



STATE OF MARYLAND

DHMH

Office of Health Services
Medical Care ProgramsMaryland Department of Health and Mental Hygiene
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – John M. Colmers, Secretary

MARYLAND MEDICAL ASSISTANCE PROGRAM
Nursing Home Transmittal No. 219
July 1, 2009

TO: Nursing Home Administrators
 FROM: Susan J. Tucker, Executive Director
 Office of Health Services

NOTE: Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal

RE: **Nursing Home Pay-for-Performance Scores**

The purpose of this transmittal is to provide nursing facilities in Maryland with the 2009 pay-for-performance (P4P) results as well give background on the legislation which authorized the Department to develop the P4P program and subsequently delay implementation of quality incentive payments.

SB 101 from the 2007 legislative session authorized the Department to initiate a quality assessment of certain nursing facilities in Maryland, based on non-Medicare patient days of service, in order to restore reimbursement cuts to nursing facilities in the Medicaid program. The amount assessed is not to exceed 2 percent of the operating revenue for all nursing facilities.

SB 101 also provided that up to 25 percent of the revenues generated by the quality assessment shall be distributed to nursing facilities based on accountability measures that indicate quality care or a commitment to quality of care. In 2008, HB 809/SB 677 delayed implementation of the P4P model until July 1, 2009. The Department met with stakeholders and providers in 2007 and 2008 to develop the accountability measures and payment methodology for the P4P program and in December of 2008 a report describing the methodology and including specific results was submitted to the General Assembly.

During the 2009 legislative session, HB 782/SB 664 further delayed the distribution of incentive payments to nursing facilities in Maryland until July 1, 2010. Beginning July 1, 2010, 50 percent of the funds designated under the model outlined in the December 2008 report shall be distributed based on quality measures in the P4P program. On July 1, 2011 the Department will fully implement incentive payments as part of the P4P program.



Although the distribution of incentive payments has been delayed, the legislation requires that each nursing facility shall be scored using the P4P criteria (listed below) and notified of its results and monies it would have received.

The quality measures and weighted values chosen for use in P4P are as follows:

- Maryland Health Care Commission Family Satisfaction Survey (40%)
- Staffing Levels and Staff Stability in Nursing Facilities (40%)
- MDS Quality Indicators (16%)
- Employment of Infection Control Professional (2%)
- Staff Immunizations (2%)

In addition to scoring facilities by July 1, 2009, the legislation indicates that the Department shall meet with representatives from nursing facilities and other stakeholders to re-evaluate the current P4P criteria and methodology and consider an incentive payment for improvement in the P4P model.

Per SB 101, CCRCs and facilities with fewer than 45 beds are not subject to the quality assessment and consequently, are not eligible for participation in P4P. In addition to the limitations set forth by SB 101, the workgroup agreed that nursing facilities with low Medicaid participation will not be eligible for participation in P4P, since a quality incentive payment, based upon relatively few Medicaid days, would not be sufficient to motivate quality improvement.¹

Additionally, by utilizing the Office of Health Care Quality's (OHCQ) deficiency data, facilities that meet the following criteria would also be excluded from P4P:

1. Any facility currently identified by CMS as a "special focus" facility.²
2. Any facility which in the previous 12 months has had a denial of payment for new admissions sanction imposed by OHCQ.
3. Any facility which in the previous 12 months has been identified by OHCQ as delivering substandard quality of care.

Each Medicaid-enrolled nursing facility will receive an enclosure with this transmittal indicating its eligibility for P4P. Each eligible provider will receive a score on each of the quality measures, its total score, its rank among eligible facilities, and the amount of per diem payment for which it would have qualified in accordance with the model presented in the December 2008 report. The current model shows the highest scoring facilities representing 35 percent of the eligible days of care, receiving a quality incentive payment within a payment range of \$2.50-\$5.50 per Medicaid patient day. No funds will be distributed based on this year's results.

If you have any questions regarding the information in this transmittal, please contact Christa Speicher at 410-767-1458.

¹ Low Medicaid proportion is considered 1 standard deviation below the statewide average.

² <http://www.cms.hhs.gov/certificationandcompliance/downloads/sfflist.pdf>