

## **Table of Contents**

**State/Territory Name: VA**

**State Plan Amendment (SPA) #: 23-0017**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-14-28  
Baltimore, Maryland 21244-1850



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**Financial Management Group**

November 8, 2023

Cheryl Roberts  
Agency Director  
Department of Medical Assistance Services  
600 East Broad St, #1300  
Richmond, VA 23219

Reference: TN 23-0017

Dear Agency Director:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 23-0017. This amendment proposes for nursing facility value-based purchasing program that enhances funding for facilities that meet or exceed performance and/or improvement thresholds.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

This is to inform you that Medicaid State plan amendment VA-23-0017 is approved effective July 1, 2023. The CMS-179 and the amended plan page(s) are attached.

If you have any additional questions or need further assistance, please contact Kristina Mack at 617-565-1225 or [Kristina.Mack-Webb@cms.hhs.gov](mailto:Kristina.Mack-Webb@cms.hhs.gov).

Sincerely,

A solid black rectangular box redacting the signature of the sender.

Rory Howe  
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 3 — 0 0 1 7

2. STATE

V A

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX  XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

7/1/2023

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2023 \$ 188,179  
b. FFY 2024 \$ 3,240,471

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D, Supplement 1, revised pages 26.5.1, 57 and 58

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Same as box #7.

9. SUBJECT OF AMENDMENT

Nursing Facility Value-Based Purchasing Program

10. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:  
Secretary of Health and Human Resources

11. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

12. TYPED NAME  
Cheryl J. Roberts, JD

13. TITLE  
Agency Director

14. DATE SUBMITTED  
August 16, 2023

15. RETURN TO

Department of Medical Assistance Services  
600 East Broad Street, #1300  
Richmond VA 23219

Attn: Policy, Regulations, and Manuals Supervisor

**FOR CMS USE ONLY**

16. DATE RECEIVED  
September 18, 2023

17. DATE APPROVED  
November 8, 2023

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, Financial Management Group

22. REMARKS

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of VIRGINIA

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES FOR LONG-TERM CARE**

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- l. Resource Utilization Group (RUG) is a resident classification system that groups nursing facility residents according to resource utilization and assigns weights related to the resource utilization for each classification. The department shall use RUGs to determine facility case-mix for cost neutralization as defined in 12 VAC 30-90-306 in determining the direct costs in setting the price and for adjusting the claim payments for residents.
  - a. The department shall neutralize direct costs per day in the base year using the most current RUG grouper applicable to the base year.
  - b. The department shall utilize RUG-III, version 34 groups and weights in fiscal years 2015 through 2017 for claim payments.
  - c. Beginning in fiscal year 2018, the department shall implement RUG-IV, version 48 Medicaid groups and weights for claim payments.
  - d. RUG-IV, version 48 weights used for claim payments will be normalized to RUG-III, version 34 weights as long as base year costs are neutralized by the RUG-III 34 group. In that the weights are not the same under RUG-IV as under RUG-III, normalization will ensure that total direct operating payments using the RUG-IV 48 weights will be the same as total direct operating payments using the RUG-III 34 grouper.
  
- m. DMAS shall increase nursing facility per diem rates by \$6.13 per day effective July 1, 2023.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES FOR LONG-TERM CARE

12. Pediatric unit capital cost. Pediatric unit capital costs will be reimbursed in accordance with subdivision 9 of this section, except that the occupancy requirement shall be 70% rather than the required occupancy percentage.

13. The cost reporting requirements of 4.19-D, Supp 1, page 35 (12 VAC 30-90-70) and 4.19-D, Supp 1, page 37 (12 VAC 30-90-80) shall apply to specialized care providers.

14. Effective July 1, 2020 through June 30, 2023, specialized care operating rates shall be increased by inflating the 2020 rates based on the section of the state plan called the Nursing Facility Price Based Payment Methodology, which starts on page 26.2 of 4.19D, Supplement 1. After state fiscal year 2023, the rates shall revert to the existing prospective methodology.

15. DMAS shall increase nursing facility per diem rates by \$6.13 per day effective July 1, 2023.

**12 VAC 30-90-265. Reserved.**

**12VAC30-90-266. Traumatic Brain Injury (TBI) payment.**

DMAS shall provide a fixed per day payment for nursing facility residents with TBI served in the program in accordance with resident and provider criteria, in addition to the reimbursement otherwise payable under the provisions of the Nursing Home Payment System. Effective for dates of service on and after August 19, 1998, a per day rate add-on shall be paid for recipients who meet the eligibility criteria for these TBI payments and who are residents in a designated nursing facility TBI unit of 20 beds or more that meets the provider eligibility criteria. The rate add-on for any qualifying provider's fiscal year shall be reviewed annually to determine the appropriateness of the amount, not to exceed \$50 per patient day, and any changes will be published and distributed to the providers. (Refer to NHPS, Appendix VII, page 1 (12VAC30-90-330), Traumatic brain injury diagnoses, for related resident and provider requirements.)

**12 VAC 30-90-267. Private room differential.**

A. Payment shall be made for a private room or other accommodations more expensive than semi-private (two or more bed accommodations) only when such accommodations are medically necessary. Private rooms will be considered necessary when the resident's condition requires him/her to be isolated for his/her own health or that of others.

B. Physician certification justifying the private room must be on file prior to the resident's discharge from the semi-private room. The term 'isolation' applies when treating a number of physical and mental conditions. These include communicable diseases which require isolation of the resident for certain periods. Private room accommodations may also be necessary for residents whose symptoms or treatments are likely to alarm or disturb others in the same room.

C. Reimbursement for private rooms will only be made when authorized by the Virginia Department of Medical Assistance Services (DMAS).

D. The Medicaid private room differential shall be calculated by applying the percent difference between the facility's private and semi-private room charges to the total case mix neutral Medicaid rate for the facility.

**12 VAC 30-90-268 through 12 VAC 30-90-269. Reserved.**

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES FOR LONG-TERM CARE

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### Subpart XVII Value-Based Purchasing Program

#### A. Nursing Facility Value-Based Purchasing Program

1. The nursing facility (NF) Value-Based Purchasing (VBP) program seeks to improve the quality and outcomes of care furnished to Medicaid members by enhancing performance accountability in specific areas to include staffing and avoidance of negative care events.
2. Complete details including technical information regarding program eligibility, performance measures, performance thresholds and payments are available on the Agency's website at the following address: <https://www.dmas.virginia.gov/about-us/value-based-purchasing/> and are effective beginning July 1, 2023.

#### B. Payment Structure to Nursing Facilities

1. Virginia Medicaid will distribute performance-based funding based on NF attainment of performance thresholds and improvement on specific performance measures (PM). Per diem values will be established for the performance attainment thresholds of each PM. The size of PM payments will be contingent on NF performance in meeting thresholds and improvements between each program year across the measures.
2. Eligible NFs will receive lump sum payments in March/April and May/June for PM payments.
3. Funding for the NF VBP program will be distributed to eligible FFS NFs based on Virginia Medicaid's established program methodology available on the Agency's website at the following address: <https://www.dmas.virginia.gov/about-us/value-based-purchasing/>. No payments will be made that exceed the total available funding for the program

#### C. Performance Measure Assessment

1. Virginia Medicaid will evaluate performance measures over a twelve (12) month period beginning October 1 of each year and ending September 30 of the next year for each program year.
2. The program methodology will be updated for each program year and will outline the evaluated performance measures, performance and improvement thresholds, per diem values for each threshold and additional information. The methodology can be found on the Agency's website at the following address: <https://www.dmas.virginia.gov/about-us/value-based-purchasing/>.
3. Virginia Medicaid will select PMs that are standard reporting for Virginia's NFs through the Centers for Medicare & Medicaid Services' (CMS') Minimum Data Set (MDS), Nursing Home (NH) Compare claims-based quality measures and Payroll Based Journal (PBJ) NF staffing measures and data.

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TN No. 23-0017

Approval Date November 8, 2023

Effective Date 7-1-2023

Supersedes

TN No. 22-0007