



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
310 Great Circle Road
Nashville, Tennessee 37243

IMPORTANT MEMO

DATE: August 5, 2014
TO: Medicaid Nursing Facility (NF) Providers
TennCare Managed Care Organizations
FROM: Patti Killingsworth, Assistant Commissioner
Chief of Long-Term Services and Supports (LTSS)
SUBJECT: **Quality Payments to Nursing Facilities**

The purpose of this memo is to provide IMPORTANT and TIME-SENSITIVE information about your TennCare reimbursement for Nursing Facility services.

In July, you received a memo advising you of a change in your annual bed tax payment. This change was the result of legislation passed by the General Assembly and signed by Governor Haslam¹ that replaced the Nursing Home Bed Tax with a new Nursing Home Assessment Fee, effective July 1, 2014. As designated in the legislation, revenues from this Fee must be used to the benefit of nursing facilities, including provisions for acuity-based payments and payments based on quality measures as a component of the reimbursement methodology. This memo explains how the payments based on quality will be made.

Please find attached to this memo a document entitled *QuILTSS Nursing Facility Value-Based Purchasing Quality Framework*. **Please review the attachment carefully.** It describes the measures that will be used to determine the amount of each facility's quality payment. The *Quality Framework* includes an approach for the new nursing home reimbursement methodology that we anticipate will be implemented in FY 2016, and a separate approach that will be used during the "bridge" or transition year to determine payments for quality-based adjustments to the FY 2015 per diem rates. During FY 2015, facilities will receive four such quarterly payments.

Note that during the "bridge payment" year, measures are designed to reward not just quality *performance*, but in many respects, facilities' *efforts* toward quality improvement. The initial quarterly payment will reward steps facilities have undertaken prior to July 1, 2014 to improve their quality performance. Subsequent quarters in the bridge year will offer opportunity and incentive for facilities to pursue new or additional quality improvement efforts. This will help position facilities to be successful once the new reimbursement model is fully implemented.

The *Quality Framework*, including payment approach, has been designed in conjunction with a number of key stakeholder groups working together over the past several months, including:

¹ [2014 Public Chapter 859 (newly codified in TCA § 71-5-2801, et seq)]

Tennessee Health Care Association
LeadingAge Tennessee
National HealthCare Corporation
Signature HealthCARE
Tennessee Association for Home Care
AARP
Alzheimer's Tennessee, Inc.
Tennessee Council on Developmental Disabilities

Tennessee Disability Coalition
The Arc Tennessee
Qsource
Tennessee Department of Health
Tennessee Commission on Aging and Disability
Area Agencies on Aging and Disability
Alexian Brothers Community Services (PACE)
Lipscomb University School of TransformAging

The group's work began with input received from individuals who need long-term services and supports, their families, and providers. The input was gathered from 18 Community Forums hosted across Tennessee during late October and early November 2013 and facilitated by Lipscomb University's School of TransformAging as part of the QuILTSS (Quality Improvement in Long-Term Services and Supports) initiative. Many of you participated in those meetings and shared your thoughts regarding how best to measure quality, as well as concerns regarding administrative burden and potential challenges. In addition to an online survey for those unable to attend a Community Forum, information was also gathered and reviewed from other state's experiences with long term care pay for performance plans. You can read about the process and all of the input and information gathered in a final technical assistance report published by Lipscomb University and available at <http://www.lipscomb.edu/transformaging/tareport>.

We are grateful for the investment of each group's time and invaluable contributions. We believe that this framework offers an important opportunity to improve the quality of LTSS provided in Tennessee, and to reward providers for their quality improvement efforts and achievements.

TennCare is working with Lipscomb University to prepare training materials that will describe in detail the process for submitting documentation to support quality payments. These training materials will be made available for online viewing during the week of August 11-15, 2014. Instructions for accessing those materials will be forthcoming later this week. **It will be critical that every facility complete the training and begin *immediately* compiling documentation.**

TennCare intends to issue the first quarterly payment in late October 2014. Documentation required to support this quality payment must be submitted to TennCare by 4:30 p.m. Central Time, Monday, September 15, 2014. This will allow TennCare to evaluate the submissions and supporting documentation in order to process the payments by late October.

Submissions received after the deadline specified above will not be evaluated for the first quarterly payment. You may only submit your documentation once per quarter and that submission is final; there will be no revisions, alterations, or adjustments allowed. Therefore, you should begin gathering this information *immediately*. Submission details will be provided in the training materials next week.

For each facility that provides the required documentation in a timely manner, TennCare will inform them of their performance evaluation by October 15, 2014.

Questions about this memo should be directed to Jay Taylor, Deputy of LTSS Audit and Compliance at jay.taylor@tn.gov.