# AB 186 Nursing Facility Financing Reform

November 18, 2022
Stakeholder Meeting
Department of Health Care Services

# Introductions

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» Laura Miller, M.D., Medical Consultant, Quality & Population Health Management Division

» Alek Klimek, Chief, Fee-For-Service Rates Development Division

# Workforce & Quality Incentive Program (WQIP)

» AB 186 authorized several new programs to reform nursing facility financing. The WQIP will provide directed payments to facilities through the managed care delivery system to succeed the former fee-for-service Quality and Accountability Supplemental Payment (QASP) program.

» DHCS presented an initial WQIP program design at the October 25, 2022 stakeholder meeting. Today, DHCS will present clarifications and changes to the proposed program design based on stakeholder feedback and further staff research and analysis. DHCS will present the final program design at the December 12, 2022 stakeholder meeting.

» DHCS' program design is subject to federal approval as a Directed Payment Preprint by the Centers for Medicare & Medicaid Services (CMS). DHCS must submit the program design by December 31, 2022.

# Eligibility

# Managed Care Eligibility

» Pursuant to federal laws and regulations, WQIP payments will be made by managed care plans to facilities for days which:

  » Medi-Cal is the primary payer.
  » Are rendered to a Medi-Cal member actively enrolled in the plan.
  » The facility is a Network Provider as defined by All Plan Letter 19-001 and contracted to provide the rendered service to the member, for the applicable dates of service.
  » Are reported by plans and accepted into the DHCS data warehouse at the time of the final calculation.

» A service qualifies for a directed payment only if there is an unbroken "contracting path" for the dates of service between the Plan and Network Provider for the service rendered and the member receiving the service.

# AA/A Citations

» DHCS proposes to continue the QASP program's eligibility criteria of disqualifying any facility which has an AA or A citation from the program year in which the violation occurred.

» These citations are issued for safety violations where a facility was the proximate cause of a patient's death or posed imminent danger of death or serious harm to patients.

» DHCS will contractually require managed care plans to recoup and withhold WQIP directed payments for a given program year from any facility which has received an AA or A citation for a violation that occurred in that program year until all appeals are exhausted.

# Funding & Payments
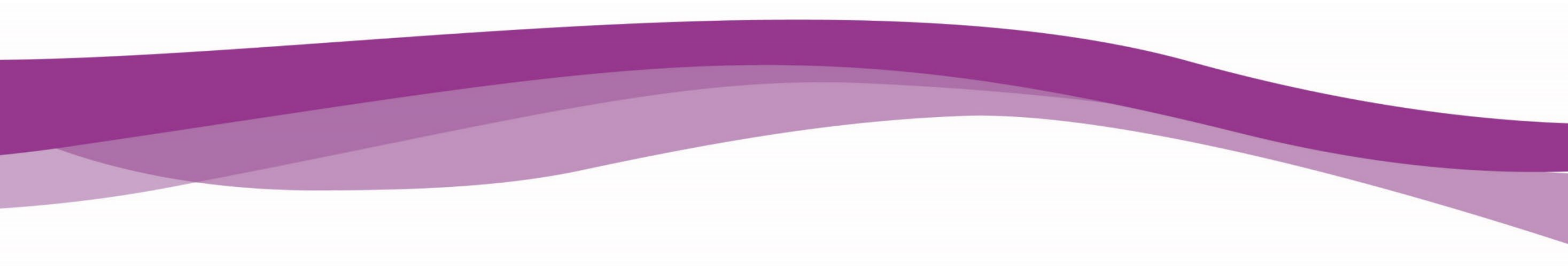
# Funding Target

» WQIP payments will target a total budgeted amount of $280 million for CY 2023. The funding in future program years will increase in accordance with statute.

» Managed care plans will make directed payments to facilities on a per diem basis. DHCS will direct plans to pay a per diem rate that is adjusted as a function of the facility's WQIP score.

» DHCS will establish the maximum per diem rate and the scoring function to target $280 million. However, funds are not pooled and are at risk based on utilization.

# Per Diem Rate

» DHCS will establish the baseline per diem rate based on:

$280 million ÷ Projected Number of Days

» For CY 2023, DHCS will apply a linear curve to each facility's raw WQIP score so that the average pay out is at the baseline per diem rate if the average raw WQIP score is at least 40%. If the average raw WQIP score is less than 40%, the average payout will be reduced proportionally.

» A curved WQIP score for a facility may exceed 100%.

» Payments from each managed care plan to each facility will equal:

Eligible Days × Curved WQIP Score × Per Diem Rate

# Timing of Payments

» DHCS will direct managed care plans to make initial and final payments to facilities based on the managed care utilization reported to DHCS by the specified date.

|  | Timing of Payment | Utilization reported by |
|---|---|---|
| **Initial Payment** | 2024 Quarter 1 | December 31, 2023 |
| **Final Payment** | 2024 Quarter 3 | June 30, 2024 |

» DHCS has determined that earlier payments are not feasible for the 2023 program year. DHCS will evaluate options to make earlier payments in future program years.

# Metrics & Scoring
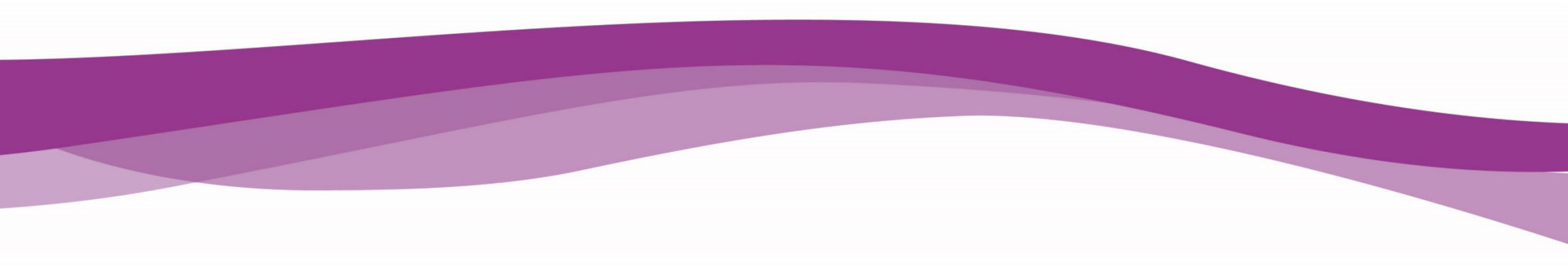
# Metric & Scoring Overview

» DHCS will calculate a WQIP score for each facility based on performance in workforce and clinical quality measurement domains.

» DHCS proposes to rebalance the workforce measurement domain to be 50% of the total score to better recognize and reward the role of the workforce in improving quality of care.

» Metrics will use one of three data sources: Minimum Data Set (MDS), claims-based, and Payroll Based Journal (PBJ).

# Metric Weighting

» Within each measurement area, metrics will have equal weight.

| Percent of Total Score | Measurement Area | Number of Metrics |
|---|---|---|
| 35% | PBJ Staffing Hour Metrics | 5 |
| 15% | PBJ Staffing Turn Over Metric | 1 |
| 20% | MDS Clinical Metrics | 3 |
| 20% | Claims-based Clinical Metrics | 3 |
| 7% | Medi-Cal Disproportionate Share Metric | 1 |
| 3% | Racial & Ethnic Data Completeness Metric | 1 |

# Measurement Period & Population

| Metric Data Source | Measurement Period | Measurement Population |
|---|---|---|
| **Minimum Data Set (MDS)** | July 1, 2022 to June 30, 2023 | All patients |
| **Claims-based** | January 1, 2023 to December 31, 2023 | Patients enrolled in Medi-Cal managed care, including Medi-Cal/Medicare Dual-eligible members |
| **Payroll Based Journal (PBJ)** | April 1, 2023 to September 30, 2023 | All direct care staff |

# Metric Suppression

» If DHCS is unable to score a metric for a facility because the facility did not have any reportable data or did not meet the metric's minimum denominator size threshold, then the metric will be suppressed for that facility.

» When a metric is suppressed, points for that metric will be reallocated equally across the other metrics in the same measurement area or domain.

# Workforce Metrics
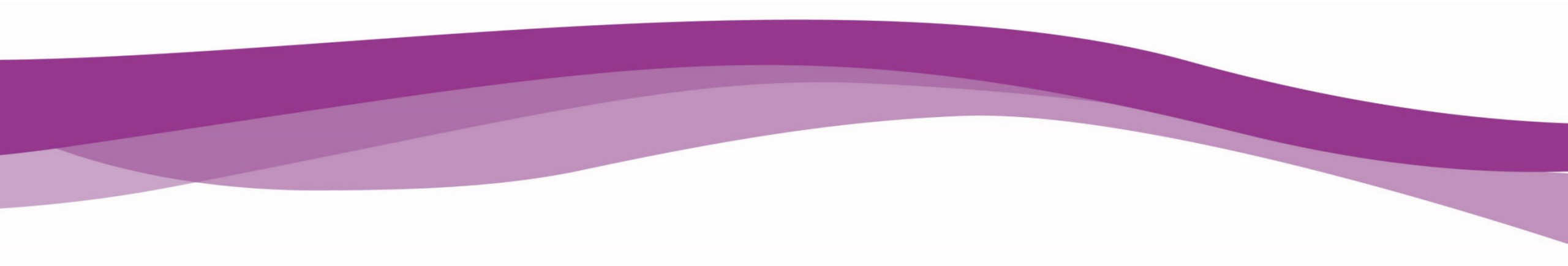
# Workforce Metrics Overview

» DHCS proposes six workforce metrics using Payroll Based Journal (PBJ) data sources:

  » Total Nursing Hours
  » Weekend Nursing Hours
  » Registered Nurse (RN) Hours
  » Licensed Vocational Nurse (LVN) Hours
  » Certified Nursing Assistant (CNA) Hours
  » Staffing Turnover

» DHCS proposes a performance period of April 1, 2023 to September 30, 2023 for workforce metrics for the 2023 program.

# Staffing Hour Scoring

» DHCS proposes to score staffing hour metrics by measuring the average annual hours and establishing tiered benchmarks between the 25th and 90th percentiles.

» Benchmarks will be established prospectively using the most recent year of available PBJ data.

» Staffing hour metrics will not be scored for improvement.

» Points for staffing hour metrics will be prorated for any days which the facility fails to report data or meet the applicable state law minimum for Total Nursing or CNA hours.

# Staffing Hour Distribution

|  | State Law Minimum | Percentile Distribution | | | | |
|---|---|---|---|---|---|---|
|  |  | 10th | 25th | 50th | 75th | 90th |
| **Total** | 3.50 | 3.21 | 3.46 | 3.72 | 4.06 | 4.68 |
| **RN** | N/A | 0.15 | 0.23 | 0.32 | 0.45 | 0.64 |
| **LVN** | N/A | 0.69 | 0.82 | 0.97 | 1.13 | 1.45 |
| **CNA** | 2.40 | 2.03 | 2.22 | 2.43 | 2.62 | 2.88 |

Draft distribution based on PBJ data for SFY 2021-22 QASP facilities. Excludes administrative hours, nurse aides in training, and medical aides. DHCS is calculating the distribution for weekend hours.

# Staffing Hour Point Chart

| Points | Achievement Benchmark |
|--------|----------------------|
| 6 | 90th percentile |
| 5 | 75th percentile |
| 4 | 62.5th percentile |
| 3 | 50th percentile |
| 2 | 32.5th percentile |
| 1 | 25th percentile |

Note: DHCS proposes to score the Staffing Turnover Metrics using the clinical measure point chart.

# Clinical Metrics
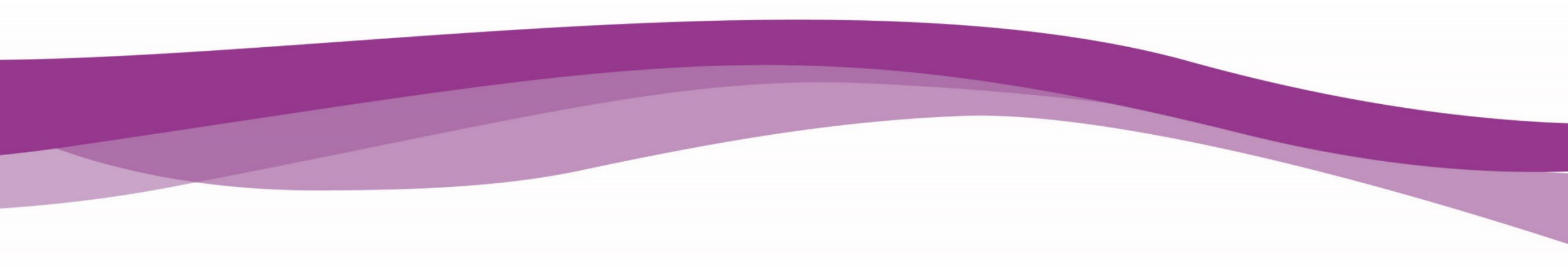
# Clinical Metrics Overview

» Minimum Data Set (MDS)
  » Percent of high-risk residents with pressure ulcers, Long Stay (CMS Metric)
  » Percent of Residents Experiencing One or More Falls with Major Injury, Long Stay (CMS Metric)
  » Percent of Residents Who Received An Antipsychotic Medication, Long Stay (CMS Metric)

» Claims-based
  » Emergency room visits per 1,000 long-stay resident days (CMS Metric)
  » Healthcare-associated infections requiring hospitalization (CMS Metric)
  » Potentially Preventable 30-Day Post-Discharge Readmission (CMS Metric)

» Equity
  » Racial and ethnic data completeness
  » Disproportionate share of Medi-Cal patients

# Proposed Changes in Clinical Metrics

» DHCS is removing the *Catheter Inserted and Left in Bladder* metric because achievement is near the 90th percentile across all facilities.

» DHCS is replacing the *Antianxiety/Hypnotic* metric with the *Antipsychotic* metric.

» DHCS is removing the *Staff COVID-19 Vaccination* metric due to lack of accurate data sources for complete vaccination series status.

» DHCS is replacing the claims-based HEDIS *Hospitalization Following Discharge From a Skilled Nursing* metric with the CMS *Potentially Preventable 30-Day Post-Discharge Readmission* metric to better align with CMS Nursing Home Care Compare.

# Clinical Metric Scoring

» DHCS proposes to score MDS and claims-based metrics on achievement and improvement. Facilities will receive the greater of the improvement or achievement score.

» Achievement points will be awarded based on tiers between the 25$^{th}$ and 90$^{th}$ percentile. Percentile benchmarks will be set prospectively based on the most recent available data.

» Improvement points will be awarded based on gap closure between the facility's prior year baseline and the 90$^{th}$ percentile benchmark.

# Clinical Metric Point Chart

For each metric, a facility will receive the greater of the achievement or improvement score.

| Points | Achievement Benchmark | Improvement Threshold |
|---|---|---|
| 6 | 90$^{th}$ percentile | 75$^{th}$ percentile achievement + 20% gap closure |
| 5 | 75$^{th}$ percentile | 50% gap closure |
| 4 | 62.5$^{th}$ percentile | 40% gap closure |
| 3 | 50$^{th}$ percentile | 30% gap closure |
| 2 | 37.5$^{th}$ percentile | 20% gap closure |
| 1 | 25$^{th}$ percentile | 10% gap closure |

Note: DHCS proposes to score the Racial & Ethnic Data Completeness and Disproportionate Share Metrics using alternative point charts (see following slides).

# MDS Data Quality Requirements

» DHCS proposes the following data quality requirements based on the August 2021 proposed rule for the former QASP program.

» DHCS will exclude all MDS assessments that have a submission date that is more than 60 days after the target date. If an assessment is modified more than 60 days after the target date, the originally submitted assessment will be used.

» DHCS will measure data completeness defined as the percentage of residents who have a qualifying assessment submitted for each quarter they resided in a facility. Facilities that have less than 90% data completeness will receive zero points in the MDS clinical measurement area. For facilities with less than 100% data completeness, the score for the MDS clinical measurement area will be prorated by 10% for each 1% of data incompleteness.

# Racial & Ethnic Data Completeness Metric

» This metric will incentivize facilities to complete the racial and ethnic data fields in the Minimum Data Set.

» Facilities that have less than 90% racial and ethnic data completeness will receive zero points on this metric. For facilities with less than 100% data completeness, the score for this metric will be prorated by 10% for each 1% of data incompleteness.

» This metric is intended to develop baseline racial and ethnic data to allow DHCS to measure health disparities and incentivize gap closure in future program years.

# Disproportionate Share Metric

» This metric will award points to facilities that have a share of Medi-Cal patients above the 50th percentile in their peer group.

» This metric will recognize that facilities with a disproportionate share of Medi-Cal patients face greater socioeconomic/racial inequities and is intended to disincentivize discrimination against Medi-Cal members in the SNF admission process.

# Disproportionate Share Metric Point Chart

| Points | Achievement Benchmark |
|--------|----------------------|
| 5 | 90th percentile |
| 4 | 80th percentile |
| 3 | 70th percentile |
| 2 | 60th percentile |
| 1 | 50th percentile |

# Stakeholder Engagement & Public Comment
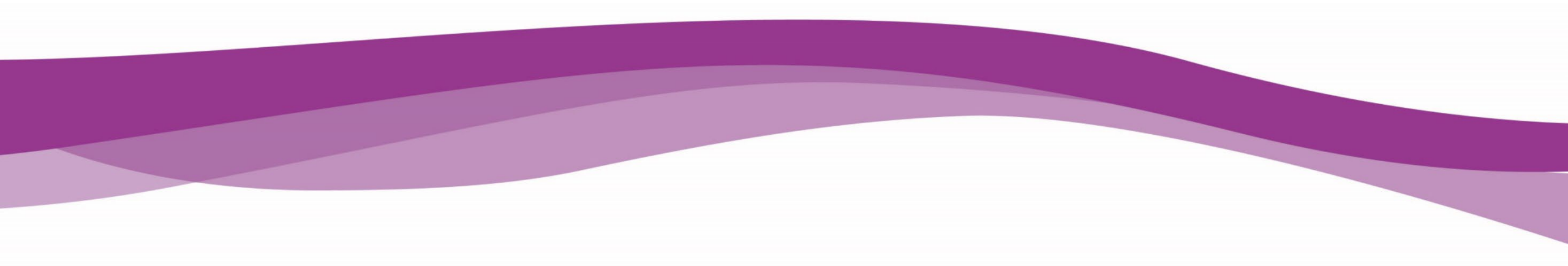
# WQIP Stakeholder Engagement

» DHCS is continuing to refine the program design for CY 2023 and welcomes stakeholder input.

» DHCS will present the final program design at the December 12, 2022 stakeholder meeting.

» Please submit any comments in writing to AB186Comments@dhcs.ca.gov by **November 30, 2022**.

» Please visit dhcs.ca.gov/AB186 for meeting materials and information on how to join upcoming meetings.

# Public Comment

» DHCS welcomes public comment. DHCS staff may briefly respond to requests for clarification on this presentation.

» Speakers are requested to introduce themselves and their organization.

» Audience members are muted until they are called on by the moderator. Please use the "raise hand" button in Microsoft Teams to be added to the speaker queue. If you are calling-in please press *5 to raise your hand.