

**Virginia Department of Medical Assistance
Services:**

**SFY 2024 Nursing Facility Value-Based
Purchasing Methodology**

SFY 2024 NF VBP Program Methodology

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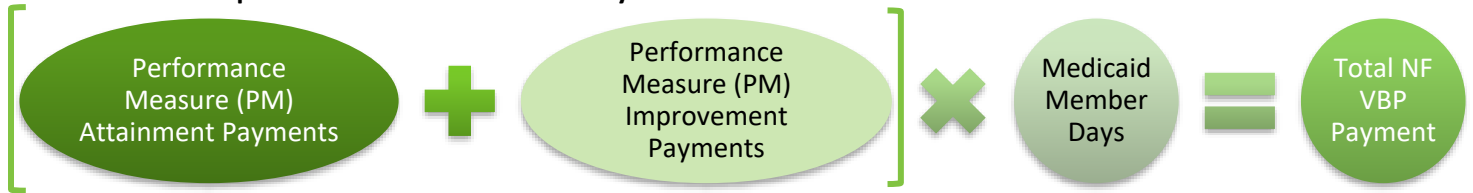
Executive Summary

In 2021, the Virginia General Assembly directed the Department of Medical Assistance Services (DMAS) to establish a nursing facility (NF) Value-Based Purchasing (VBP) program designed to improve the quality of care furnished to Medicaid members. The NF VBP program methodology for SFY23 exists on the DMAS website currently. This document details the NF VBP program methodology for SFY 2024.

Program Components

In SFY 2024, payments made under the NF VBP program will consist of three parts shown in Exhibit A.

Exhibit A: The Components of the Total NF VBP Payment



The size of PM payments under the program are contingent on NF performance across six measures addressing staffing and avoidance of negative care events. All payments are adjusted to account for the volume of Medicaid member days at a given NF. Per enacting budget language, the program funding will increase over time for the first three years.

Table 1: NF VBP SFY 2024 Program Components and Measures

| NF VBP Program Components | PM Weight | SFY 2024 Funding (Approx.) |
|--|-------------|----------------------------|
| Days without Minimum RN hours | 20% | \$21.6M |
| Total nursing hours per resident day (RN + LPN + nurse aide hours) | 20% | \$21.6M |
| Number of hospitalizations per 1,000 long-stay resident days | 15% | \$16.2M |
| Number of outpatient ED visits per 1,000 long-stay resident days | 15% | \$16.2M |
| Percentage of long-stay high risk residents with pressure ulcers | 15% | \$16.2M |
| Percentage of long-stay residents with a UTI | 15% | \$16.2M |
| Performance (Attainment and Improvement) | 100% | \$108.1M |

Performance Measure Tiers

Under the PM portion of the model, NFs can earn funds through both attainment on individual measures and improvement over prior years. For the attainment portion of PM payments, NFs earn funds through performance that falls into one of three categories: Fair, Better, and Best. If the NF falls below the minimum thresholds of the Fair category, it will not receive any attainment funds for a particular measure. Table 2 illustrates the performance and improvement thresholds associated with each measure.

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Table 2: NF VBP SFY 2024 PM Attainment and Improvement Thresholds

| PM Tiers | Fair Thresholds | Better Thresholds | Best Thresholds | Improvement Thresholds |
|--|-----------------|-------------------|-----------------|------------------------------|
| Days without Minimum RN Hours | 13.00 – 16.00 | 5.00 – 12.00 | 0.00 – 4.00 | ≥5%; Up to the Best tier*. |
| Total Nurse Staffing Hours per resident day (RN, LPN, CNA) – case-mix adjusted | 3.08 – 3.19 | 3.20 – 3.30 | 3.31+ | ≥0.5%; Up to the Best tier*. |
| Number of hospitalizations per 1,000 long-stay resident days | 1.36 – 1.75 | 1.00 – 1.35 | 0 – 0.99 | ≥5% |
| Number of outpatient ED visits per 1,000 long-stay resident days | 0.64–0.95 | 0.39 – 0.63 | 0 – 0.38 | ≥5% |
| Percentage of long-stay high-risk residents with pressure ulcers | 8.06– 10.92 | 5.43 – 8.05 | 0 – 5.42 | ≥5% |
| Percentage of long-stay Resident with a Urinary Tract Infection (UTI) | 2.39– 4.36 | 1.31 – 2.38 | 0 – 1.30 | ≥5% |

*NF can earn improvement when they move into a higher tier than previously held.

Payment Timing and Structure

Due to regulatory, budget, and data availability constraints associated with the program, DMAS will distribute NF VBP payments in lump sums at two different points throughout the year as shown in Exhibit B.

Exhibit B: Payment Timeline for the PM Payments

PM Payment 1

(Staffing, UTI, Pressure Ulcer)

Data Collection Period:
Oct. 2022 – Sept. 2023

Timing of Payment:
February 2024

70% of Total Program Payment

PM Payment 2

(ED, Hospital Utilization)

Data Collection Period:
Oct. 2022 – Sept. 2023

Timing of Payment:
May 2024

30% of Total Program Payment

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Project Overview

In 2021, the Virginia General Assembly directed DMAS to establish a NF VBP program. This program seeks to improve the quality and outcomes of care furnished to Medicaid members by enhancing performance accountability in the areas of staffing and avoidance of negative care events. To achieve this goal, the Budget provides approximately \$108.1 million in year 2 of the program in enhanced funding for facilities that meet or exceed designated performance and improvement thresholds associated with the provision of high-quality care to Medicaid members.¹

This document provides the NF VBP program methodology for SFY 2024, which includes the period of July 1, 2023 through June 30, 2024, and is the second year of the NF VBP program. The designated performance funding will be distributed based on NF performance on specified criteria.

Stakeholder Engagement

DMAS convened a wide-range of NF stakeholders to consult on development of the NF VBP model. This group consists of NF executives, NF association representatives, Aging Services representatives, Medicaid MCOs and MCO association representatives, hospital association representatives, member advocacy via the State Long-Term Care Ombudsman, Virginia's Quality Improvement Organization (QIO), and the Virginia Veterans Administration. In addition, DMAS identified participants for ad hoc subgroups specifically devoted to financial and performance measurement expertise to be consulted as needed. Stakeholder engagement began in summer 2021 with meetings held one-to-two times per month, in addition to periodic subgroup meetings as needed for select topics. DMAS also held a public listening session to solicit feedback from NF staff, care coordinators, residents, families and others. DMAS solicited stakeholder feedback on key aspects of the model such as, but not limited to, timing and methods of payment, measure selection, measure weights, and measure performance thresholds. DMAS based the NF VBP design and stakeholder engagement process on several key principles shown in Exhibit C.

Exhibit C: DMAS NF VBP Design Principles



DMAS will convene stakeholders at least annually in the first and second year of the program to review progress and discuss any necessary updates or modifications, including, but not limited to, timing of payments, performance metrics, and threshold determinations.² DMAS will continue working with stakeholders as part of implementation and feedback efforts related to NF VBP.

Program Eligibility

All NFs participating in Medicaid managed care will be eligible for NF VBP program payments. NFs shall be defined as Provider Types 010 (Skilled Nursing Home) or 015 (Intermediate Care Nursing Home). NFs who do not participate in

¹ Item 313#27c (DMAS) Continue Nursing Home Per Diem Payment & Begin Value-based Purchasing Program. HB1800 – Conference Report. (2021). Virginia's Legislative Information System.

<https://budget.lis.virginia.gov/amendment/2021/2/HB1800/Introduced/CR/313/27c/> & Item 304 Section 000 2.a-c (DMAS) Medicaid Program Services. HB30 - Chapter 2. (2022). Virginia's Legislative Information System.

<https://budget.lis.virginia.gov/item/2022/2/HB30/Chapter/1/304/>. & 304#24C (DMAS) Add Funding for Medicaid Value Based Purchasing Program for Nursing Homes. HB30 - Conference Report, Virginia's Legislative Information System, <https://budget.lis.virginia.gov/amendment/2022/2/HB30/Introduced/CR/304/24c/>.

²Item 304 Section 000 2.a-c (DMAS) Medicaid Program Services. HB30 - Chapter 2. (2022). Virginia's Legislative Information System. <https://budget.lis.virginia.gov/item/2022/2/HB30/Chapter/1/304/>.

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managed care but previously received enhanced per diem payments as part of COVID-19 response support and assistance are also eligible for the NF VBP program.

Performance Measures

To prioritize simplicity and reduce administrative burden, DMAS selected PMs that are already standard reporting for Virginia NF's 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. Utilizing these established measure sources allows Virginia NFs to participate in the NF VBP program without additional reporting requirements.

For SFY 2024, the program will continue to use the same six measures as selected in SFY 2023. This decision was in consultation with the referenced stakeholders, and aligned with DMAS and the General Assembly's quality initiatives.

Table 3: SFY 2024 Nursing Facility VBP Performance Measures

| Performance Measure | Description | Domain | NF VBP Performance Weight |
|---|---|-----------------------------------|---------------------------|
| Days without Minimum RN hours³ | Facility reported RN staffing hours each day within a quarter. Required standards addressed 42 CFR§ 483.35(b). ⁴ | Staffing | 20% |
| Total nursing hours per resident day (RN + LPN + nurse aide hours) – case-mix adjusted⁵ | Total nurse staffing hours per resident day within a quarter, adjusted for case-mix. | Staffing | 20% |
| Number of Hospitalizations per 1,000 Long-Stay Resident Days^{6,7} | Number of unplanned inpatient admissions or outpatient observation | Avoidance of Negative Care Events | 15% |

³ Based on facility reported total RN staffing hours submitted to CMS within the required 45-day window following the end of the quarter, the count of days with less than 7.5 hours of RN staffing. The daily requirement is considered met at 7.5 RN hours per day, as CMS instructs NFs to not report the required 0.5-hour meal break. For the purposes of the DMAS NF VBP Program, performance will be evaluated by combining four quarters of data to annualize the measure and will include Registered Nurse (job code 7), Registered Nurse Director of Nursing (job code 5), and Registered Nurse with Administrative Duties (job code 6) hours to encompass total RN hours. The data can be found in the Payroll Based Journal Daily Nurse Staffing File in the PBJ system. These data are submitted quarterly and are due 45 days after the end of each reporting period. Only data submitted and accepted by the deadline are used by CMS for staffing calculations. DMAS will collect and aggregate data from the PBJ Daily Nurse Staffing File. CMS conducts audits of nursing homes to verify the data submitted and to ensure accuracy.

<https://data.cms.gov/quality-of-care/payroll-based-journal-daily-nurse-staffing>

⁴ Code of Federal Regulations, 42 CFR§ 483.35(b) <https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-G/part-483/subpart-B/section-483.35>

⁵ Data for the total nursing hours per resident day case-mix adjusted measure is found in the NH Provider Info File. PQDC. (2021). <https://Data.Cms.Gov/Provider-Data/Dataset/4pq5-N9py>. <https://data.cms.gov/provider-data/dataset/4pq5-n9py>. The Total nursing hours per resident day (RN + LPN + nurse aide hours) – case-mix adjusted measure result will be determined through a calculation of the weighted average of the four quarters of data based on Medicaid days.

⁶ Long-stay resident quality measures show the average quality of care for certain care areas in a nursing home for those who stayed in a nursing home for 101 days or more.

⁷ Data for the Number of Hospitalizations per 1,000 Long-Stay Resident Days is found in the NH Quality Measure MDS Claims File PQDC - MDS Quality Measures. (2021). <https://Data.Cms.Gov/Provider-Data/Dataset/Djen-97ju>. <https://data.cms.gov/provider-data/dataset/djen-97ju>

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| Performance Measure | Description | Domain | NF VBP Performance Weight |
|---|--|-----------------------------------|---------------------------|
| | stays that occurred during a one-year period among long-stay residents. | | |
| Number of Outpatient Emergency Department Visits per 1,000 Long-Stay Resident Days⁸ | Number of all-cause outpatient ED visits occurring in a one-year period while the individual is a long-term NH resident. | Avoidance of Negative Care Events | 15% |
| Percentage of long-stay High-Risk Residents with Pressure Ulcers⁹ | Percentage of long-stay, high-risk residents with Stage II-IV or unstageable pressure ulcers. | Avoidance of Negative Care Events | 15% |
| Percentage of long-stay Residents with a Urinary Tract Infection (UTI)¹⁰ | Percentage of long-stay residents who have had a UTI within the past 30 days. | Avoidance of Negative Care Events | 15% |

Data Collection

A combination of existing data sources currently used by CMS' Nursing Home Five-Star Quality Rating will be used to evaluate performance on the NF VBP PMs. These data sources include CMS' nursing home provider information, nursing home claims-based quality measures, nursing home MDS based quality measures, and PBJ staffing data. Utilizing these data sources does not require additional reporting, data collection, or submission on the part of participating NFs. The chosen measures, data collection, and reporting are managed by CMS and therefore the methodology for calculation and collection may change at CMS' discretion. The NF VBP program will evaluate eligible facilities' performance-based on the applicable methodology for PMs based on available data.

Calculating Resident Days

For all NFs participating in Medicaid managed care, resident days for each facility will be based on their eligible Medicaid days using managed care encounter records submitted to DMAS' Enterprise Data Warehouse Solution (EDWS) system. DMAS will use resident days in the calculation of payment levels under the program, as discussed below.

For the limited number of NFs eligible for the NF VBP program, but that do not participate in managed care, resident days for each facility will be based on fee-for-service paid Medicaid claims. Days are calculated by taking the header end date of service and subtracting the header first day of service, and adding 1 (for the discharge date). If this calculation is 0 (because the header start and end dates are the same date), then the days count is set to 1. DMAS will use the timeframe October 1, 2022 to September 30, 2023 to calculate Medicaid days for SFY 2024. The Medicaid days data for this time period will be considered final after the third month following the end of the prior performance year. This

⁸ Data for the Number of Outpatient Emergency Department Visits per 1,000 Long-Stay Resident Days is found in the NH Quality Measure MDS Claims File *PQDC - MDS Quality Measures*. (2021). <https://Data.Cms.Gov/Provider-Data/Dataset/Djen-97ju>. <https://data.cms.gov/provider-data/dataset/djen-97ju>

⁹ Data for the Percentage of long-stay High-Risk Residents with Pressure Ulcers is found in the NH Quality Measure MDS Claims File *PQDC - MDS Quality Measures*. (2021). <https://Data.Cms.Gov/Provider-Data/Dataset/Djen-97ju>. <https://data.cms.gov/provider-data/dataset/djen-97ju>

¹⁰ Data for the Percentage of long-stay Residents with a Urinary Tract Infection (UTI) is found in the NH Quality Measure MDS Claims File *PQDC - MDS Quality Measures*. (2021). <https://Data.Cms.Gov/Provider-Data/Dataset/Djen-97ju>. <https://data.cms.gov/provider-data/dataset/djen-97ju>

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allows for at least 90 days of runout prior to data compilation. DMAS reserves the right to decide the appropriate days used for payment determination.

Performance Evaluation Period

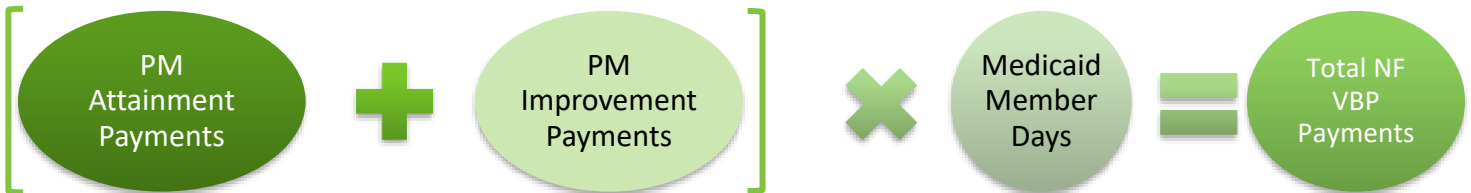
SFY 2024 performance-based payments will consider both attainment on the specified measures, as well as improvement from the previous performance year. In the second year of the NF VBP program, the PM performance evaluation period will run from October 2022 through September 2023. This 12-month period from October through September will also continue to serve as the PM performance evaluation window in subsequent years.

NF VBP Payment Mechanics

Components of Total NF VBP Payment

As depicted in Exhibit D, DMAS will derive payment under the NF VBP program based on several components. These components include (1) earned attainment funds for each measure, (2) earned improvement funds for applicable measures (if available), and (3) the number of applicable Medicaid days for the facility.

Exhibit D: Components of the NF VBP Payment



Performance Measure Weights

PM weights define the total dollar amount allocated to each PM based on available funding for the program. Table 4 demonstrates the distribution of total funds across the PMs for SFY 2024. Staffing measures account for 40% of the total available funds for the PM component of the program. Measures for avoiding negative care events account for the remaining 60% of performance funds.

Table 4: SFY 2024 NF VBP PM Weights

| Components of VBP Program | Weight | Total SFY 2024 Funding |
|--|--------|------------------------|
| Days without Minimum RN hours ¹¹ | 20% | \$21.6M |
| Total Nurse Staffing Hours per Resident Day (RN, LPN, CNA) – case-mix adjusted | 20% | \$21.6M |
| Number of hospitalizations per 1,000 long-stay resident days | 15% | \$16.2M |

¹¹ The daily requirement is considered met at 7.5 RN hours per day, as CMS instructs NFs to not report the required 0.5-hour meal break. For the purposes of the DMAS NF VBP Program, performance will be evaluated by combining four quarters of data to annualize the measure and will include Registered Nurse (job code 7), Registered Nurse Director of Nursing (job code 5), and Registered Nurse with Administrative Duties (job code 6) hours to encompass total RN hours.

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| Components of VBP Program | Weight | Total SFY 2024 Funding |
|---|-------------|------------------------|
| Number of outpatient ED visits per 1,000 long-stay resident days | 15% | \$16.2M |
| Percentage of long-stay High-Risk Residents with Pressure Ulcers | 15% | \$16.2M |
| Percentage of long-stay Resident with a Urinary Tract Infection (UTI) | 15% | \$16.2M |
| Performance (Attainment and Improvement) | 100% | \$108.1M |

Performance Measure Tiers & Payment Calculation

NFs will have the opportunity to earn PM attainment funds by achieving various levels of performance against designated metrics. Performance tiers were established by modeling CY 2020 data for all performance measures except the Days without Minimum RN hours staffing measure, which uses 2019 facility data.¹² DMAS will use the 25th, median, and 75th percentile values to set the thresholds for all measures (except the Days without Minimum RN hours measure) for the Fair, Better and Best performance tiers. The performance tiers for the Days without Minimum RN hours staffing measure were set using the current Nursing Home Compare technical specifications for RN staffing. DMAS plans to keep the performance tier values constant for the first three years of the program. However, adjustments may occur to tiers and/or weights in subsequent program years based on evaluation by DMAS and the stakeholder group.

NFs can earn increasing levels of PM payment for higher levels of performance. Table 5 below depicts the PM level thresholds associated with each level of performance for each measure and Table 6 illustrates the per diem level equivalent each NF can earn through achieving various levels of performance on designated measures. NFs can earn the maximum per diem award for attainment through performance levels in the Best performance tier. Partial awards are made for performance in lower tiers (Better and Fair). As depicted in Exhibit F, attainment in the Better tier will result in payment of 75% of the maximum per diem award, and 50% of the maximum in the Fair tier. Performance below the minimum established performance tier (Fair) will not earn attainment funds. Each PM is evaluated independently for each eligible NF. Tables 5 and 6 outline the performance tier thresholds and per diem awards per measure.

Exhibit F: SFY 2024 NF VBP Performance Measure Tiers

(Note: Days without Minimum RN hours tiers determined relative to federal requirements¹³)

| <u>Best</u> | <u>Better</u> | <u>Fair</u> | <u>Below</u> |
|-------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| 100% PM per diem earned | 75% PM per diem earned | 50% PM per diem earned | 0% PM per diem earned |
| 75 th percentile + | Median – 75 th percentile | 25 th percentile – Median | Below 25 th percentile |

¹² 2019 data is used for Days without Minimum RN hours as reporting was suspended in Q1 2020 due to the COVID-19 pandemic and subsequently impacted results in that year.

¹³ Days without Minimum RN hours tiers are adjusted outside of the 25th, median and 75th percentiles to compliment the CMS staffing hour requirements.

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Table 5: SFY 2024 NF VBP Performance Measure Tier Thresholds¹⁴

| Domain | Performance Measure | Fair Threshold | Better Threshold | Best Threshold |
|-----------------------------------|--|----------------|------------------|----------------|
| Staffing | Days without Minimum RN Hours | 13.00 – 16.00 | 5.00 – 12.00 | 0.00 – 4.00 |
| | Total Nurse Staffing Hours per resident day (RN, LPN, CNA) – case-mix adjusted | 3.08 – 3.19 | 3.20 – 3.30 | 3.31+ |
| Avoidance of Negative Care Events | Number of hospitalizations per 1,000 long-stay resident days | 1.36 – 1.75 | 1.00 – 1.35 | 0 – 0.99 |
| | Number of outpatient ED visits per 1,000 long-stay resident days | 0.64–0.95 | 0.39 – 0.63 | 0 – 0.38 |
| | Percentage of long-stay High-Risk Residents with Pressure Ulcers | 8.06– 10.92 | 5.43 – 8.05 | 0 – 5.42 |
| | Percentage of long-stay Resident with a Urinary Tract Infection (UTI) | 2.39– 4.36 | 1.31 – 2.38 | 0 – 1.30 |

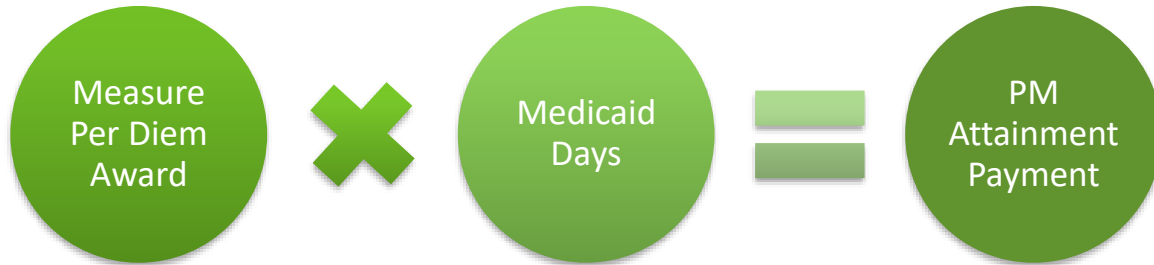
Table 6: SFY 2024 NF VBP Performance Measure Per Diem Award Based on Tiers

| Domain | Performance Measure | Fair | Better | Best |
|-----------------------------------|--|----------------|----------------|----------------|
| | | Per Diem Award | Per Diem Award | Per Diem Award |
| Staffing | Days without Minimum RN Hours | \$1.60 | \$2.40 | \$3.20 |
| | Total Nurse Staffing Hours per resident day (RN, LPN, CNA) – case-mix adjusted | \$2.50 | \$3.75 | \$5.00 |
| Avoidance of Negative Care Events | Number of hospitalizations per 1,000 long-stay resident days | \$1.80 | \$2.70 | \$3.60 |
| | Number of outpatient ED visits per 1,000 long-stay resident days | \$1.80 | \$2.70 | \$3.60 |
| | Percentage of long-stay High-Risk Residents with Pressure Ulcers | \$1.80 | \$2.70 | \$3.60 |
| | Percentage of long-stay Resident with a Urinary Tract Infection (UTI) | \$1.80 | \$2.70 | \$3.60 |

To calculate the full attainment award earned by a facility for a designated measure, multiply the per-diem attainment award by the number of applicable Medicaid days in the performance period (Exhibit G).

¹⁴ Values are not rounded prior to threshold designation. If a measure value is exactly equivalent to a threshold value, it is determined to be within the set threshold. A value is not determined to be within a tier until that value is in excess of the minimum threshold for that tier. (i.e. if a facility has Total Nurse Staffing Hours per resident day (RN, LPN, CNA) – case-mix adjusted of 3.3099, this facility would fall within the Better threshold).

Exhibit G: NF VBP Performance Measure Attainment Award Calculation

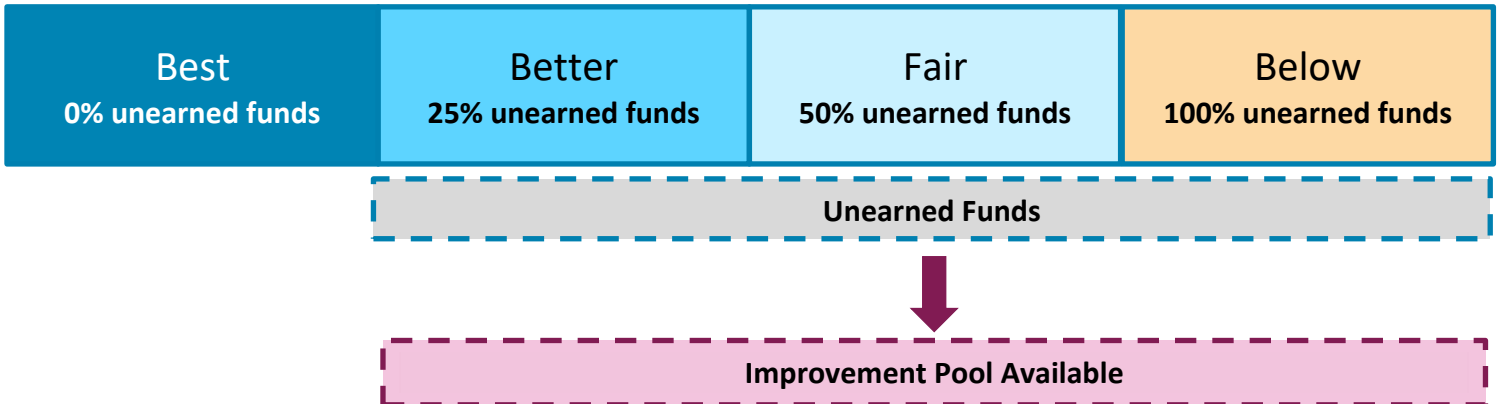


Performance Measure Improvement

After determining all PM attainment award amounts, the NF VBP program creates an “improvement pool” out of any remaining, unearned funds. The improvement pool is the sum of the remaining funds from facilities that did not earn any attainment funding or attained in the Better and Fair tiers (i.e. less than the maximum attainment per diem for a given PM), see Exhibit H. The improvement pools are created on a measure by measure basis.

While an unlikely scenario, if all facilities attain at the Best tier for a specific PM, there would be no improvement pool for that PM because the facilities would have already earned all funding available for that PM.

Exhibit H: NF VBP Performance Measure Improvement Pool Mechanics



Facilities that participated in the NF VBP program during a previous program year that meet or exceed a PM improvement target are eligible for improvement awards, pending pool availability. Improvement award amounts are dependent on each measure’s available improvement pool and the number of Medicaid days for the facilities that met the PM improvement target (see Table 7). By allowing unearned attainment funds to rollover into an improvement pool for a specific measure, the program can ensure that all funding available for a PM is dispersed based on NF performance, whether that performance be based on attainment and/or improvement. In most circumstances, facilities are eligible to earn funds for both attainment and improvement.

DMAS estimates that attainment awards will constitute approximately 75% of the total NF VBP program performance-based funding and improvement awards will constitute the remaining 25%. To determine the level of improvement payments, the program will take the total available improvement pool funds for a particular measure and divide this amount by the number total Medicaid days for the NFs that meet the improvement threshold. Therefore, facilities earning an improvement payment for a particular measure will all receive a uniform per diem award. The exact size of this award will vary based on: 1) the size of the improvement pool and 2) the number of Medicaid days for NFs that meet the improvement target for any given measure. See Exhibit I for a breakdown of this formula.

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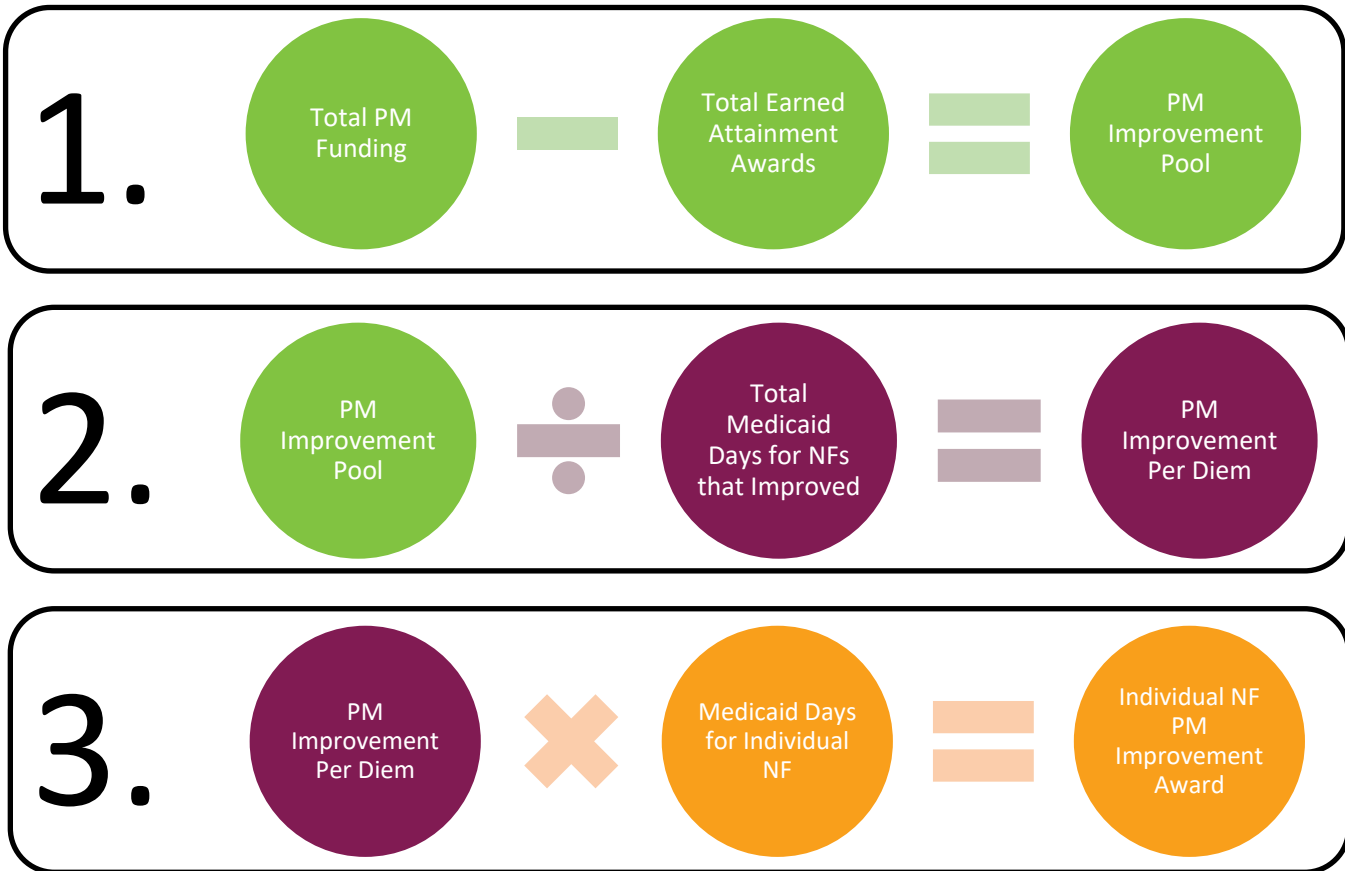
For staffing measures, NFs cannot earn an improvement payment if their previous performance was already within the Best performance tier (i.e. NFs cannot earn improvement funds for improvement *within* the Best tier). NFs may continue to increase staffing efforts within the Best tier if determined necessary by the NF to achieve attainment or improvement on other PMs or as an operational decision. For all avoidance of negative care event PMs, NFs are eligible for improvement awards regardless of their previous or current tier.

Table 7: SFY 2024 NF VBP Performance Measure Improvement Thresholds

| Domain | NF VBP Quality Measure | Improvement |
|-----------------------------------|--|-------------------------------------|
| Staffing | Days without Minimum RN Hours | ≥5%; Up to the Best tier*. |
| | Total Nurse Staffing Hours per Resident Day (RN, LPN, CNA) – case-mix adjusted | ≥0.5%; Up to the Best tier*. |
| Avoidance of Negative Care Events | Number of hospitalizations per 1,000 long-stay resident days | Improvement of ≥5% |
| | Number of outpatient ED visits per 1,000 long-stay resident days | Improvement of ≥5% |
| | Percentage of long-stay High-Risk Residents with Pressure Ulcers | Improvement of ≥5% |
| | Percentage of long-stay Resident with a Urinary Tract Infection (UTI) | Improvement of ≥5% |

*NF can earn improvement when they move into a higher tier than previously held.

Exhibit I: Formula for Improvement Award for each NF Meeting PM Improvement Targets



VBP Program Payment Distributions

Payment Responsibility

To limit administrative burden and support transparency of total payments, each participating NF will receive their NF VBP payments from a single entity. For NFs that do not participate in Medicaid managed care, DMAS will be responsible for such payments. For NFs that do participate in Medicaid managed care, participating managed care plans will be responsible for making this payment in accordance with the timing and size of payment directed by DMAS.

As each NF may serve members from multiple managed care plans, DMAS will review available data to attribute each eligible facility to a single managed care plan. The NF to MCO attribution will be available to all eligible NFs prior to any NF VBP payments for the program year.

Payment Timing

The Total NF VBP payments earned –performance attainment and performance improvement will be paid in two lump sums throughout the year. This timeline addresses limitations presented by three significant requirements in implementing the program:

1. Per CMS requirements, the performance evaluation period must overlap with the rate year (SFY).
2. All funds allocated for the SFY must be distributed within that SFY.
3. PM data are available at differing intervals and require certain run-out periods.

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Table 8 shows the data collection period, data reporting month, and anticipated payment month for each portion of NF VBP payments in program year 2. This schedule anticipates that eligible NFs will receive lump sum payments associated with the program components in Table 8 in February 2024 and May 2024 in the second program year.

Table 8: NF VBP SFY 2024 Payment Timing

| | Performance Measure | Data Collection Period | Data Reported | Payment Month |
|----------------------|--|-------------------------------|---------------|---------------|
| Performance Measures | Days without Minimum RN hours | October 2022 – September 2023 | January 2024 | February 2024 |
| | Total Nurse Staffing Hours per Resident Day (RN, LPN, CNA) – case-mix adjusted | | | |
| | Percentage of long-stay High-Risk Residents with Pressure Ulcers | | | |
| | Percentage of long-stay Resident with a Urinary Tract Infection (UTI) | | April 2024 | May 2024 |
| | Number of hospitalizations per 1,000 long-stay resident days | | | |
| | Number of outpatient ED visits per 1,000 long-stay resident days | | | |

DMAS Consideration of Final Results

The full amount of NF VBP program funding will be distributed to eligible NFs based on the criteria established above. As actual data for the performance period is not known in advance, DMAS reserves the right to review the results and adjust criteria as necessary to equitably and completely distribute available funding. No payments will be made that exceed the available funding for the program in total. DMAS will provide notice of any such changes to program criteria prior to finalizing payments.

DMAS will make all final determinations with regards to payments under the NF VBP program, including, but not limited to, determinations of any features pertaining to PM attainment and PM improvement, as well as any underlying data used to determine such payments. DMAS will work with stakeholders to address any disagreements in determinations on these points, but in the event that DMAS and the stakeholder are unable to come to agreement, DMAS decisions are final and not subject to appeal.

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Appendix: Combined Specification Sheet for SFY 2024

| NF VBP Performance Measure | PM Weight | SFY 2024 Funding | Fair | | Better | | Best | | Improvement |
|--|-------------|------------------|---------------|----------------|--------------|----------------|-------------|----------------|------------------------------|
| | | | Threshold | Per Diem Award | Threshold | Per Diem Award | Threshold | Per Diem Award | Threshold |
| Performance (Attainment and Improvement) | 100% | \$108.1M | | | | | | | |
| Days without Minimum RN Hours | 20% | \$21.6M | 13.00 – 16.00 | \$1.60 | 5.00 – 12.00 | \$2.40 | 0.00 – 4.00 | \$3.20 | ≥5%; Up to the Best tier*. |
| Total nursing hours per resident day (RN + LPN + CNA) – case-mix adjusted | 20% | \$21.6M | 3.08 – 3.19 | \$2.50 | 3.20 – 3.30 | \$3.75 | 3.31+ | \$5.00 | ≥0.5%; Up to the Best tier*. |
| Number of hospitalizations per 1,000 long-stay resident days | 15% | \$16.2M | 1.36 – 1.75 | \$1.80 | 1.00 – 1.35 | \$2.70 | 0 – 0.99 | \$3.60 | ≥5% |
| Number of outpatient ED visits per 1,000 long-stay resident days | 15% | \$16.2M | 0.64 – 0.95 | \$1.80 | 0.39 – 0.63 | \$2.70 | 0 – 0.38 | \$3.60 | ≥5% |
| Percentage of long-stay High risk long-stay residents with pressure ulcers | 15% | \$16.2M | 8.06 – 10.92 | \$1.80 | 5.43 – 8.05 | \$2.70 | 0 – 5.42 | \$3.60 | ≥5% |
| Percentage of long-stay residents with a UTI | 15% | \$16.2M | 2.39 – 4.36 | \$1.80 | 1.31 – 2.38 | \$2.70 | 0 – 1.30 | \$3.60 | ≥5% |

*NF can earn improvement when they move into a higher tier than previously held.

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Appendix: Example of Facility Level NF VBP Attainment and Improvement Payment Calculations

The table below demonstrates an example of a NF VBP performance payment calculation. In this example, the facility earned attainment funds for 5 measures and improvement funds in 3 measures. The facility was in the Best tier in both the PM result and PM baseline for the Days without 8 RN hours PM, thus the facility did not earn an improvement award. The facility’s hospitalization and ED visits improved, but the improvement was below the improvement threshold. Although the facility did not meet attainment for the urinary tract infection, the facility earned improvement funds.

| Performance Measure | Performance Attainment | | | | | Improvement | | | | | Total Performance Payment | |
|--|------------------------|--------|----------|---------------|---------------------|-------------|--------|---------------------------|------------|--------------------|---------------------------|---------------------|
| | PM Result | Tier | Per Diem | Medicaid Days | Attainment Total | PM Baseline | Tier | Met Improvement Threshold | Per Diem* | Improvement Total | | |
| Days without Minimum RN Hours | 0 | Best | \$3.20 | 9,000 | \$28,800.00 | 1 | Best | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | \$28,800.00 | |
| Total Nurse Staffing Hours per resident day (RN, LPN, CNA) – case-mix adjusted | 3.20 | Better | \$3.75 | 9,000 | \$33,750.00 | 3.18 | Fair | Yes | \$1.79 | \$16,110.00 | \$49,860.00 | |
| Number of hospitalizations per 1,000 long-stay resident days | 1.20 | Better | \$2.70 | 9,000 | \$24,300.00 | 1.22 | Better | No | <i>n/a</i> | <i>n/a</i> | \$24,300.00 | |
| Number of outpatient ED visits per 1,000 long-stay resident days | 0.20 | Best | \$3.60 | 9,000 | \$32,400.00 | 0.21 | Best | No | <i>n/a</i> | <i>n/a</i> | \$32,400.00 | |
| Percentage of long-stay High-Risk Residents with Pressure Ulcers | 6.50 | Better | \$2.70 | 9,000 | \$24,300.00 | 6.9 | Better | Yes | \$0.81 | \$7,290.00 | \$31,590.00 | |
| Percentage of long-stay Resident with a Urinary Tract Infection (UTI) | 5.00 | Below | 0 | 9,000 | \$0.00 | 5.3 | Below | Yes | \$0.46 | \$4,140.00 | \$4,140.00 | |
| | | | | | \$143,550.00 | | | | | | \$27,540.00 | \$171,090.00 |

*Per Diem amount for improvement is mock data and does not represent actual per diem amounts. Exact improvement per diem amounts are contingent on pool availability based on attainment and the number of Medicaid days from facilities that met improvement thresholds.

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Appendix: FAQ

Updated as of 10.1.2022

This FAQ section provides additional information based on common questions or special cases.

| Question | Response |
|--|--|
| How will the program deal with measuring attainment for a facility with less than 12 months participation in Medicaid in a performance year? | A new facility would become eligible to participate in the program for attainment funds with as little as one full quarter of participation in the VA Medicaid program, at the Commonwealth's discretion and subject to measure data availability. DMAS will 'annualize' quarters with performance data for these facilities, and reserves the right to adjust award amounts to align with partial year participation. |
| Scenario: Facility ABC has complete Quarter 1 data with CMS; however they joined Medicaid in February. How will DMAS handle the data for Facility ABC? | Because Facility ABC has a complete quarter of data with CMS, DMAS will use the complete quarter of data as part of the performance calculation. However, DMAS will use the actual, calculated Medicaid days for this facility to adjust the payment volume if they attain within a certain threshold. |
| How will the program deal with measuring improvement for a new facility that does not have previous performance data? | New facilities without previous performance are not be eligible for an improvement payment in their first program year as there is no previous performance data for comparison. The first performance year would become the baseline line for the next program year's improvement analysis. |
| If a facility has less than 12 months of participation in Medicaid during their first performance year, how will improvement be determined in the second program year? | The facility would be ineligible to earn improvement funds until their second year of program participation. The facility's first year of attainment – be it a full or weighted performance – shall be used as the basis upon which their subsequent performance year's improvement is measured. |
| If a facility has less than 12 months of participation in Medicaid during their first performance year, how will the 8 HR RN measure thresholds and improvement be assessed in the next full performance year? | The program will annualize their performance from the available data in the facility's first performance year by weighting the available full quarters of available data to generate a yearly estimate to measure improvement in the second year. |

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| Question | Response |
|--|--|
| When are Medicaid days used for per diem calculations considered final? | This data shall be considered final after the third month following the end of the prior performance year. This allows for at least 90 days of runout prior to data compilation |
| When are CMS measure data considered final for program calculation? | <p>The program will use the most current measure data reported, as of:</p> <ul style="list-style-type: none"> • Four months post the NF VBP performance year for the Staffing, UTI, and Pressure Ulcer measures. • Seven months post the NF VBP performance year for the ED Visits and Hospitalizations measures. • Note: once measure data is used for payment of Attainment funds in a performance year, that period's measure data will be considered final even if CMS releases updated measure data for that period, as that period's final measure values represent the improvement baseline for the following year. DMAS may reserve the right to make exceptions to this policy in instances where measure data (e.g. updates are the result of systemic issues impacting facilities across the program). |
| What is the difference between how the Nursing Home Compare RN star rating is calculated and the NF VBP 8 HR RN measure is calculated? | The NF VBP 8 HR RN measure annualizes the quarterly requirements to build more flexibility in the measure for facilities. |
| How is the program planning to deal with ownership changes of NFs when determining facility quality performance and improvement? | Generally, during the process of calculating facility performance and payments each year, the program will tie accountability for the NPI or Federal Provider Number (FPN) to the acquiring facility. A new owner is responsible for the previous performance of the acquired facility. |