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State/Territory Name: OH

State Plan Amendment (SPA) #: 16-021

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

NOV 01 2016

John McCarthy, Medicaid Director
Office of Ohio Health Plans
Ohio Department of Medicaid
P.O. Box 182709
50 West Town Street, Suite 400
Columbus, Ohio 43218

RE: Ohio State Plan Amendment (SPA) 16-021

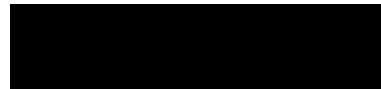
Dear Mr. McCarthy:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 16-021. Effective 7/1/16, the Ohio Department of Medicaid (ODM) will implement a new nursing facility quality program to improve the quality of care provided by Ohio's nursing facilities. A nursing facility that chooses to participate in the quality program may earn one point for each of the five quality indicators it meets. Based on the number of quality indicator points a nursing facility earns, ODM will calculate a per Medicaid day quality payment for the facility. ODM shall calculate annually the per Medicaid day quality payment for each nursing facility.

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 regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 16-021 is approved effective July 1, 2016. We are enclosing the HCFA-179 and the amended plan pages.



If you have any questions, please contact Fred Sebree at (217) 492-4122 or Fredrick.sebree@cms.hhs.gov.

Sincerely,



Kristin Fan
Director

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 16-021	2. STATE OHIO
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE July 1, 2016	
5. TYPE OF PLAN MATERIAL <i>(Check One)</i> : <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT <i>(Separate Transmittal for each amendment)</i>			
6. FEDERAL STATUTE/REGULATION CITATION: Section 1902(a)(13)(A) of the Social Security Act Section 1902(a)(30)(A) of the Social Security Act 42 C.F.R. 447.204 and 42 C.F.R. 447.205		7. FEDERAL BUDGET IMPACT: a. FFY 2016 \$ 46.1 thousands b. FFY 2017 \$184.3 thousands	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Item 4 Page 1 of 1 Attachment 4.19-D, Supplement 1: Section 001.1, page 1 of 1 Section 001.17, pages 1-2 of 2 Section 001.18, page 1 of 2 Section 001.18, page 2 of 2 New		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT <i>(If Applicable)</i> : Attachment 4.19-B, Item 4 Page 1 of 1 (TN 16-006) Attachment 4.19-D, Supplement 1: Section 001.1, page 1 of 1 (TN 11-022) Section 001.17, pages 1-3 of 3 (TN 14-016) Section 001.18, page 1 of 1 (TN 14-016)	
10. SUBJECT OF AMENDMENT: Payment for Services: Nursing Facility Services – Quality			
11. GOVERNOR'S REVIEW <i>(Check One)</i> : <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: The State Medicaid Director is the Governor's designee	
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Carolyn Humphrey Ohio Department of Medicaid P.O. BOX 182709 Columbus, Ohio 43218	
13. TYPED NAME: JOHN B. McCARTHY			
14. TITLE: STATE MEDICAID DIRECTOR			
15. DATE SUBMITTED: June 29, 2016			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: NOV 01 2016	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2016		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FMCo	
23. REMARKS:			

Instructions on Back

4a. Skilled Nursing Facility Services for Individuals Under 21 Years of Age or Older

Payment is made according to the provider type rendering service as described elsewhere in this attachment.

4b. Early and Periodic Screening Diagnosis of Individuals Under 21 Years of Age and Treatment of Conditions Found

Payment is made according to the provider type rendering service as described elsewhere in this attachment.

4c. Family Planning

Payment is made according to the provider type rendering service as described elsewhere in this attachment.

Background

Facility-specific nursing home rates are established prospectively using prices calculated using the base year cost report. Each rate is the sum of the direct care rate component, the ancillary and support services price, the capital price, the tax rate component, and the per Medicaid day quality payment rate.

Cost reports reflect allowable costs (costs determined by the Ohio Department Medicaid to be reasonable and do not include fines paid). Unless otherwise specified, allowable costs are determined in accordance with the following, as currently issued and updated, in the following priority:

- 1) Title 42 Code of Federal Regulations (CFR) Chapter IV
- 2) The provider reimbursement manual (CMS Publication 15-1)
- 3) Generally accepted accounting principles.

A reasonable cost is one that is an actual cost that is appropriate and helpful to develop and maintain the operation of patient care facilities and activities, including normal standby costs and that do not exceed what a prudent buyer pays for a given item or service. The costs of goods, services and facilities furnished to a provider by a related party are includable in the allowable costs of the provider at the reasonable cost to the related party.

Quality Indicators and Per Medicaid Day Quality Payment Rate

Quality Indicators

Department of Medicaid determines the per Medicaid day quality payment rate for nursing facilities based on the number of quality points nursing facilities earn for meeting five different quality indicators.

The Department of Medicaid will use data from the following measurement periods to determine quality points:

- 1) For state fiscal year 2017, the period beginning July 1, 2015 and ending December 31, 2015.
- 2) For each subsequent state fiscal year, the calendar year immediately preceding the state fiscal year.

A nursing facility may earn a maximum of one point for each of the following five quality indicators during the measurement period. Based on the number of quality indicator points earned, the Department of Medicaid will calculate a per Medicaid day quality payment rate for each nursing facility. To earn a point for each of the quality indicators, the nursing facility shall meet the following criteria.

- 1) *Pressure Injuries*
Score no more than the twenty-fifth percentile of both the short-stay and long-stay Ohio nursing facility residents' pressure injury rate. The Department of Medicaid obtains pressure injury rates from the Centers for Medicare and Medicaid Services (CMS) website at <https://data.medicare.gov/Nursing-Home-Compare/Quality-Measures/djen-97ju>. Statistical data published by May thirty-first for the measurement period will be included in the calculation. If a nursing facility has insufficient data to calculate a pressure injury rate, the facility shall not receive a quality point for this indicator.
- 2) *Antipsychotic Medication Use Rate*
Score no more than the twenty-fifth percentile of both the short-stay and long-stay nursing facility residents' antipsychotic medication use rate. The Department of Medicaid obtains the antipsychotic medication use rate from the CMS website at <https://data.medicare.gov/Nursing-Home-Compare/Quality-Measures/djen-97ju>. Statistical data published by May thirty-first for the measurement period will be included in the calculation. If a nursing facility has insufficient data to calculate an antipsychotic medication use rate, the facility shall not receive a quality point for this indicator.
- 3) *Avoidable Inpatient Hospital Admissions*
Attains a rate of 1.0 or less for avoidable inpatient hospital admissions for residents who are in receipt of Medicaid, resided in the nursing facility during a minimum of two days preceding the hospital admission, and resided in the nursing facility for a minimum of fourteen days during the measurement period. Nursing facility residents with catastrophic conditions and dominant, metastatic and complicated malignancies are excluded. The Department of Medicaid utilizes the following methodology for each nursing facility for determining the rate for avoidable inpatient hospital admissions:
 - a) The expected admissions rate will be calculated using Medicaid hospital claims, including third-party crossover claims, from the twelve-month period preceding

TN 16-021 Approval Date NOV 01 2016
Supersedes
TN 14-016 Effective Date 07/01/2016

the measurement period. The Department of Medicaid will assign an all-patient refined diagnosis-related group to each claim. Each nursing facility resident will be assigned to one of twenty-seven aggregate clinical risk groups. Each nursing facility's risk-adjusted expected admission rate will be calculated based on the number of nursing facility residents in each of the clinical risk groups during the twelve-month measurement period.

- b) The actual hospital admission rate will be calculated using actual hospital admissions from Medicaid hospital claims, including third-party crossover claims.
- c) The actual-to-expected avoidable inpatient hospital admission rate is calculated by dividing the nursing facility's actual hospital admission rate by the expected hospital admission rate.

If a nursing facility fails to complete the avoidable hospital admissions portion of section eight of the Medicaid nursing facility annual cost report, the facility shall not receive a quality point for this indicator.

4) *Employee Retention Rate*

Attain an employee retention target rate of at least the seventy-fifth percentile. The Department of Medicaid calculates the percentile using the employee retention rates from section eight of all Medicaid nursing facility annual cost reports. If a nursing facility enters a "NO" response or does not provide a response in the employee retention portion of section eight of the Medicaid nursing facility annual cost report, the facility shall not receive a quality point for this indicator.

5) *Preferences for Everyday Living Inventory (PELI)*

Utilize the nursing home version of the PELI for all of its residents, and indicate in section eight of the nursing facility's annual cost report that it was used. If a nursing facility enters a "NO" response or does not provide a response in the PELI portion of section eight of the Medicaid nursing facility annual cost report, the facility shall not receive a quality point for this indicator.

The Department of Medicaid shall establish a methodology whereby religious nonmedical health care institutions (RNHCIs) can earn one point for each of the five quality indicators described above.

Calculation of the Per Medicaid Day Quality Payment Rate

For state fiscal year 2017 and each fiscal year thereafter, the Ohio Department of Medicaid shall calculate the per Medicaid day quality payment rate for each nursing facility as follows:

- 1) Determine the number of inpatient Medicaid days reported by each nursing facility on the Medicaid nursing facility annual cost report for the calendar year preceding the fiscal year in which the quality payment will be paid.
- 2) Determine the total number of inpatient Medicaid days reported by all nursing facilities on the Medicaid nursing facility annual cost report for the calendar year preceding the fiscal year in which the quality payment will be paid.
- 3) Determine the number of quality points earned by each nursing facility during the applicable measurement period as specified in section 001.17 of Attachment 4.19-D, Supplement 1.
- 4) For each nursing facility, multiply the number of inpatient Medicaid days as determined in paragraph 1) above for the nursing facility by the number of quality points earned by the nursing facility as determined in paragraph 3) above. This product is the point days earned by each nursing facility.
- 5) Determine the total number of point days for all nursing facilities.
- 6) Multiply one dollar and seventy-nine cents by the total number of Medicaid days delivered by all nursing facilities as determined in paragraph 2) above. This product is the total amount of quality funds to be paid to nursing facilities by the Ohio Department of Medicaid in the applicable fiscal year.
- 7) Divide the total amount of quality funds to be paid as calculated in paragraph 6) above by the total number of point days for all nursing facilities as determined in paragraph 5) above.
- 8) Multiply the amount calculated in accordance with paragraph 7) above by the quality points earned by each nursing facility as determined in paragraph 3) above. This product is the per Medicaid day quality payment for each nursing facility.

The largest per Medicaid day quality payment for a fiscal year shall be paid to nursing facilities that meet all of the quality indicators for the measurement period.

If a nursing facility undergoes a change of operator during a fiscal year, the per Medicaid day quality payment rate to be paid to the entering operator for nursing facility services that the nursing facility provides during the period beginning on the effective date of the change of operator and ending on the last day of the fiscal year shall be the same amount as the per Medicaid day quality payment rate that was in effect on the day immediately preceding the effective date of the change of operator and paid to the nursing facility's exiting operator. For the immediately following fiscal year, the per Medicaid day quality payment rate shall be as follows:

- 1) If the effective date of the change of operator is on or before the first day of October of the calendar year immediately preceding the fiscal year, the amount determined for the nursing facility in accordance with section 001.18 of Attachment 4.19-D, Supplement 1 for the fiscal year.

- 2) If the effective date of the change of operator is after the first day of October of the calendar year immediately preceding the fiscal year, the mean per Medicaid day quality payment rate for all nursing facilities for the fiscal year.

Nursing facility providers may request a rate reconsideration on the basis of a possible error in the calculation of the per Medicaid day quality payment rate.