



COMMONWEALTH of VIRGINIA

Office of the Governor

John E. Littel
Secretary of Health and Human Resources

August 4, 2022

Todd McMillion
Director
Department of Health and Human Services
Centers for Medicare and Medicaid Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601

Dear Mr. McMillion:

Attached for your review and approval is amendment 22-007, entitled "Nursing Facility Value-Based Purchasing Program" to the Plan for Medical Assistance for the Commonwealth. I request that your office approve this change as quickly as possible.

Sincerely,

A handwritten signature in blue ink that reads "John E. Littel".

John E. Littel

Attachment

cc: Cheryl J. Roberts, Acting Director, Department of Medical Assistance Services
CMS, Region III

Transmittal Summary

SPA 22-007

I. IDENTIFICATION INFORMATION

Title of Amendment: Nursing Facility Value-Based Purchasing Program

II. SYNOPSIS

Basis and Authority: The Code of Virginia (1950) as amended, § 32.1-325, grants to the Board of Medical Assistance Services the authority to administer and amend the Plan for Medical Assistance. The Code of Virginia (1950) as amended, § 32.1-324, authorizes the Director of the Department of Medical Assistance Services (DMAS) to administer and amend the Plan for Medical Assistance according to the Board's requirements.

Purpose: In accordance with the 2022 Appropriations Act, Item 304.000, DMAS is revising the state plan to establish a unified, nursing facility (NF) value-based purchasing (VBP) program that includes enhanced funding for facilities that meet or exceed performance and/or improvement thresholds as developed, reported, and consistently measured by DMAS in cooperation with participating facilities. Nursing facility performance evaluation under the program shall prioritize maintenance of adequate staffing levels and avoidance of negative care events, such as hospital admissions and emergency department visits. The program may also consider performance evaluation in the areas of preventive care, utilization of home and community-based services, including community transitions, and other relevant domains of care.

During the first year of this program, half of the available funding shall be distributed to participating nursing facilities to be invested in functions, staffing, and other efforts necessary to build their capacity to enhance the quality of care furnished to Medicaid members. This funding shall be administered as a Medicaid rate add-on. The remaining funding shall be allocated based on performance criteria as designated under the nursing facility VBP program. The amount of funding devoted to nursing facility quality of care investments shall be 25 percent of available funding in the second year of the program before the program transitions to payments based solely on nursing facility performance criteria in the third year of the program. In the third year of this program, such funds as appropriated for this purpose shall be fully disbursed according to the aforementioned unified VBP arrangement to participating nursing facilities that qualify for the enhanced funding.

Substance and Analysis: The section of the State Plan that is affected by this amendment is "Methods & Standards for Establishing Payment Rates-Long-Term Care"

Impact The expected increase in annual aggregate expenditures is \$166,715 in state general funds, \$458 in special funds, and \$218,039 in federal funds in federal fiscal year 2022.

Tribal Notice: Please see attached.

Prior Public Notice: See Attached.

Public Comments and Agency Analysis: See attached.

Tribal Notice – Nursing Facility Value-Based Purchasing Program

1 message

Lee, Meredith <meredith.lee@dmas.virginia.gov>

Wed, Jul 13, 2022 at 10:32 AM

To: TribalOffice@monacannation.com, chiefannerich@aol.com, jerry.stewart@cit-ed.org, Pamelathompson4@yahoo.com, rappahannocktrib@aol.com, regstew007@gmail.com, Robert Gray <robert.gray@pamunkey.org>, tribaladmin@monacannation.com, Sam Bass <samflyingeagle48@yahoo.com>, chiefstephenadkins@gmail.com, WFrankAdams@verizon.net, bradbybrown@gmail.com, heather.hendrix@ihs.gov, tabitha.garrett@ihs.gov, Kara.Kearns@ihs.gov

Dear Tribal Leaders and Indian Health Programs:

Attached is a Tribal Notice letter from Virginia Medicaid Acting Director Cheryl Roberts indicating that the Dept. of Medical Assistance Services (DMAS) plans to submit a State Plan Amendment (SPA) to the federal Centers for Medicare and Medicaid Services. This SPA will allow DMAS to revise the state plan to establish a unified, nursing facility value-based purchasing program that includes enhanced funding for facilities that meet or exceed performance and/or improvement thresholds as developed, reported, and consistently measured by DMAS in cooperation with participating facilities.


If you would like a copy of the SPA documents or proposed text changes, or if you have any questions, please let us know.

Thank you! -- Meredith Lee

--

Meredith Lee
Policy, Regulations, and Manuals Supervisor
Division of Policy, Regulation, and Member Engagement
Department of Medical Assistance Services
600 East Broad Street
Richmond, VA 23219
meredith.lee@dmas.virginia.gov
(804) 371-0552



 **Tribal_Notice_letter_7_13_2022, signed CJR.pdf**
225K



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

CHERYL J. ROBERTS
ACTING DIRECTOR

SUITE 1300
600 EAST BROAD STREET
RICHMOND, VA 23219
804/786-7933
800/343-0634 (TDD)
www.dmas.virginia.gov

July 13, 2022

SUBJECT: Notice of Opportunity for Tribal Comment – State Plan Amendment related to the Nursing Facility Value-Based Purchasing Program

Dear Tribal Leader and Indian Health Programs:

This letter is to notify you that the Department of Medical Assistance Services (DMAS) is planning to amend the Virginia State Plan for Medical Assistance with the Centers for Medicare and Medicaid Services (CMS). Specifically, DMAS is providing you notice about a State Plan Amendment (SPA) that the Agency will file with CMS in order to establish a unified, nursing facility (NF) value-based purchasing (VBP) program that includes enhanced funding for facilities that meet or exceed performance and/or improvement thresholds as developed, reported, and consistently measured by DMAS in cooperation with participating facilities. Nursing facility performance evaluation under the program shall prioritize maintenance of adequate staffing levels and avoidance of negative care events, such as hospital admissions and emergency department visits. The program may also consider performance evaluation in the areas of preventive care, utilization of home and community-based services, including community transitions, and other relevant domains of care.

During the first year of this program, half of the available funding shall be distributed to participating nursing facilities to be invested in functions, staffing, and other efforts necessary to build their capacity to enhance the quality of care furnished to Medicaid members. This funding shall be administered as a Medicaid rate add-on. The remaining funding shall be allocated based on performance criteria as designated under the nursing facility VBP program. The amount of funding devoted to nursing facility quality of care investments shall be 25 percent of available funding in the second year of the program before the program transitions to payments based solely on nursing facility performance criteria in the third year of the program. In the third year of this program, such funds as appropriated for this purpose shall be fully disbursed according to the aforementioned unified VBP arrangement to participating nursing facilities that qualify for the enhanced funding.

The department shall convene the stakeholders no less than annually through at least the first two years of the program to review program progress and discuss potential modifications to components of the arrangement, including, but not limited to, timing of enhanced payments, performance metrics, and threshold determinations.

Complete details including technical information regarding program eligibility, performance measures, performance thresholds and payments are available on DMAS' website at the following address: <https://www.dmas.virginia.gov/about-us/value-based-purchasing/> and will be effective beginning July 1, 2022.

The tribal comment period for this SPA is open through August 12, 2022. You may submit your comments directly to Meredith Lee, DMAS Policy, Regulation, and Member Engagement Division, by phone (804) 371-0552, or via email: Meredith.Lee@dmas.virginia.gov. Finally, if you prefer regular mail you may send your comments or questions to:

Virginia Department of Medical Assistance Services
Attn: Meredith Lee
600 East Broad Street
Richmond, VA 23219

Please forward this information to any interested party.

Sincerely,

A handwritten signature in black ink, appearing to read "Cheryl J. Roberts". The signature is fluid and cursive, with a large loop at the end.

Cheryl J. Roberts
Acting Director



Agency

Department of Medical Assistance Services

Board

Board of Medical Assistance Services

[Edit Notice](#)

General Notice

Public Notice - Intent to Amend State Plan - Nursing Facility Value-Based Purchasing Program

Date Posted: 6/28/2022

Expiration Date: 12/28/2022

Submitted to Registrar for publication: YES

[30 Day Comment Forum](#) closed. Began on 6/28/2022 and ended 7/28/2022

**LEGAL NOTICE
COMMONWEALTH OF VIRGINIA
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES
NOTICE OF INTENT TO AMEND**

(Pursuant to §1902(a)(13) of the *Act (U.S.C. 1396a(a)(13))*)

THE VIRGINIA STATE PLAN FOR MEDICAL ASSISTANCE

This Notice was posted on June 28, 2022

The Virginia Department of Medical Assistance Services (DMAS) hereby affords the public notice of its intention to amend the Virginia State Plan for Medical Assistance to provide for changes to the *Methods and Standards for Establishing Payment Rates – Long-Term Care (12 VAC 30-90)*.

This notice is intended to satisfy the requirements of 42 C.F.R. § 447.205 and of § 1902(a)(13) of the *Social Security Act*, 42 U.S.C. § 1396a(a)(13). A copy of this notice is available for public review from Meredith Lee, DMAS, 600 Broad Street, Suite 1300, Richmond, VA 23219, or via e-mail at: Meredith.Lee@dmas.virginia.gov.

DMAS is specifically soliciting input from stakeholders, providers and beneficiaries, on the potential impact of the proposed changes discussed in this notice. Comments or inquiries may be submitted, in writing, within 30 days of this notice publication to Meredith Lee and such comments are available for review at the same address. Comments may also be submitted, in writing, on the Town Hall public comment forum attached to this notice.

This notice is available for public review on the Regulatory Town Hall (<https://townhall.virginia.gov>) on the General Notices page, found at: <https://townhall.virginia.gov/L/generalnotice.cfm>

Methods & Standards for Establishing Payment Rates-Long-Term Care (12 VAC 30-90)

In accordance with the 2022 Special Session, Item 304.OOO, the state plan is being revised to establish a unified, value-based purchasing (VBP) program that includes enhanced funding for facilities that meet or exceed performance and/or improvement thresholds as developed, reported, and consistently measured by DMAS in cooperation with participating facilities. Nursing facility performance evaluation under the program shall prioritize maintenance of adequate staffing levels and avoidance of negative care events, such as hospital admissions and emergency department

visits. The program may also consider performance evaluation in the areas of preventive care, utilization of home and community-based services, including community transitions, and other relevant domains of care.

During the first year of this program, half of the available funding shall be distributed to participating nursing facilities to be invested in functions, staffing, and other efforts necessary to build their capacity to enhance the quality of care furnished to Medicaid members. This funding shall be administered as a Medicaid rate add-on. The remaining funding shall be allocated based on performance criteria as designated under the nursing facility VBP program. The amount of funding devoted to nursing facility quality of care investments shall be 25 percent of available funding in the second year of the program before the program transitions to payments based solely on nursing facility performance criteria in the third year of the program. In the third year of this program, such funds as appropriated for this purpose shall be fully disbursed according to the aforementioned unified VBP arrangement to participating nursing facilities that qualify for the enhanced funding.

The department shall convene the stakeholders no less than annually through at least the first two years of the program to review program progress and discuss potential modifications to components of the arrangement, including, but not limited to, timing of enhanced payments, performance metrics, and threshold determinations.

Complete details including technical information regarding program eligibility, performance measures, performance thresholds and payments are available on DMAS' website at the following address: <https://www.dmas.virginia.gov/about-us/value-based-purchasing/> and will be effective beginning July 1, 2022.

The expected increase in annual aggregate expenditures is \$166,715 in state general funds, \$458 in special funds, and \$218,039 in federal funds in federal fiscal year 2022.

Contact Information

Name / Title:	Meredith Lee / <i>Policy, Regulations, and Manuals Supervisor</i>
Address:	Division of Policy and Research 600 E. Broad Street, Suite 1300 Richmond, 23219
Email Address:	Meredith.Lee@dmas.virginia.gov
Telephone:	(804)371-0552 FAX: (804)786-1680 TDD: (800)343-0634

This general notice was created by Meredith Lee on 06/28/2022 at 2:49pm



Public comment forums

Make your voice heard! Public comment forums allow all Virginia's citizens to participate in making and changing our state regulations.

[See our public comment policy](#)

Currently showing **3** comment forums closed within the last 21 days for the Department of Medical Assistance Services.

[Recently closed](#)

[Recently opened](#)

[Active Forums](#)

[More filter options](#)

Regulatory Activity Forums (3)

[Guidance Document Forums \(0\)](#)

[Actions \(\)](#)

[Periodic Reviews \(1\)](#)

[Petitions for Rulemaking \(\)](#)

[General Notices \(2\)](#)

Board of Medical Assistance Services

[View Comments](#)

Public Notice - Intent to Amend State Plan - Nursing Facility Value-Based Purchasing Program

[General Notice](#)

Public Notice - Intent to Amend State Plan - Nursing Facility Value-Based Purchasing Program

Closed: 7/28/22 0 comments

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

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

- I. 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 ~~\$15~~ \$10.49 per day effective ~~July 1, 2021~~ 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

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.

TN No. 22-007

Approval Date _____

Effective Date 7-1-2022

Supersedes

TN No. New Page

**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

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

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

- 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

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.

TN No. 22-0007

Approval Date _____

Effective Date 7-1-2022

Supersedes

TN No. New Page