

## **Table of Contents**

**State/Territory Name: VA**

**State Plan Amendment (SPA) #: 22-0007**

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**

October 25, 2022

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

Reference: TN 22-0007

Dear Acting Director:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 22-0007. This amendment proposes to improve the quality and outcomes of care for the nursing facility Value-Based Purchasing program.

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-22-0007 is approved effective July 1, 2022. 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-Webb at 617-565-1225 or [Kristina.Mack-Webb@cms.hhs.gov](mailto:Kristina.Mack-Webb@cms.hhs.gov).

Sincerely,

A handwritten signature in cursive script that reads "Rory Howe".

Rory Howe  
Director

Enclosures

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

1. TRANSMITTAL NUMBER

2. STATE

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

5. FEDERAL STATUTE/REGULATION CITATION

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY \_\_\_\_\_ \$ \_\_\_\_\_  
b. FFY \_\_\_\_\_ \$ \_\_\_\_\_

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

9. SUBJECT OF AMENDMENT

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

*Cheryl Roberts*

15. RETURN TO

12. TYPED NAME

13. TITLE

14. DATE SUBMITTED

July 13, 2022

**FOR CMS USE ONLY**

16. DATE RECEIVED

August 15, 2022

17. DATE APPROVED

October 25, 2022

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2022

19. SIGNATURE OF APPROVING OFFICIAL

*Rory Howe*

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 \$10.49 per day effective July 1, 2022.

## 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 including 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, 2022.

#### 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 program years across the measures.
2. Eligible NFs will receive lump sum payments in February and May 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. 22-0007

Approval Date October 25, 2022

Effective Date 7-1-2022

Supersedes

TN No. New Page