floor (FY2018 - 78.6% Medicaid utilization).
Texas Nursing Home QIPP

All Payments contingent on Meeting Performance Metrics

- Component 1: Open to non-state government owned facilities
  - Payments made based on submission of monthly Quality Assurance Performance Improvement (QAPI) Validation Report
- Components 2 & 3: Open to all participating facilities
  - Payments made based on performance on quality metrics
Texas Nursing Home QIPP

All Payments contingent on Meeting Performance Metrics

- Component 1: Open to non-state government owned facilities
  - The total value of Component One will be equal to 110% of the non-federal share of the QIPP program.
  - Allocation of funds across qualifying non-state government-owned nursing facilities will be based upon historical Medicaid days of nursing facility service.
  - Monthly payment to non-state government-owned nursing facilities will be triggered by the nursing facility's submission to the HHSC of a monthly Quality Assurance Performance Improvement (QAPI) Validation Report.
  - Private NFs are not eligible for payments from Component One.
Texas Nursing Home QIPP

All Payments contingent on Meeting Performance Metrics

- Components 2 & 3: Open to all participating facilities
  - Quarterly payments triggered by improvement on specific quality indicators
  - Quality metrics for first year include (all long-stay):
    - High-risk residents with pressure ulcers
    - Percent of residents who received an antipsychotic medication
    - Residents experiencing one or more falls with major injury
    - Residents who were physically restrained
Texas Nursing Home QIPP

All Payments contingent on Meeting Performance Metrics

- Components 2 & 3: Open to all participating facilities
  - Component 2: Modest Improvement - Total value will be equal to 35% of remaining QIPP funds
  - Component 3: High Improvement - Total value will be equal to 65% of remaining QIPP funds
- A nursing facility performing better than the Benchmark (national average) may decline in performance and still earn 100% of available funds.
Texas Nursing Home QIPP

All Payments contingent on Meeting Performance Metrics

- Components 2 & 3: Open to all participating facilities
- Quarterly improvements required to earn payment:

<table>
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<th>Quarter</th>
<th>Component 2: Payment Standard</th>
<th>Component 3: Payment Standard</th>
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<tr>
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Texas Nursing Home QIPP

Payments transitioned from NF claims file to Monthly Premiums to MCO (PMPM)

- Payments no longer contingent NF Claims provided resulting in either gains or losses by the MCO
- Payments based on the Premiums paid to the MCO
- Each PMPM paid to MCO includes an amount due to each NF in the program for each of the Components
- Payment amounts dependent on the utilization by the MCO and actuarial analysis
Texas Nursing Home QIPP

Payments transitioned from NF claims file to Monthly Premiums to MCO (PMPM)

- Although the payments on PMPM eliminated the potential of gains or losses by MCO on IGT supported payments, it created other accounting issues:
  - Payments for a given period (Month / Quarter) would be made over 24 month period (creates an financial statement issue for accrual of payments and expenses)
  - PMPM can be retro-actively adjusted for up to 24 months for complete payment
  - Lapse funds payments can fluctuate dependent on metrics achieved by each NF for components 2 & 3
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Creation of funding cap based on Budget Neutrality (400M) and Inclusion of Private Nursing Facilities impacts:

- Considerable reduction in the NF Supplemental Payments
  - Overall decrease in the program from an expected growth to $700 M to $400M
  - Increased the number of NF providers by expanding to allow private NF meeting 78.6% Medicaid utilization

- Expanded the NF participating from 279 in MPAP to 514 in QIPP (428 Public & 86 Private)
Texas Nursing Home QIPP

Primary Issues for Public Hospital Districts/Authorities:

- Continued Growth of participating NF decreases the individual payment;
- Staff demands for audited financial statements and validating payments;
- Projecting potential payments dependent on meeting metrics for Components 2 & 3;
- IGT requirements for participating private NFs;
Participants Roles and Responsibilities:

- **Hospital District/Authority**
  - Are the Licensed Operator of the Facility (Lease/CHOW)
  - Responsible to State and Federal Agencies for Facility Operations
  - Source of Intergovernmental Transfer (IGT) for UPL/MPAP Receipts
  - Provide Oversight and Guidance to NF Management
  - Provide Budgetary Parameters to Nursing Facility
  - Provide IGT to support the non-federal share of MPAP payments
Texas Nursing Home QIPP

Participants Roles and Responsibilities:

- **Nursing Facility**
  - Contractually Responsible for Day-to-Day Operations of the Facility
  - Procure all Goods and Services/Provide all Required Staffing
  - First Line of Contact with Residents and Other Interested Parties
  - Required to Operate Under Budgetary Guidelines from the Hospital
  - Responsible for Providing Care as Defined by Regulatory Agencies
  - Must Maintain all required Certifications/Licensures
Texas Nursing Home QIPP

Participants Roles and Responsibilities:

- **HSM**
  - Provide Operator Representative services to the Public Hospital District
  - Provide Quality Metric performance of each NF related to meeting metrics and projection of payments
  - Provide financial statements for each NF in compliance with current audit requirements
  - Assist with the contractual requirement related to CHOW’s and ongoing operation between HD, manager, and property companies
## Texas Nursing Home QIPP

![Healthcare Support Management HSM logo](image)

<table>
<thead>
<tr>
<th>Contacts:</th>
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<tbody>
<tr>
<td>Chris Dockal, Partner</td>
<td>Kevin Nolting, Partner</td>
</tr>
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<td>(512) 943-4525</td>
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