

# **Calendar Year 2023 SNF WQIP Final Payment Policy**

July 31, 2024

# Program Background

- » Assembly Bill (AB) 186 (Chapter 46, Statutes of 2022) added Welfare & Instructions Code 14126.024 authorizing the DHCS to establish and implement the Skilled Nursing Facility Workforce and Quality Incentive Program (SNF WQIP) for managed care rating periods that begin between January 1, 2023, and December 31, 2026, subject to federal approval.
- » DHCS developed the SNF WQIP calendar year (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.
- » DHCS published the final SNF WQIP CY 2023 Technical Program Guide describing the detailed program metrics and calculations on March 8, 2024.
- » DHCS obtained federal approval of the SNF WQIP for dates of service in CY 2023 as a uniform per diem increase in accordance with 42 Code of Federal Regulations (CFR) section 438.6(c) on April 4, 2024.

# CY 2023 Interim Payments & Ongoing Reconciliation

- » DHCS issued guidance to Medi-Cal managed care plans (MCPs) on March 29, 2024, to make the first SNF WQIP CY 2023 Interim Payment, on lump sum basis, based on interim SNF WQIP scores and qualifying CY 2023 bed days reported by MCPs to DHCS's Data Warehouse by December 31, 2023.
- » 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. Providers have noted ongoing data reconciliation efforts with MCPs.

# SNF WQIP Policy Letter 24-001

- » On July 1, 2024, DHCS published SNF WQIP Policy Letter (PL) 24-001 which provides additional provisional guidance on how DHCS plans to operationalize final payments from MCPs to SNFs for CY 2023 and future program years.
- » The PL provides an opportunity for comments regarding our updated policies and procedures for SNF WQIP.
- » The PL previews the guidance that will be finalized in a forthcoming -SNF WQIP All Plan Letter (APL).

# Go Forward Policy

- » 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 on 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.

# Per-diem Calculation

- » The facility-specific per-diem is the baseline per-diem multiplied by the SNF WQIP score and a curve factor in accordance with the SNF WQIP CY 2023 Technical Guide.
- » To compute the SNF WQIP CY 2023 final score for each facility, 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 the curve factor.
- » DHCS will aim to provide MCPs with the facilities' specific per-diems on September 30, 2024.

# Payment Calculation

- » 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.
- » 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.

# Payment Timing

- » 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.



# Qualifying days

- » 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/leave of absence days and discharge days, for CY 2023 dates of service billed by a qualifying facility (excluding hospice days and days where Medi-Cal was not the primary payer).
- » MCPs are already identifying these claims for SNF services as defined by [APL 23-004](#).
- » Due to the varying differences between MCP contracting and billing practices, DHCS is unable to provide a specific set of revenue codes to identify qualifying bed days for SNF WQIP.

# A/AA 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 that occur (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 that occur (partly or wholly) in the calendar year receive a 40 percent penalty to the per diem payment amount for that calendar year.

# A/AA Citations, continued

- » DHCS is working on a methodology to inform MCPs of A/AA citations issued by CDPH. Currently, CDPH publicly posts these data once a year on the [California Health & Human Services Open Data Portal](#).
- » 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.
- » DHCS will not recoup A/AA citation dollars from the MCP if the citation is upheld.

# 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.

# MCP Increment Calculations

- » 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.

# Policy Letter Questions

- » **Does DHCS intend on having the MCPs calculate the per-diem rate for future CY's?** At this time, DHCS does not intend to transition the calculation of the SNF WQIP Score and per diem to MCPs.
- » **Why refer the MCPs back to the Technical Guide if DHCS is determining the per-diem rate?** The Technical Guide provides general background information on how the per-diem is calculated. Future Technical Guides may be updated to consolidate all program guidance in a single location.
- » **Is the per-diem rate calculated monthly, quarterly, yearly? What will be the cadence?** DHCS will calculate an interim and final per-diem for each program year. DHCS will aim to disseminate the per-diem at the end of Quarter 1 and Quarter 3 of the subsequent calendar year.

# Policy Letter Questions continued

- » **When stating "without regard to when these bed days are reported by the MCP to DHCS", is DHCS referencing the time in which facilities may reconcile differences in bed day count?** Yes, facilities are due the SNF WQIP per-diem for each qualifying day that is submitted by the SNF to the MCP according to applicable billing requirements and timelines.
- » **How does this change the process and impact the payments already issued?** MCPs will need to account for prior payments when determining the total amount due to the facility.
- » **Please confirm if this is still considered a directed payment even though the MCP is calculating the payment.** Yes, this is still a directed payment. DHCS is calculating the per-diem and directing that per-diem to be paid to qualifying providers for qualifying bed days.

# Policy Letter Questions on AA/A citations

- » **Are MCPs to withhold all WQIP payments for the program year, including any interim payments from that timeframe?** Yes, if a citation is known before payment, the MCP would hold all payments until resolved.
- » **Does the percent penalty for class A citations affect all payments during the program year, including any interim payments?** Yes, it affects all payments.
- » **If MCPs will be responsible for recouping funds if a citation is identified after final payment and for distributing funds if an appeal is won, no matter how long it takes - will MCPs be expected to keep WQIP funds on their books?** Yes, the MCP should keep the funds on their books until the citation is resolved.
- » **What is the process to send unused/recouped funds back to the state?** For CY 2023, DHCS has not implemented a policy to recoup funds from MCPs. Unused/recouped funds due to citations will be kept by the MCP.



# Questions?

- » Additional questions can be directed to:  
[SNFWQIP@dhcs.ca.gov](mailto:SNFWQIP@dhcs.ca.gov)