

# **SKILLED NURSING FACILITY ACCOUNTABILITY SANCTIONS PROGRAM: METHODOLOGY**

July 2024

# DOCUMENT REVISION HISTORY

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# INTRODUCTION

The Skill Nursing Facility Accountability Sanctions Program (SNF ASP) established by Welfare & Institutions (W&I) Code Section 14126.026 of Assembly Bill 186<sup>1</sup> was developed to support the objective of providing Medi-Cal members with the highest quality care. The ASP is designed to hold low-performing freestanding SNFs accountable for their performance and drive improvement, with the goal of all freestanding SNFs meeting or exceeding minimum performance benchmarks. In pursuit of this, the California Department of Health Care Services (DHCS) contracted with Health Services Advisory Group, Inc. (HSAG) to calculate benchmarks and model sanction amounts for the SNF ASP. Based on this work, DHCS selected quality measures and determined performance benchmarks and sanction amounts for each measure within the authority of W&I. For measurement year (MY) 2024 (January 1, 2024–December 31, 2024), freestanding SNFs that fail to meet or exceed minimum performance benchmarks for the selected measures will be subject to monetary sanctions. For each minimum performance benchmark that a freestanding SNF fails to meet or exceed during the measurement year, DHCS may assess a sanction of up to \$5 per Medi-Cal bed day (MCBD). For each individual measure that does not meet the established benchmark, the sanction assessed will not exceed \$150,000 for MY 2024.<sup>2</sup>

## Measures

### Clinical Measures:

HSAG calculated the following Minimum Data Set (MDS) 3.0 measures in alignment with the MDS 3.0 Quality Measures User's Manual (v16.0)<sup>3</sup>.

- » Percentage of Long-Stay Residents Experiencing One or More Falls with Major Injury

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<sup>1</sup> [W&I 14126.026](#)

<sup>2</sup> DHCS. SNF ASP Policy Letter 24-001. May 15, 2024. Available at: <https://www.dhcs.ca.gov/services/Documents/SNF-ASP-24-001-Revised-Policy-Letter-5-9-24.pdf>. Accessed on: July 1, 2024.

<sup>3</sup> CMS. MDS 3.0 Quality Measures User's Manual V16.0. Available at: <https://www.cms.gov/files/document/mds-30-qm-users-manual-v160pdf.pdf>. Accessed on: July 3, 2024.

» Percentage of Long-Stay Residents Who Received Antipsychotic Medications

The MDS quality measures will be calculated for MY 2024 (i.e., calendar year 2024). Because MDS quality measures are calculated on a quarterly basis, the above measures will be calculated for each quarter of the measurement year. To calculate the final annual rate for each facility for each measure, HSAG will take the sum of the numerators across the four quarters of the measurement period and the sum of the denominators across the four quarters of the measurement period to calculate the aggregate numerator and aggregate denominator respectively. The final annual rate for each facility will be calculated by taking the aggregated numerator and dividing it by the aggregated denominator. Sanctions for each measure will be assessed on a facility's final annual rate for that measure. To ensure MDS assessments are submitted timely, HSAG will only use MDS assessments that had a submission date within 60 days of the target date for the purposes of MDS measure calculations. To have a reportable final annual rate, a minimum denominator size of 30 will be required. Facilities that do not meet the minimum denominator size threshold for a measure will not be eligible for sanctions for that measure.

### **Health Equity Measure:**

HSAG calculated the following measure in alignment with the methodology outlined in the WQIP Technical Program Guide.<sup>4</sup>

» MDS Racial and Ethnic Data Completeness

The *MDS Racial and Ethnic Data Completeness* measure will be calculated for each quarter of the measurement year. A facility's final annual rate will be calculated by taking the sum of the numerator across all four quarters of the measurement period and dividing it by the sum of the denominators across all four quarters of the measurement period. Sanctions will be assessed on a facility's final annual rate. The *MDS Racial and Ethnic Data Completeness* measure does not require a minimum denominator threshold to have a final reportable rate.

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<sup>4</sup> DHCS. Skilled Nursing Facility Workforce & Quality Incentive Program: 2023 Technical Program Guide. Available at: <https://www.dhcs.ca.gov/services/Documents/WQIP-PY1-TechnicalProgramGuide-F3.pdf> Accessed on: July 3, 2024.

## Data

### MDS 3.0 Data

HSAG obtains monthly MDS 3.0 data from the Centers for Medicare and Medicaid Services (CMS) as part of a data use agreement (DUA) between the California Department of Public Health (CDPH), HSAG, and CMS, which allows access to all MDS 3.0 data submitted by California facilities. HSAG used this data to calculate the MDS quality measures and health equity measure.

### Care Compare Metrics Data

As part of the CMS Care Compare public reporting site, CMS calculates a set of quality ratings and staffing rates for nursing homes. HSAG downloaded the April 2023 refresh of the Care Compare data from CMS, which contains the publicly reported rates for the clinical measures for calendar year (CY) 2022 (January 1, 2022–December 31, 2022). HSAG used this data to calculate national benchmarks for CY 2022, which were used to determine the minimum performance benchmarks for the clinical quality measures. Please see the *Nursing Home Compare Technical Users' Guide*<sup>5</sup> for more information on the Care Compare tool.

### MCBD Data

DHCS will provide fee-for-service (FFS), contracted managed care, and non-contracted managed care MCBD counts by month from DHCS' data warehouse for each freestanding SNF. The MCBDs will be based on claims/encounter data submitted to DHCS. A facility's total MCBD amount will be calculated by summing the FFS, contracted managed care, and non-contracted managed care MCBDs. If a facility does not have MCBD data or if a facility has no FFS, contracted managed care, or non-contracted managed care MCBDs, then its total MCBD amount will be considered zero. These data will be used to calculate the final sanction amount for each facility. Please see the Calculation of Sanction Amounts section for more details.

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<sup>5</sup> CMS. Technical Users' Guide. Sept 2023. Available at: <https://www.cms.gov/medicare/provider-enrollment-and-certification/certificationandcompliance/downloads/usersguide.pdf>. Accessed on: July 3, 2024.

# METHODOLOGY

## Overview

For SNF ASP MY 2024, HSAG will calculate a sanction dollar amount per MCBF for each facility based on their performance on each measure, which includes two clinical measures and one health equity measure. For each clinical measure, a minimum performance benchmark was established based on available Care Compare data, and a completion rate of less than 90 percent was chosen for the health equity measure. Each facility that fails to meet or exceed the minimum performance benchmark for a measure will be evaluated for sanctions. In addition, thresholds below the minimum performance benchmark were established for the purposes of determining sanction tiers for each measure. Each facility that does not meet or exceed minimum performance benchmarks will be placed in a sanction tier based on how their measure rate compares to these thresholds. Each sanction tier has a base tier sanction amount, which is the minimum sanction amount per MCBF for facilities within that sanction tier.

HSAG will use a continuous model to calculate the measure specific sanction amount per MCBF. The sanction amount will be calculated relative to where the facility rate falls between the threshold amounts. Please refer to the Calculation of Sanction Amounts section for a more detailed explanation of the sanction amount calculations.

## Benchmarks and Base Tier Sanctions for Measures

Using publicly available Care Compare data, HSAG established prospective national benchmarks for the clinical measures. These data included all facilities in the Care Compare data and were based on the reported four quarter average score for each facility for CY 2022. DHCS will use the national 15th percentile for the *Percentage of Long-Stay Residents Experiencing One or More Falls with Major Injury* measure and the national 10th percentile for the *Percentage of Long-Stay Residents Who Received Antipsychotic Medications* measure as the minimum performance benchmarks. Facilities with measure rates that meet or exceed the minimum performance benchmarks will not be sanctioned for the corresponding measure.

Table 1 presents the CY 2022 national benchmarks, sanction tiers, and base tier sanctions for the *Percentage of Long-Stay Residents Experiencing One or More Falls with Major Injury* measure for MY 2024. Please note that lower rates indicate better performance. Additionally, for each sanction tier, the sanction amount will be levied where rates are worse than the listed benchmarks.

**Table 1—Benchmarks and Sanction Tiers for the *Percentage of Long-Stay Residents Experiencing One or More Falls with Major Injury Measure***

Sanction Tier	Tier 1	Tier 2	Tier 3
National CY 2022 Percentiles	15th Percentile	10th Percentile	5th Percentile
<b>National Benchmark Rate</b>	<b>5.82%</b>	<b>6.67%</b>	<b>8.03%</b>
<b>Base Tier Sanction</b>	\$1.00	\$3.00	\$5.00

Table 2 presents the CY 2022 national benchmarks, sanction tiers, and base tier sanctions for the *Percentage of Long-Stay Residents Who Received Antipsychotic Medications* measure for MY 2024. Please note that lower rates indicate better performance. Additionally, for each sanction tier, the sanction amount will be levied where rates are worse than the listed benchmarks.

**Table 2—Benchmarks and Sanction Tiers for the *Percentage of Long-Stay Residents Who Received Antipsychotic Medications Measure***

Sanction Tier	Tier 1	Tier 2	Tier 3
National CY 2022 Percentiles	10th Percentile	7.5th Percentile	5th Percentile
<b>National Benchmark Rate</b>	<b>25.70%</b>	<b>27.90%</b>	<b>31.25%</b>
<b>Base Tier Sanction</b>	\$1.00	\$2.00	\$3.00

For SNF ASP MY 2024, facilities with Special Treatment Programs (STPs) authorized pursuant to Title 22 of California Code of Regulations, Sections § 72443-72475<sup>6</sup> will be exempt from sanctions on the *Percentage of Long-Stay Residents Who Received*

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<sup>6</sup> California Office of Administrative Law. Article 4. Optional Services. Available at: [https://govt.westlaw.com/calregs/Browse/Home/California/CaliforniaCodeofRegulations?guid=IB9D98B405B6111EC9451000D3A7C4BC3&originationContext=documenttoc&transitionType=Default&contextData=\(sc.Default\)](https://govt.westlaw.com/calregs/Browse/Home/California/CaliforniaCodeofRegulations?guid=IB9D98B405B6111EC9451000D3A7C4BC3&originationContext=documenttoc&transitionType=Default&contextData=(sc.Default)). Accessed on: July 3, 2024.



*Antipsychotic Medications* measure due to additional licensure to care for populations with behavioral health needs. HSAG will classify any facility with one or more STP beds as a facility with an authorized STP for the purposes of sanction calculations.

Table 3 presents the benchmarks, sanction tiers, and base tier sanctions for the *MDS Racial and Ethnic Data Completeness* measure for MY 2024. For MY 2024, facility sanctions will be determined by the percentage of data completeness. A minimum performance benchmark of 90 percent for the *MDS Racial and Ethnic Data Completeness* measure was established to prevent overlap with the minimum threshold of 90 percent used by the WQIP program to determine incentive payments. Please note that higher rates indicate better performance. Additionally, for each sanction tier, the sanction amount will be levied at rates worse than the listed benchmarks.

**Table 3—Benchmarks and Sanction Tiers for the *MDS Racial and Ethnic Data Completeness* Measure**

Sanction Tier	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Benchmark Rate	Data Completeness 90%	Data Completeness 85%	Data Completeness 80%	Data Completeness 75%	Data Completeness 70%
Base Tier Sanction	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00

## Calculation of Sanction Amounts

For each measure established for MY 2024, HSAG will use a continuous model to determine the sanction amount per MCB, which will factor in the facility's performance relative to the thresholds of their sanction tier. To determine a facility's sanction tier, HSAG will compare the facility's rate for a measure to the measure specific benchmarks. If a facility fails to meet or exceed the established benchmark for a sanction tier, then the facility meets the criteria to be placed in that sanction tier. For the purposes of the sanction calculations, each facility's final sanction tier will be the highest tier for which the facility qualifies. Within each sanction tier, an upper and lower threshold is established based on the thresholds of the current sanction tier and the next higher sanction tier, respectively. For example, sanction tier 1 for the *Percentage of Long-Stay Residents Experiencing One or More Falls with Major Injury* measure uses the national 15th and 10th percentile rate as the upper and lower thresholds. Any facility with a rate higher than the 15th percentile (5.82 percent) but equal to or lower than the 10th percentile (6.67 percent) will be in sanction tier 1. Please note that because lower rates are better for the clinical measures, the higher percentiles have lower rates than the lower percentiles. The sanction amount per MCB is proportional to where the facility's rate falls between the sanction tier's upper and lower thresholds. To calculate this proportion, the difference between the facility's rate and the upper threshold is divided by the difference between the lower threshold and the upper threshold. This value is then multiplied by the difference between the facility's base tier sanction and the next higher base tier sanction amount, referred to as the higher tier sanction in the equations below, to determine the adjusted sanction amount. Finally, the adjusted sanction amount is added to the base tier sanction to determine the sanction amount per MCB for that measure. If a facility's rate falls halfway between the thresholds for its current sanction tier and the next sanction tier, then the sanction amount per MCB would be halfway between the facility's base tier sanction amount and the next highest base tier sanction amount. The sanction amount per MCB is displayed in dollars and rounded to the nearest cent. Using this continuous model allows the calculated sanction amount to capture individual facility performance between sanction tiers.

The equation used to calculate the sanction amount per MCB for each facility for each measure is as follows:

$$\text{Base Tier Sanction} + \left( \frac{(\text{Facility Rate} - \text{Upper Threshold})}{(\text{Lower Threshold} - \text{Upper Threshold})} \times (\text{Higher Tier Sanction} - \text{Base Tier Sanction}) \right)$$

For example, using the *Percentage of Long-Stay Residents Experiencing One or More Falls with Major Injury* measure benchmarks listed in Table 1, if a facility had a rate of 6.25 percent, it would fall into sanction tier 1 as the rate is worse than the 15th percentile (5.82 percent) but better than the 10th percentile (6.67 percent). This results in a sanction amount of \$2.01 per MCBBD based on the following calculation:

$$\$1 + \left( \frac{(6.25\% - 5.82\%)}{(6.67\% - 5.82\%)} \times (\$3 - \$1) \right) = \$2.01$$

Additionally, any sanction amounts per MCBBD are capped at \$0.01 below the next base tier sanction to prevent overlapping with the next sanction tier due to rounding (e.g., if the sanction per MCBBD amount was \$2.998 per MCBBD, then the amount would be rounded down to \$2.99 per MCBBD). Please note that the sanction amount per MCBBD will not exceed \$5 for the *Percentage of Long-Stay Residents Experiencing One or More Falls with Major Injury* and *MDS Racial and Ethnic Data Completeness* measures, and the sanction amount per MCBBD will not exceed \$3 for the *Percentage of Long-Stay Residents Who Received Antipsychotic Medications* measure. If a facility is in the highest possible sanction tier, facilities will be sanctioned at the highest sanction amount for the measure and the above formula will not be used.

The total sanction amount for each measure will be calculated by multiplying the sanction per MCBBD by the total MCBBDs reported during MY 2024. The total sanction amount for a facility will not exceed \$150,000 per measure in MY 2024 (i.e., sanction amounts above \$150,000 for a measure will be reduced to \$150,000). The equation to calculate the total sanction amount for each facility for each measure is as follows:

$$\text{Total Sanction Amount} = \text{Sanction Amount per MCBBD} \times \text{Total MCBBD}$$

For example, if a facility had a calculated sanction amount of \$2.01 per MCBBD and a total of 30,550 MCBBDs for MY 2024, the facility would have a sanction amount of \$61,305.50 for that measure based on the following calculation:

$$\$61,305.50 = \$2.01 \times 30,550$$

Please provide any questions or concerns regarding the ASP Methodology to DHCS' email: [SNFASP@dhcs.ca.gov](mailto:SNFASP@dhcs.ca.gov).