



TOBY DOUGLAS  
DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

**September 25, 2013**

Gloria Nagle, PhD, MPA  
Associate Regional Administrator  
Centers for Medicare and Medicaid Services  
Division of Medicaid and Children's Health  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6707

Dear Ms. Nagle,

The Department of Health Care Services is submitting the enclosed State Plan Amendment (SPA) 13-040 to describe supplemental payment scoring and payment processes for the Skilled Nursing Facility (SNF) Quality and Accountability Supplemental Payment (QASP) Program.

Senate Bill (SB) 853 (Chapter 717, Statutes of 2010) established the QASP program (Welfare and Institutions (W&I) Code 14126.022) for SNFs participating in the AB 1629 Program. The QASP program will be utilized to provide supplemental payments to SNFs that improve the quality and accountability of care rendered to residents in SNFs. The program has developed in phases since the 2010/11 rate year, establishing the 2012/13 rate year as the first performance period which will be used to make supplemental payments by April 30, 2014. Furthermore, ABX1 19 (Chapter 4, Statutes of 2011) and AB 1489 (Chapter 631, Statutes of 2012) included several statutory amendments to provisions governing the QASP program; most updated the timeframes and deadlines associated with QASP implementation.

The QASP methodology was developed in consultation with the California Department of Public Health (CDPH), representatives from the long-term care industry, organized labor, advocates, and consumers. A notice of General Public Interest notifying the public about a proposed QASP program was published in the July 23, 2010, California State Notice Register.

Gloria Nagle, PhD, MPA  
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If you have any questions or concerns regarding the proposed provisions, please contact Mr. John Mendoza, Chief, Fee-For-Service Rates Development Division, at (916) 552-9600.

Sincerely,

**ORIGINAL DOCUMENT SIGNED BY:**

Toby Douglas  
Director

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>	1. TRANSMITTAL NUMBER: <b>13-040</b>	2. STATE CA
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE August 1, 2013	

5. TYPE OF PLAN MATERIAL (*Check One*):

NEW STATE PLAN                       AMENDMENT TO BE CONSIDERED AS NEW PLAN                       AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart B & 42 CFR 447 Subpart C	7. FEDERAL BUDGET IMPACT: a. FFY 2013/14                      \$21,114,358 b. FFY 2014/15                      \$21,328,429
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Supplement 4 to Attachment 4.19-D, page 20,21 & 22	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  None

10. SUBJECT OF AMENDMENT:  
Quality and Accountability Supplemental Payment (QASP) Program, Freestanding Skilled Nursing Facilities Reimbursement Rates

11. GOVERNOR'S REVIEW (*Check One*):  
 GOVERNOR'S OFFICE REPORTED NO COMMENT                       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED                      The Governor's Office does not  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL                      wish to review the State Plan Amendment.

12. SIGNATURE OF STATE AGENCY OFFICIAL: <b>ORIGINAL DOCUMENT SIGNED BY:</b>	16. RETURN TO:  <b>Department of Health Care Services Attn: State Plan Coordinator 1501 Capitol Avenue, Suite 71.326 P.O. Box 997417 Sacramento, CA 95899-7417</b>
13. TYPED NAME: <b>Toby Douglas</b>	
14. TITLE: <b>Director</b>	
15. DATE SUBMITTED: <b>SEPTEMBER 25, 2013</b>	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:	18. DATE APPROVED:
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME:	22. TITLE:

23. REMARKS:

**IX. Quality and Accountability Supplemental Payment**

- A. For the rate year beginning August 1, 2013, 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 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. For the rate year beginning August 1, 2010, the State treasury created the Skilled Nursing Facility Quality and Accountability Special Fund. The fund is continuously appropriated without regard to fiscal year for making quality and accountability payments to facilities that meet or exceed performance measures. The fund will contain monies deposited through:
1. Administrative penalties for failure to meet the nursing hours per patient day requirement imposed beginning with the rate year starting on August 1, 2010.
  2. Savings achieved from setting the professional liability insurance cost category, as described in V.C.4 of this supplement; including any insurance deductible costs paid by the facility at the 75<sup>th</sup> percentile, instead of a direct pass through cost at 100 percent.
  3. For the 2013/14 and 2014/15 rate years, the Department will set aside 1 percent of the weighted average Medi-Cal reimbursement rate and transfer the General Fund portion to the Skilled Nursing Facility Quality and Accountability Special Fund.
- C. For the rate year beginning August 1, 2010, the Department, in consultation with the California Department of Public Health (CDPH) and representatives from the long-term care industry, organized labor, and consumers, will establish and publish quality and accountability measures.
- D. 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.
1. 100 points are divided among the measurements with point values distributed for each quality indicator.
  2. Facilities that meet the benchmark as set at the statewide average would receive half the points allocated for a measure, while those at the 75<sup>th</sup> percentile would get the full allocation of points.
  3. Facilities receive an overall quality of care score when points from each of the quality measures are totaled.

- 4. Facilities that score at least 50 points are eligible for QASP payments.
- 5. Facilities receiving 66.7 points or above receive 1 ½ times the payout as those in the lower tier. Below is an example of a three tiered scoring methodology:

**Total Payout \$36M**

<u>Payment Tier</u>	<u>Point Range</u>	<u># of SNFs</u>	<u>Payout per MCBBD</u>	<u>Total MCBBDs per Tier</u>	<u>Total Payout per Tier</u>	<u>Ave Payout per SNF</u>
<u>Tier 0<sup>1</sup></u>	<u>-</u>	<u>346</u>	<u>\$0.00</u>	<u>5,811,700</u>	<u>\$0</u>	<u>\$0</u>
<u>Tier 1</u>	<u>0 – 49.9</u>	<u>419</u>	<u>\$0.00</u>	<u>10,280,958</u>	<u>\$0</u>	<u>\$0</u>
<u>Tier 2</u>	<u>50 – 66.6</u>	<u>211</u>	<u>\$4.86</u>	<u>4,381,696</u>	<u>\$21,295,043</u>	<u>\$100,924</u>
<u>Tier 3</u>	<u>66.7-100</u>	<u>119</u>	<u>\$7.29</u>	<u>2,019,628</u>	<u>\$14,723,088</u>	<u>\$123,723</u>
<u>Total Receiving Payment</u>	<u>-</u>	<u>330</u>				<u>\$109,146</u>
		<u>30.14%</u>				

- 6. An additional component of the QASP program is the improvement scoring, where 10% of the payment allocation is set aside for facility improvements from the baseline year.

E. For the rate year beginning on August 1, 2013, the Department will pay a supplemental payment, by April 30, 2014, to participating skilled nursing facilities with Medi-cal bed-days, based on the following performance measures as specified in W&I Code Section 14126.022 (i):

- 1. Immunization rates
- 2. Facility acquired pressure ulcer incidence
- 3. The use of physical restraints.
- 4. Compliance with the nursing hours per patient per day requirements pursuant to Section 1276.5 of the Health and Safety Code.

a. The Department may determine a facility ineligible to receive supplemental payments if:

i. A facility fails to provide supplemental data as requested by the Department.

ii. The 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. Facilities must be in compliance with all Health and Safety Code requirements applicable to the skilled nursing facility provider type.

b. For managed care plans that contract with the Department to provide skilled nursing services, the Department will adjust payments by the actuarial equivalent of reimbursements calculated in IX.D for contracts amendments or change orders effective on, or after, July 1, 2013.

## IX. Quality and Accountability Supplemental Payment

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TN 13-040

Supersedes

TN None

Approval Date \_\_\_\_\_

Effective Date: August 1, 2013

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