Texas Quality Incentive Payment Program

INTRODUCTION

This concept paper describes the Quality Incentive Payment Program (QIPP) proposed by Texas. QIPP is designed to incentivize nursing facilities to improve quality and innovation in the provision of nursing facility services, including payment incentives to establish culture change, small house models, staffing enhancements and outcome measures to improve the quality of care for nursing facility residents.

Background

During the 83rd Session, the Texas Legislature outlined its goals for the managed care carve-in of nursing facilities. In implementing the nursing facility carve-in, the Health and Human Services Commission (HHSC) was directed to encourage transformative efforts in the delivery of nursing facility services, including "efforts to promote a resident-centered care culture through facility design and services provided" (S.B. 7, 83rd Texas Legislature, Regular Session).

In 2014 HHSC established the Minimum Payment Amount Program (MPAP). The MPAP, which became effective March 1, 2015, establishes minimum payment amounts for qualified nursing facilities participating in STAR+PLUS. The STAR+PLUS managed care organizations (MCO's) pay the minimum payment amounts to qualified nursing facilities based on state direction. The MPAP was always intended to be a short-term program that would ultimately transition to a performance-based initiative.

The goal of transition was reinforced during the 84th Legislative Session. The General Appropriations Act for the 2016-2017 Biennium contains HHSC Budget Rider 97, which directs HHSC to transition the MPAP to the Quality Incentive Payment Program (QIPP):

> "It is the intent of the Legislature that not later than September 1, 2016, the Commission shall fully transition the Nursing Facility Minimum Payment Amounts Program (MPAP) program from a program solely based on enhanced payment rates to publically owned nursing facilities to a Quality Incentive Payment Program (QIPP) for all nursing facilities that have a source of public funding for the non-federal share, whether those facilities are publically- or privately-owned. No state General Revenue is to be expended under the QIPP. The additional payments to nursing facilities through the QIPP should be based upon improvements in quality and innovation in the provision of nursing facility services, including but not limited to payment incentives to establish culture change, small house models, staffing enhancements and outcome measures to improve the quality of care and life for nursing facility residents."

This concept paper outlines HHSC's plan for meeting this directive.

Program Philosophy

The Texas Department of Aging and Disability Services describes culture change as including the following concepts[1]:

- creation of an environment of home and community within nursing facilities;
- a vision of leadership committed to cultivating living environments that nurture, inspire and create a home-like setting and ambiance for the people who live there;
- a paradigm of person-centered and person-directed care practices;
- emphasis on the dignity and worth of an individual's preferences related to routine tasks (e.g., bathing times, fixed bed-time hours, flexible dining choices);
- consideration of the voices of people with disabilities regardless of age, medical condition or limitations; and
- the empowerment and support of direct care workers.

Texas defines a small house as one designed and equipped to provide a homelike environment that promotes resident-centered care.[2] To implement the QIPP as directed, HHSC has developed a program that will provide the financial resources necessary to make infrastructure changes within the participating nursing facility to move them in the direction of improved quality, culture change or the small house model.

Program Objectives

The goal of the QIPP is to establish incentive payments to nursing facilities based on quality and innovation improvements, including promoting:

- culture change;
- small house models;
- staffing enhancements; and
- improved quality of care and life for nursing facility residents.

Minimum Nursing Facility Participation Requirements

In order to be eligible to participate in the QIPP, a nursing facility must:

1. Be licensed as a nursing facility in Texas and be contracted with the state of Texas and a Texas Medicaid managed care organization to provide Medicaid nursing facility services.

[1] http://www.dads.state.tx.us/culturechange/library/whatis.html
[2] 40 TAC §19.345.

2. Have submitted, and be eligible to receive payment for, a Medicaid managed care nursing facility claim for payment during the program year (i.e., state fiscal year).

3. Be situated such that a non-state governmental entity holds the facility's license and is party to the facility's Medicaid provider agreement or have a bona fide funding source for the non-federal share (IGT). In both situations, the funding source must be located within the same Texas Health Care Transformation and Qualify Improvement Waiver (1115 Waiver) Regional Healthcare Partnership (RHP), or within 150 miles of the nursing facility.[3]

4. Have a signed certification of participation submitted by both the nursing facility and the IGT partner (private nursing facilities) and a signed IGT Responsibility Agreement (all nursing facilities).

5. Not be a "special focus" facility as determined by the Centers for Medicare & Medicaid Services (CMS) as of the proposal submission date.

6. Not have a proposed license revocation pending under Section 242.061(a-2) of the Texas Health & Safety Code (the 3-Strike Rule).

7. Have a Medicaid-contracted bed occupancy rate (as defined in 40 TAC § 19.2322[a][9]) of 50 percent or higher; or have a Medicaid-contracted bed occupancy rate that is no more than 15 percentage points lower than the average contracted occupancy rate for the county in which the facility is located. HHSC will evaluate requests for exceptions to this criterion on a case-by-case basis. This criteria is applicable starting March 1, 2017.

Facilities will be evaluated for eligibility annually as part of the approval process for a QIPP proposal. Facilities that meet the eligibility criteria are admitted to the program and are eligible to participate through the end of the program year. In addition, the facility will be unable to participate the next year unless it meets criteria before the close of the next year's enrollment period.

Funding Overview

The non-federal share of all QIPP payments is funded through IGTs of public funds from governmental entities. A governmental entity is any state agency or a political subdivision of the state. Public funds are defined as funds derived from taxes, assessments, levies, investments, and other public revenues within the sole and unrestricted control of a governmental entity. Public funds do not include gifts, grants, trusts, or donations, the use of which is conditioned on supplying a benefit solely to the donor or grantor of the funds.

[3] Distance requirement shall not apply to facilities that were grandfathered into the MPAP program despite not complying with this requirement or to governmental entities that can establish good cause for an exception to this criterion. HHSC will evaluate requests for exceptions on a case-by-case basis.

PROPOSAL DEVELOPMENT

Overview

HHSC will implement QIPP as an enhanced rate structure to create the "payment incentives" mandated by Legislative Rider, while requiring certain conditions of participation (COP's) to meet the aim of the Rider "to improve the quality of care and life for nursing home residents". HHSC also proposes that these rate enhancements be accomplished through contracts between the providers and the Managed Care Organizations (MCO's), with MCO's having program oversight responsibility. HHSC shall provide broad guidelines, ranges, and overall program objectives. The providers and MCO's will be able to define a program that meets the HHSC's objectives, but will also allow the market to create efficiencies.

While providers must acknowledge the potential for changes in laws, appropriations, rules and regulations, and the impact of such changes on the program, this proposal assumes that there will be continued rate enhancements in the future allowing providers to develop long-term, sustainable quality improvement plans.

This model allows HHSC to broadly identify quality conditions that these enhanced payments address, while still allowing the flexibility for each facility to achieve these goals based on the unique characteristics of each nursing facility's population and infrastructure. Implementation of these conditions does not supplant any licensure or other regulatory requirements. An MCO is not required to contract with a nursing facility, and a nursing facility is not entitled to an enhanced payment rate without acceptance by the MCO(s).

Enhanced Payment Groups (EPG's)

We have developed enhanced payment groups (EPG's) which are based on meeting various COP's and program goals. The program will be designed to encourage participation and utilize process metrics in the initial years, with performance or outcome metrics being phased in in subsequent periods. It is envisioned that the metrics be consistent based on the specific EPG, and that the outcome metrics be based on improvement rather than meeting a specific level or goal. The providers, collectively, will develop the program, with assistance, approval and oversight by the MCO's and final authority and approval by HHSC.

The first EPG is a requirement that all participating facilities participate in the TMF Quality Innovation Network Quality Improvement Organization (TMF) Quality Improvement Initiative. TMF is under a five year contract with CMS to develop a strategy to improve the quality of care in nursing homes. The goals of the TMF program are improving performance or scores on the National Nursing Home Quality Composite Measure Score, which is a component of the 5 star rating. It is contemplated that improvement in scores or metrics will be used in subsequent years to achieve various levels of enhanced payment.

TMF Quality Improvement Initiative participation includes quarterly facility-specific conferences, participation in certain learning conferences, and submission of the Quality Assurance and Performance Improvement (QAPI) survey as well as development of the QAPI plan.

The next EPG requirements of all facilities will be to submit data on staffing and facility assessment. This will require development of two assessments tools; staffing assessment survey and a facility assessment survey. The surveys, targeted staffing levels, and requirements and levels of culture change, renovation, etc. will be developed by the providers, the MCO's, with assistance from trade groups as well as input by various experts, and will be approved by HHSC. The assessments must be completed and submitted by the facilities.

The staffing assessment may be based on existing staffing criteria such as the HHSC Nursing Facility Direct Care Staff Enhancement & Accountability program to determine the current staffing level. It is anticipated that facilities that meet certain targeted levels would be deemed to meet the target criteria for an enhanced payment. If a facility does not meet such targets, it may be eligible for enhanced payments to implement improvements to increase a certain number of levels. This may be further encouraged through rewarding modest and aggressive level change. The facility must commit and achieve certain enhanced levels or metrics within the period to achieve the entire incentive.

A facility assessment will be used twofold; 1) to determine if facilities meet small house or culture change tier criteria for rate enhancement, and 2) to determine the physical condition of the facility in meeting life safety code requirements. Facilities that qualify for the enhancements under small house or culture change requirements will be paid the appropriate EPG. Facilities that have waivers of life safety code (LSC) or that are over 25 to 40 years old may wish to look at remediation or replacement. It is not anticipated that all LSC waivers will be eliminated, but significant improvement or progress based on each facility must be addressed in order to qualify for the enhanced payment. A separate EPG exists for the planning of the remediation, as well as enhanced payments for facilities that choose to remediate, remodel or replace their facility. These projects are primarily process metrics, but completion or outcome metrics will be phased in.

As discussed later, there are EPG's for project based innovation as well as an EPG to encourage alternative to institutionalization. A nursing facility may claim or qualify for multiple EPG's, however not more than one of the staffing or facility categories.

As discussed later, the transition to QIPP will require separate EPG's during the first 6 months. We have listed those as the initial EPG's in Table 1, and the following 6 month and subsequent year EPG's in Table 2.

The following are conceptual in nature, and while these groupings include some of the major initiatives, other groups may be developed. **The values are just for demonstration**. **The participants will need to develop a reasonable framework for these enhanced rates, considering the various facilities size, cost, and ability to achieve the levels of outcome metrics. The final rates will be approved by the MCO's and HHSC**.

It is anticipated that the aggregate per idem increase will be budget neutral or less than the current MPAP program aggregate per diem increase

TABLE 1

EPG #	Category	Enhanced Payment Group Description	Rate Enhancement		
T-1	Mandatory	TMF QIO - Mandatory participation - Self Assessment	$ 35	to	$ 45
T-2	Staffing	Assessment and plan submission for improved staff enhancement	$ 35	to	$ 45
T-3	Facility	Facility assessment and planning for remediation, renovation, or replacement	$ 35	to	$ 45
T-4	Facility	Culture Change model operating - Complete	$ 70	to	$ 95
T-5	Facility	Small house model operating	$125	to	$175

TABLE 2

EPG #	Category	Enhanced Payment Group Description	Rate Enhancement per diem range		
1	Mandatory	TMF QIO - Mandatory participation - QAPI Plan Developed	$ 35	to	$ 45
2	Optional	Social Service, Activity, and other patient care improvements	$ 5	to	$ 15
3	MCO	Cooperate with MCO on utilization and integration of long term support services (LTSS) to prevent inappropriate utilization.	$ 5	to	$ 25
4	Staffing	Staffing improvement plan implementation - Modest	$ 15	to	$ 20
5	Staffing	Staffing improvement plan implementation - Aggressive	$ 25	to	$ 30
6	Staffing	Staffing targets met	$ 35	to	$ 45
7	Facility	Remodeling / renovation planning	$ 5	to	$ 15
8	Facility	Replacement Planning	$ 25	to	$ 35
9	Facility	Remodeling / renovation plan Minor implemented	$ 25	to	$ 40
10	Facility	Remodeling / renovation plan Major implemented	$ 45	to	$ 65
11	Facility	Replacement Facility Plan Implemented	$ 65	to	$ 85
12	Facility	Culture Change model operating - Modified	$ 60	to	$ 75
13	Facility	Culture Change model operating - Complete	$ 70	to	$ 95
14	Facility	Small house model operating	$125	to	$175

TIMING & TRANSITION

Due to the complexities and the planning required two separate timeframes are proposed for the first year of the QIPP. QIPP year one would be split into two periods, "A" starting September 1,

2016 & "B" starting March 1, 2017. To be eligible for period A payments, the participants would have to join the TMF QIO, by 2/1/16 and start participating, and commit to participate as program requirements dictate. In addition, they must prepare a staffing and facility assessment due 9/1/2016. Any facility eligible now for Culture Change or Small House EPG's would be qualified to receive these EPG payments. A special EPG for the period A, to account for the assessments would be included as well as EPG 1 (for TMF QIO participation). Facilities that already qualify for EPG 11-13 would also receive this EPG payment.

The assessments, QAPI, and staffing improvement plan, if applicable, are due on 9/1/2016. Facilities wishing to plan for remodel, renovation, or replacement must also commit to this planning with metrics.

FFY	QIPP Year	Period	TMF QIO	Staffing	Facility	CC or Small house	EPG possible
2017	1	a	Join 2/1/2016	Assessment & Plan development	Assessment and Planning	If Qualified	T-1 through T-5
2017	1	b	QAPI Assessment by 9/1/2016	Assessment & Plan due, and process metrics	Assessment & Commitment to plan, if applicable. Process Metrics	If Qualified	All
2018	2	No sub sets	QAPI Plan by 2/1/17	Plan Implementation outcome Metrics are being phased in	Renovation, remediation Plan Due 2/1/17. Process Metrics	If Qualified	All
2019	3	No sub sets	QAPI Implementation	Outcome or Implementation Metrics	Remediation / renovation / construction started no later than 2/1/18	If Qualified	All

Facilities who already have met small house or culture change models as of February 1, 2016 may also certify for these additional payments in Q1A. This will require a criteria list to be developed for qualification.

EPG 2 - Project Proposal

Nursing facilities which wish to pilot or implement various innovations in social services, activities or other patient care improvements may propose such projects to the MCO. Before implementation of the QIPP EPG 2, the nursing facility must submit a proposal, including a copy of the LOA with its MCO, to HHSC detailing the transformative project(s) in which it intends to engage. The proposal must include:

- **EPG Overview.** An overview of the proposed EPG 2 project, including a description of the work the nursing facility intends to complete; and the goals and objectives of the project.

- **Rate Enhancement per diem.** The per diem associated with the project will be the total payment for such project.
- **Participation in Other Programs.** Documentation demonstrating the goals and objectives of the project do not duplicate or overlap with any projects the NF participates in for which the NF receives federal funds. This includes DSRIP Category 1 or 2 Delivery System Reform Incentive Payment (DSRIP) programs administered through the 1115 Waiver. Providers will certify in the LOA that the project does not duplicate or overlap with these projects or metrics.
- **Payment Terms.** The frequency of payments to the nursing facility, if performance metrics are met, and the process that will be used by the MCO to withhold or recoup payments if performance metrics are not met, will be based on the contract with the MCO.
- **Performance Metrics.** A description of the relevant measureable goals and performance metrics for determining success in meeting those goals, including quarterly, biannual, and annual status updates as described below.

HHSC will review the proposals to ensure proposed projects meet the State's objectives and that the enhanced rate per diem is reasonable. If HHSC does not approve a proposal, it will notify the provider of the reason that the proposal was not approved. The provider will have the opportunity to revise the proposal to address any concerns raised by HHSC.

Integration with Long Term Support Services (LTSS)

One of the goals in transitioning to managed care was to reduce the utilization of nursing homes, through the use of alternative support services in the community. EPG 3 is focused on such integration within the provider or through the associated public entity. This EPG would allow the MCO's to work with providers and LTSS to reduce overall utilization of nursing facilities. It is anticipated that the MCO's and providers may develop strategies for such integration and cooperation to reduce utilization.

Proposal Review Process

HHSC will review the proposals to ensure that they meet the state's objectives, and must accept a proposal prior to its implementation by a nursing facility. The factors considered by HHSC will be:

- How the nursing facility proposes to measure progress towards and final achievement of the plan of its EPG 2 project, including the appropriateness of the measures selected.

An ad hoc Health and Human Services (HHSC) team reviews all LOAs for acceptability. Summaries of all approved projects are shared with CMS as a courtesy.

While nursing facilities may hire consultants to help them identify how they might implement culture change or small house characteristics, no QIPP funds may be used for consultant costs. Exempted from the definition of consultants are physicians, medical professionals, therapist, architects, engineers, building and construction professionals and professional services related to financing.

Negotiations and Letters of Agreement (LOA)

A nursing facility or groups of nursing homes will negotiate an EPG-based QIPP Enhanced Payment Rate with the MCO's. The Providers, MCO's, and HHSC will determine a basis of responsibility, reporting and oversight to insure that program goals are met. This may include a designation of one MCO per facility as the lead MCO for the provider or groups of providers, or other requirements as deemed necessary for efficient administration. The QIPP Enhanced Payment Rate may be calculated based on per diems or capitation models, and may include advance payments of up to 50% of the anticipated payment. At least 50% of the anticipated enhanced payment must be based on meeting the metrics or goals of the specific EPG criteria

Details of the EPG QIPP Enhanced Payment Rate, and payment schedules will be described in a letter of agreement (LOA) between the nursing facility (or the nursing facility group) and the MCO. It is anticipated that the LOA will be the provider contract or controlling agreement for these payments, and that a standard LOA will be negotiated by the MCO's and the Public Nursing Facilities. If the LOA is between a group of nursing facilities and an MCO(s), each nursing facility must have its own EPG criteria and meet the requirements individually. Nursing facilities that are not contracted with the MCO will not get Enhanced Payment from the MCO.

The MCO's will transmit to HHSC within 15 days after the enrollment period deadline, a listing by facility with the relevant state provider identifier, name, estimated projected census days based on recent historical utilization, qualifying EPG's , the Enhanced Payment Rate and extrapolated estimated payments, and other information as necessary for actuarial forecasting.

HHSC will compare the average enhanced payment per day to historical MPAP per day incentives. If the average EPG per diem is greater than the MPAP, HHSC may request a reduction of the EPG rates or impose an overall percentage reduction.

Provider Payments

This will be governed by the contract between the MCO and the provider. The MCO can pay up to 50% of the per diem add-on as part of the base rate. At least 50% of the EPG rate would be based on meeting progress goals or metrics, and would paid after satisfaction of such goals or metrics. While initial year's payments are based on progress type metrics, in later years it is expected that objective outcome metrics will also be used. The MCO's may also use capitation or other arrangements, such as periodic or quarterly lump sum payment or other arrangement, but must have 50% of the enhanced payments tied to meeting EPG metrics.

If a nursing facility fails to achieve a full payment due to not meeting a metric, the portion of the payment based on the metric may either be refunded to HHSC or may be used by the MCO to create an enhanced payment for other non-participating nursing facilities that are participating in the TMF QIO.

Nursing Facility-Participation

While the nursing facility will be responsible for directly negotiating specific terms of the QIPP Enhanced payment with a Medicaid MCO's, HHSC will establish general requirements and objectives. It is anticipated that the MCO's and Providers will negotiate a standard contract to be used by all providers. The participating nursing facility will be responsible for compliance with the program that furthers the state's objectives and complies with the general QIPP requirements set out by HHSC. Each MCO and nursing facility must negotiate the amounts to be paid to the nursing facility when goals are achieved, and the frequency of those payments.

Measurement Periods

Due to the federal requirement that CMS approve all PMPM calculations, the guaranteed life span of a project cannot be longer than the period to which the PMPM calculation applies. Typically, this period is equal to the state fiscal year; sometimes it is equal to one-half of the state fiscal year. EPG's for later years may build upon achievements of projects from prior years but HHSC cannot guarantee that CMS will approve Rate Enhancement per diems associated with multi-year projects.

Provider Payments

The facility's EPG will be based on the benefit to all residents of the facility. However, the facility's QIPP payments will be tied to the Medicaid or the Medicaid beneficiaries, including dually certified residents where Medicaid is the primary payer. The payment per diem is only applicable to patients paid by the MCO for the Medicaid day.

HHSC will amend its contract with the MCO to indicate the dollar addition to the PMPM payment associated with the QIPP EPG related payments; the amendment will also detail the MCO's quarterly reporting requirements to HHSC and supplemental reporting requirements for the MCO's Financial Statistical Report (FSR).

HHSC Actuarial Analysis will calculate the dollar addition to the MCO's PMPM payment from HHSC (the PMPM "bump") associated with the QIPP EPG. This calculation is based on the actuarial determined PMPM value of the EPG plus the normal overhead, premium taxes, and other cost associated with the Actuarial Soundness Analysis. CMS must approve all PMPM calculations.

For each service area in which a nursing facility participates in a QIPP initiative, HHSC's managed care contract with the participating MCO will require the MCO to allocate a fixed percentage of its capitation rate to the nursing facility's QIPP EPG (the "QIPP Rate Component"). The MCO, in conjunction with its agreement (LOA) with providers, will be required to make agreed upon payments to the nursing facility. The MCO must report all payments made for QIPP EPG as a separate line item on the FSR(s) that the MCO submits to HHSC. To account for the difficulty in attributing the funds to a particular service component of the rates, HHSC will also identify QIPP funds as a separate line-item on the rate-setting documentation it submits for CMS approval.

<u>Intergovernmental Transfer Process</u>

A nursing facility must secure allowable intergovernmental transfer funds (IGT) from a governmental entity to fund the non-federal share of the PMPM bump associated with the nursing

facility's QIPP EPG. The nursing facility's controlling entity shoulders the full risk for the allowability of the IGT. If CMS determines that an IGT is a non-bona fide donation or the product of an unallowable public-private arrangement and disallows associated funds from HHSC, a similar amount of funds will be recouped from the nursing facility.

The governmental entity providing IGT for a nursing facility (IGT entity) must sign an IGT Responsibility Agreement which provides terms and conditions for the IGT entity to transfer non-federal public funds to HHSC to support the non-federal share of the PMPM bump associated with the project.

The IGTs will be made on a schedule that minimizes the time between the IGT and the receipt of payments. HHSC will have authority to design the process to insure that the IGT's are made to fully fund the PMPM increase.

The IGT entity agrees to provide HHSC the non-federal percentage of the QIPP Rate Component for all HHSC MCO service delivery areas in which the nursing facility participates in the QIPP initiative. The non-federal percentage of the QIPP Rate Component equals one-hundred percent minus the applicable Federal Medical Assistance Percentage for Medicaid for Texas in effect when HHSC incurs the expense. HHSC will calculate the non-federal share amount to be transferred by an IGT entity in order to draw the federal funding for the QIPP payments. Within 14 days after notification by HHSC of the identified nonfederal share amount, the IGT entity will make an intergovernmental transfer of funds. If the IGT is made within the appropriate 14-day timeframe, the QIPP payment will be disbursed within 30 days. The total computable QIPP payment must remain within the QIPP LOA participant.

IGT's will be allocated among all participating providers by the ratio of the estimated QIPP payments to the sum of all providers estimated QIPP payments. HHSC will not reconcile the estimates to actual.

Claiming Federal Financial Participation

Texas will claim federal financial participation (FFP) for QIPP payments. FFP will be available only for QIPP payments made in accordance with all pertinent requirements detailed in this document and its attachments.

Private Participation

This program is only available for Non State governmental Nursing Facilities or Facilities that have bona fide funding source for the IGT. The providers and the MCO's are encouraged to determine methods to assist other private nursing homes with incentives for participation in quality improvement initiatives. This may be funded by forfeited payments for the portion of the payment based on metrics or premiums in excess of program payments.

HHSC Monitoring of MCO Administration of QIPP

The MCOs, Providers, and HHSC will design a system of reporting to provide the MCO's and HHSC with the detail to fulfil their responsibilities of oversight. The reporting detail will be sufficient to allow monitoring and verification of program performance and goals or metrics met.

CONCLUSION

The State believes the only true measure of transformation is found in the actual, verified improvement of care and quality of life. The QIPP is intended to serve as a resource for nursing facilities to leverage in order to achieve nursing facility transformation. The program is structured to allow each participating nursing facility to design its own program to meet the specific needs of its population.