

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, using the CMS five-star rating system as its measure of success. HHSC proposes to implement QIPP no later than September 1, 2017.

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, established minimum payment amounts for qualified nursing facilities participating in STAR+PLUS. The STAR+PLUS managed care organizations 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 QIPP.

Conceptual Framework

Eligibility

QIPP is open to two classes of facilities: non-state government owned nursing facilities and private nursing facilities. To ensure that QIPP funds are focused on the Medicaid population, HHSC will limit private nursing facility eligibility to nursing facilities with Medicaid utilization as a percentage of total utilization at least equal to the mean for all Medicaid nursing facilities in Texas plus one standard deviation. Based on the most current data available from 2014 Texas Medicaid nursing facility cost reports, this value is equal to 78 percent, meaning at least 78 percent of a facility's units of service must have been provided to Medicaid recipients for the facility to be eligible to participate in QIPP.

Capitation Rate Structure

QIPP dollars will be limited by 1115 waiver budget neutrality room and the amount of IGT available for the program. QIPP IGTs for a specific capitation rate period will be due to HHSC approximately six months prior to the beginning of the rate period to allow HHSC's actuaries certainty as to the amount funding to be incorporated into the capitation rates for QIPP. The amount of the capitation related to QIPP will be determined by the amount of the non-federal share available for the program six months prior to the start of the program year.

QIPP funds will be paid through three new components of the STAR+PLUS nursing facility managed care per member per month capitation rates. Each component's value will be

determined as a percentage of the total amount of funding available for the QIPP program. The managed care organizations' distribution of QIPP funds to the nursing facilities will be based on each nursing facility's performance on a set of defined quality metrics.

QIPP Capitation Rate Components

- **Component One**
 - The total value of Component One will be equal to 110 percent of the non-federal share of the QIPP program.
 - Allocation of funds across qualifying non-state government-owned nursing facilities will be based upon historical Medicaid days of nursing facility service.
 - Monthly payment so non-state government-owned nursing facilities will be triggered by the nursing facility's submission to the managed care organization of a monthly Quality Assurance Performance Improvement Validation Report.
 - Private NFs are not eligible for payments from Component One.
 - The interim allocation of funds across qualifying non-state government-owned NFs will be reconciled to the actual distribution of Medicaid NF days of service across these NFs during the eligibility period as captured by HHSC's Medicaid contractors for fee-for-service and managed care 180 days after the last day of the eligibility period. This reconciliation will only be performed if the weighted average (weighted by Medicaid NF days of service during the eligibility period) of the absolute values of percentage changes between each NFs proportion of historical Medicaid days of NF service and actual Medicaid days of NF service is greater than 20 percent.

- **Component Two**
 - The total value of Component Two will be equal to 35 percent of remaining QIPP funds after accounting for the funding of Component One.
 - Allocation of funds across qualifying non-state government-owned and private nursing facilities will be based upon historical Medicaid days of nursing facility service.
 - Quarterly payments to nursing facilities will be triggered by improvement on specific quality indicators.

- **Component Three¹**
 - The total value of Component Three will be equal to 65 percent of remaining QIPP funds after accounting for the funding of Component One.
 - Allocation of funds across qualifying non-state government-owned and private nursing facilities will be based upon historical Medicaid days of nursing facility service.
 - Quarterly payments to nursing facilities will be triggered by improvement on specific quality indicators.

- **Lapsing Funds**
 - Funds that would lapse due to failure of one or more nursing facilities to meet metrics will be distributed across all QIPP nursing facilities based on each facility's proportion of

¹Payments made to facilities meeting the standards of Component Three will include both the 35% allocated for Component Two and the remaining 65% allocated for Component Three.

total earned QIPP funds from Components One, Two, and Three combined.

Quality Design

Payments from managed care organizations to qualified nursing facilities will be made based on improvement on specific quality indicators. QIPP includes four measures, equally weighted for payment each quarter and currently utilized by CMS' star ratings for nursing facilities. Nursing facilities must make incremental improvements towards pre-set goals to qualify for payments. A nursing facility's baseline will remain the same throughout the measurement period, while the amount of improvement required each quarter increases. Initial quarterly goals are based on 1.7 percent or 5.0 percent improvement from the baseline. Subsequent quarterly goals increase to 7 percent and 20 percent at the end of the year.

Quarter	Total improvement from baseline	
	Component Two Payment Standard	Component Three Payment Standard
1	1.7%	5%
2	3.4%	10%
3	5.1%	15%
4	7%	20%

Quality targets will be quarterly in order to allow for quarterly payments. Each successful nursing facility within a class will receive an equal payment amount per Medicaid day of service with days of service based upon an historical measure. A nursing facility that performs better than the benchmark may decline in performance and still earn 100 percent of the available funds as long as the nursing facility remains above the benchmark.

Compliance with Approval Criteria

Utilization and Delivery of Services

The increased payments from managed care organizations to nursing facilities will be based on the utilization and delivery of services to a Medicaid managed care member as determined using historical data.

Expenditures and Classes

QIPP is open to two classes of facilities: non-state government owned nursing facilities and private nursing facilities. Within each of these classes, performance standards and incentive payments are consistent.

Link to Goals and Objectives of State Quality Strategy

The goal of the QIPP program is to incentivize state nursing facilities to improve the quality of care for their residents. Facilities will be able to achieve this goal by showing an improvement in their baselines as they relate to each of the four quality measures:

- High-risk residents with pressure ulcers;
- Percent of residents who received an antipsychotic medication (long-stay);
- Residents experiencing one or more falls with major injury; and

- Residents who were physically restrained.

Providing payments through QIPP will create the incentive for facilities to focus on these four measures, thereby improving quality across several areas of care to the residents. We expect that, annually, the outcome of this program will be an overall improvement for each of the quality measures among the participating facilities. This outcome is based on the expectation that participating facilities will work to make performance improvements as required for quarterly payments.

The 1115 quality strategy can be found in Attachment D of the 1115 waiver, and identifies as goals of the strategy:

- Transition from volume-based purchasing models to a pay-for-performance model;
- Improve member satisfaction with care; and
- Reduce payments for low quality care.

HHSC's fundamental commitment is to contract for results. HHSC defines a successful result as the generation of defined, measurable, and beneficial outcomes that satisfy the contract requirements and support HHSC's missions and objectives. The measures included in the QIPP are consistent with HHSC's mission, which is to "maintain and improve the health and human services system in Texas, and to administer its programs in accordance with the highest standards of customer service and accountability for the effective use of funds".

Evaluation Plan

An evaluation of the CMS verified MDS data related to each of the four quality measures will be completed to determine if participating nursing facilities are improving the care provided to their residents. At the end of FY 2018 and subsequent FYs, we will evaluate the program's effectiveness by assessing if overall participating facilities are improving their performance and thus meeting the goal of the Quality Incentive Payment Program.

Intergovernmental Transfer Fund Contributions and Provider Participation

Public and private nursing facilities may participate in QIPP. No nursing facility's participation will be conditioned on the provision of an intergovernmental transfer of funds, nor on its entering into or adhering to an intergovernmental transfer agreement. Private nursing facility participation is limited to nursing facilities with Medicaid utilization at least equal to the mean Medicaid nursing facility utilization rate for all Medicaid nursing facilities in Texas plus one standard deviation.

Automatic Renewal

HHSC understands that the initiative is not eligible for automatic renewal and will seek approval from CMS for any extension of the program beyond the initial approval period.

Conclusion

The State believes the only true measure of transformation is found in the actual, verified improvement of care and quality of life. 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.