

DATE: July 1, 2024
TO: ALL SNF WQIP PARTICIPANTS
SUBJECT: Provisional Guidance on SNF WQIP Payment Process

PURPOSE:

This Policy Letter (PL) outlines provisional guidance for the Skilled Nursing Facility (SNF) Workforce & Quality Incentive Program (WQIP) to assist SNFs and Managed Care Plans (MCPs) with planning the reconciliation and payment processes for the Calendar Year (CY) 2023 final payments. This guidance will be incorporated into a forthcoming All Plan Letter (APL) directed to MCPs. The Department of Health Care Services (DHCS) requests stakeholder feedback on this provisional guidance no later than within 15 calendar days of the publication of this Policy Letter to inform the final guidance in the forthcoming APL. DHCS may, based on stakeholder feedback and as otherwise deemed appropriate in its sole discretion, modify the policies outlined in this provisional guidance through the forthcoming APL, revisions to the SNF WQIP Technical Guide, or any subsequent guidance (including but not limited to policy letters). This provisional guidance supersedes any conflicting provisions of the SNF WQIP program design, SNF WQIP Technical Guide, and previous informal guidance issued by DHCS. This provisional guidance does not supersede, or replace, any formal APLs or applicable contractual provisions.

BACKGROUND:

Assembly Bill (AB) 186 (Chapter 46, Statutes of 2022) added Welfare & Instructions Code 14126.024 authorizing the DHCS to establish and implement the SNF WQIP for managed care rating periods that begin between January 1, 2023, and December 31, 2026, subject to federal approval. Eligible providers participating in the SNF WQIP may earn performance-based directed payments from MCPs for qualifying bed days rendered pursuant to network provider agreements for which Medi-Cal is the primary payer. See APL 23-004¹ for additional information regarding MCP's requirements for SNF services. DHCS developed the SNF WQIP CY 2023 Program Design through a series of stakeholder meetings in late 2022, and published the final SNF WQIP CY 2023



Program Design on DHCS's Nursing Facility Financing Reform website on December 21, 2022.² DHCS published the final SNF WQIP CY 2023 Technical Guide describing the detailed program metrics and calculations on March 8, 2024.³ DHCS obtained federal approval of the SNF WQIP for dates of service in Calendar Year 2023 as a uniform per diem increase in accordance with 42 Code of Federal Regulations (CFR) section 438.6© on April 4, 2024.⁴

The SNF WQIP Program Design provides for interim and final payments. DHCS issued guidance to MCPs on March 29, 2024, to make the first SNF WQIP CY 2023 Interim Payment based on qualifying CY 2023 bed days reported by MCPs to DHCS's Data Warehouse by December 31, 2023. In the SNF WQIP Program Design, DHCS established a June 30, 2024, deadline for MCPs to report qualifying CY 2023 bed days to DHCS for the calculation of the SNF WQIP CY 2023 final payment.

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On May 28, 2024, DHCS provided MCPs with the latest CY 2023 member-level bed day data available in DHCS's Data Warehouse and instructed MCPs to continue reconciling with facilities. DHCS also instructed MCPs to securely share member-level bed day data with providers as needed to support reconciliation. To support the flow of information, DHCS published summary data and detailed data specifications on the SNF WQIP website.⁵ This data set includes contracted and non-contracted bed days totaling approximately 99 percent of the total bed days projected by DHCS for CY 2023. Approximately 90 percent of these bed days are reported as contracted bed days qualifying for SNF WQIP payments. Providers have noted ongoing data reconciliation efforts with MCPs.

POLICY

Direction of Payment

For the SNF WQIP CY 2023 final payment, and for all subsequent interim and final payments, DHCS will direct MCPs to make payments on a per-diem basis, rather than as a lump sum basis. A per-diem will be calculated by DHCS for each facility based on the facility's performance on metrics in SNF WQIP as described in the SNF WQIP CY 2023 Technical Guide. As of the writing of this letter, the facility specific per-diem is the baseline per-diem multiplied by the curve factor (which is adjusted for quality performance); however, refer to the appropriate Technical Program Guide for details of calculations. DHCS will require MCPs to determine the number of qualifying bed days

each facility is entitled to and to make per-diem payments to each facility for all qualifying bed days rendered and billed under a network agreement with the MCP pursuant to all applicable state and federal laws, regulations, and contractual terms without regard to when these bed days are reported by the MCP to DHCS. Pursuant to applicable state and federal laws, regulations, and contractual terms, providers generally must submit claims to the MCP within 12 months of date of service. For MCPs to determine which contracted bed days qualify for SNF WQIP, the MCPs should include bed days under a network agreement and attributable to long-term care (LTC) claims, including bed hold days and discharge days, for CY 2023 dates of service billed by a qualifying facility (excludes hospice days and days where Medi-Cal was not the primary payer). MCPs will net out any previously directed interim payment amounts from the final payment and, if applicable, recoup or withhold any amounts related to Class AA or A citations.

Class AA and A Citations

In accordance with the SNF WQIP Program Design, DHCS will direct MCPs to withhold SNF WQIP payments for facilities with one or more Class AA or A citations issued by the California Department of Public Health (CDPH) for violations that occur during the program year.

- Class AA citations are issued to facilities for actions that are the proximate cause of resident death. Facilities with one or more class AA citations partly or wholly in the calendar year are disqualified from payments for that calendar year.
- Class A citations are issued to facilities for actions where there is imminent danger of death or serious harm to a resident or a substantial probability of death or serious physical harm. Facilities with one or more class A citations partly or wholly in the calendar year receive a 40 percent penalty to the per diem payment amount for that calendar year.

CDPH publishes state enforcement action data, including Class AA and A citations, on the California Health & Human Services Open Data Portal.⁶ Furthermore, DHCS will notify MCPs of any additional applicable Class AA and A citations reported to DHCS by CDPH. If DHCS or an MCP becomes aware of an applicable citation for a calendar year after the time of an interim or final payment, DHCS will require the MCP to recoup and withhold the applicable payments retroactively for that calendar year.

For citations that are appealed, DHCS will require MCPs to withhold the applicable payments until all appeals are exhausted and, if applicable, to release the applicable payments based on the final disposition of the citation, without regard to the length of the appeals process.

Bed Day & Payment Reconciliation

DHCS will require MCPs to establish policies and procedures to reconcile qualifying bed days with facilities and to provide member-level data to facilities detailing qualifying bed days in a machine-readable format on a regular basis (at least quarterly).

DHCS will require MCPs to establish policies and procedures to accept, acknowledge, and resolve provider grievances related to the processing or non-payment of SNF WQIP payments.

DHCS will require MCPs to identify a single designated point of contact for providers for questions and technical assistance related to SNF WQIP.

Final Reporting & Payment Timeline

DHCS will utilize data submitted by MCPs by June 30, 2024, and accepted by DHCS, to calculate the disproportionate share metric (based on DHCS-received claims data), claims-based clinical measures (calculated by MCPs), and curve factor necessary to compute the SNF WQIP CY 2023 final score for each facility in accordance with the SNF WQIP CY 2023 Technical Guide. The disproportionate share metric counts all Medi-Cal bed days (including contracted and non- contracted bed days in the managed care delivery system and bed days in the fee for service delivery system) in the numerator and therefore the outstanding reconciliation of contract status will not impact facilities' scores on this metric. The SNF WQIP curve factor is calculated on an aggregate weighted average basis across all facilities and is not correlated with the aggregate number of qualifying bed days utilized in the calculation. Therefore, the outstanding reconciliation of qualifying bed days reported for any one facility will have a de minimis impact on the calculation of the per diem amount for that facility. Delaying the calculation of these metrics would push out the payment timeline and could jeopardize DHCS's ability draw down federal financial participation related to all qualifying CY 2023 bed days within the federal two- year claiming limit.

DHCS aims to calculate the SNF WQIP CY 2023 final scores and direct MCPs to make payments on a per diem basis by September 30, 2024. DHCS will direct MCPs to calculate the number of SNF WQIP qualifying bed days and make payments to facilities within 45 calendar days of receiving payment exhibits from DHCS or within 30 calendar days of receiving a clean claim from the provider, whichever is later. Payment exhibits will only include the final SNF WQIP score and per- diem for each facility. DHCS will calculate the final separate payment term made by DHCS to MCPs based on qualifying bed days reported by MCPs to the Post-Adjudicated Claims and Encounters System (PACES) by October 15, 2024, that have been accepted by DHCS, subject to actuarially appropriate adjustments. The October 15, 2024 deadline will not impact MCPs' obligations to make SNF WQIP per-diem payments to each facility for all qualifying bed days rendered under a network agreement as detailed in the "Direction of Payment"

SNF WQIP PL 24-001

section.

If you have any questions regarding this policy letter, please contact SNFWQIP@DHCS.ca.gov.

ORIGINAL SIGNED BY JEFFREY NORRIS

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¹<https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2023/APL23-004.pdf>

² <https://www.dhcs.ca.gov/services/medi-cal/Pages/Nursing-Facility-Financing-Reform-AB-186.aspx>

³ <https://www.dhcs.ca.gov/services/Documents/WQIP-PY1-TechnicalProgramGuide-F3.pdf>

⁴ <https://www.dhcs.ca.gov/services/Documents/DirectedPymts/CA-Fee-NF-New-20230101-20231231-Approval-Package.pdf>

⁵ <https://www.dhcs.ca.gov/services/Pages/SNF-WQIP.aspx>

⁶ <https://data.ca.gov/dataset/health-facilities-state-enforcement-actions>