

Dear Stakeholder:

This letter contains important information about Quality Incentive Payment Program (QIPP) requirements and instructions for nursing facilities and managed care organizations (MCOs), including submission timelines. Please read it carefully. Any questions about the contents of this letter, in addition to questions about QIPP, must be sent to the HHSC QIPP mailbox at QIPPProjectProposal@hhsc.state.tx.us in order to receive a response.

The General Appropriations Act for the 2016-2017 biennium contains Health and Human Services Commission (HHSC) Budget Rider 97, which directs HHSC to transition the Minimum Payment Amount Program (MPAP) to the Quality Incentive Payment Program (QIPP).

"It is the intent of the Legislature that not later than September 1, 2016, the Commission shall fully transition the Nursing Facility Minimum Payment Amounts Program (MPAP) program from a program solely based on enhanced payment rates to publically-owned nursing facilities to a Quality Incentive Payment Program (QIPP) for all nursing facilities that have a source of public funding for the non-federal share, whether those facilities are publically- or privately-owned. No state General Revenue is to be expended under the QIPP. The additional payments to nursing facilities through the QIPP should be based upon improvements in quality and innovation in the provision of nursing facility services, including but not limited to payment incentives to establish culture change, small house models, staffing enhancements and outcome measures to improve the quality of care and life for nursing facility residents."

QIPP Webpage

The following documents are available for download from the QIPP webpage at <http://www.hhsc.state.tx.us/medicaid/managed-care/qipp.shtml>:

- QIPP Concept Paper
- QIPP Templates
 - QIPP Provider Level Template (which includes the Medicaid Shortfall Calculation tab)
 - QIPP Project-Level Template for Category 1 or 4 Projects
 - QIPP Project Level Template Category 2 Projects
 - QIPP Project Level Template Category 3 Projects
- MPAP Intergovernmental Transfer (IGT) Responsibility Agreement including required attachments:
 - HHSC Child Support Certification
 - HHSC Vendor Information Form
 - HHSC Certification Regarding Federal Lobbying
 - HHSC Certification regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion for Covered Contracts)
- QIPP IGT Responsibility Agreements including required attachments:
 - HHSC Child Support Certification
 - HHSC Vendor Information Form
 - HHSC Certification Regarding Federal Lobbying
 - HHSC Certification regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion for Covered Contracts)
- QIPP Certifications of Fact

QIPP Application Due Dates

Nursing facilities must submit their proposed QIPP application packets to their selected MCO(s) by February 5, 2016.

- Nursing facilities will complete one Provider Level Template, which includes the Medicaid Shortfall Calculation tab. If a nursing facility is planning to implement QIPP projects with more than one MCO, the same Provider Level Template will be submitted to all the MCOs along with the Project Level Templates.
- Nursing facilities will complete one of the Project Level Templates, based on the Category of the project, for each project being submitted. Medical Shortfall and Project ID information generated in the Provider Level template will need to be entered into each Project Level Template. The Project Level Templates will be submitted to the MCOs the nursing facilities are working with on the project(s) along with the Provider Level Template.
- Nursing facilities may not submit the same project to multiple MCOs.

For current MPAP participants wishing to participate in the MPAP transition period, a completed and signed MPAP IGT Responsibility Agreement must be submitted to the HHSC QIPP mailbox by March 15, 2016. The email should be clearly identified as "MPAP IGT Responsibility Agreement" in the subject line and must include the following attachments:

- HHSC Child Support Certification
- HHSC Vendor Information Form
- HHSC Certification Regarding Federal Lobbying
- HHSC Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion for Covered Contracts.

Required QIPP Application Packet Documents for Submission to HHSC

MCOs must submit completed QIPP application packets to the HHSC QIPP mailbox listed above by March 1, 2016. QIPP application packets submitted after March 1, 2016 will not be accepted.

MCOs must submit all of the following documents:

- Letters of Agreement (LOA) signed by the MCO and each nursing facility owner they are working with on the project(s). The LOA must incorporate completed QIPP Templates by reference.
- Completed QIPP Templates, which will assist in streamlining the review process.
- Signed copies of the QIPP Certifications of Fact for each nursing facility.

QIPP Project Valuations

QIPP payments are based on project valuations approved by HHSC. Proposed valuations less than or equal to the minimum valuation calculated using the Project Value tab included in the Project Level Template will be considered for expedited approval. Proposed valuations greater than the minimum valuation calculated using the Project Value tab included in the Project Level Template will be considered for approval if the project results in significant improvements to the quality of care or quality of life of Medicaid residents of the nursing facility, or if the project results in significant levels of cost avoidance for the Medicaid program.

QIPP and MPAP IGT Entity Funding Requirements

Upon completion of project review, HHSC will notify nursing facilities of approved projects and valuation. The funding entity must then submit one completed QIPP IGT Responsibility Agreement. QIPP IGT Responsibility Agreements must be submitted to the HHSC QIPP mailbox by the due date indicated by HHSC. That date will be included in the communication to the nursing facility indicating approval of the project(s) and valuation. The IGT Responsibility Agreement must be signed by an authorized representative of the governmental entity providing the IGT for the project. A complete QIPP IGT Responsibility Agreement includes the following items:

- QIPP IGT Responsibility Agreement
 - "IGT Responsibility Agreement between the Texas Health and Human Services Commission and Non-State Government-Owned Nursing Facility" for nursing facilities owned by a non-state governmental entity
 - "IGT Responsibility Agreement between the Texas Health and Human Services Commission and Governmental Entity" for nursing facilities not owned by a non-state governmental entity
 - Certifications of Participation from the nursing facility and the governmental entity
- HHSC Child Support Certification
- HHSC Vendor Information Form
- HHSC Certification Regarding Federal Lobbying; and
- HHSC Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion for Covered Contracts.

Beginning on August 10, 2016, and continuing as indicated in the IGT Responsibility Agreement, the governmental entity signing the agreement is responsible for transferring to HHSC funds as indicated in the agreement. The governmental entity may not withdraw from the agreement once it is signed and submitted to HHSC. If the governmental entity does not transfer funds as indicated in the signed agreement for one or more months, HHSC may take any or all of the following actions:

- Determine that all nursing facilities owned by or associated with the governmental entity are ineligible to participate in QIPP for future eligibility periods;
- Withhold any or all future Medicaid payments from the governmental entity until HHSC has recovered an amount equal to the amount of the IGT shortfall; and
- Retain any funds that would normally be returned to the governmental entity as part of the reconciliation process.

Change of Ownership Requirements

For nursing facilities changing ownership in order to participate in QIPP, to be considered for QIPP effective September 1, 2016, the change of ownership (CHOW) application must be approved by the Department of Aging and Disability Services (DADS) by March 31, 2016. There will be no exceptions. The effective date of the new contract must be March 31, 2016, or earlier.

Nursing facilities should submit CHOW applications as soon as possible but no later than 30 days prior to their anticipated date of the sale or transfer to the new owner. Applications will be processed in the order that they are received by DADS. Applicants who have filed incomplete CHOW applications will be notified by DADS of any outstanding information within 30 days of receipt of the application. Incomplete applications will delay processing and approval.

HHSC will consider CHOWs that are approved pending submission of final real estate documents to be eligible to participate in QIPP.

Nursing facilities with CHOWs not approved by March, 31, 2016, but approved by June 30, 2016, may participate in QIPP beginning December 1, 2016. HHSC will work with these nursing facilities and their MCOs to convert their submitted 12-month projects into 9-month projects.

All questions regarding the CHOW process, including questions regarding the status of CHOW applications, must be submitted to the HHSC QIPP mailbox in order to receive a response. DADS staff will not reply to questions regarding the status of a CHOW application that are not submitted through the HHSC QIPP mailbox.

Geographic Proximity Requirements

A nursing facility and the governmental entity providing the IGT for the nursing facility's QIPP project(s) must be located within the same [Regional Healthcare Partnership \(RHP\)](#) as, or within 150 miles of, each other. This geographic proximity requirement does not apply to nursing facilities that were grandfathered into the MPAP. A nursing facility may request an exception to the geographic proximity requirement if it can demonstrate historical patient flow between the nursing facility and other healthcare facilities within the jurisdiction of the unit of government that intends to transfer funds for the purpose of a QIPP payment. Requests for exceptions must be submitted to the HHSC QIPP mailbox.

MPAP Transition

In order to meet the intent of Rider 97 while also allowing a transition period for existing MPAP participants to make the shift to QIPP, MPAP will be phased out over the course of SFY 2017. During SFY 2017, current MPAP participants will be allowed to continue receiving MPAP payments at approximately 50 percent of their current MPAP payment level. Any additional funding for these nursing facilities during the first year must be tied to projects under QIPP. Additional information on MPAP may be found on the HHSC website at <http://www.hhsc.state.tx.us/rad/Long-term-svcs/nursing-facility/mpa.shtml>.

Facilities not currently enrolled in MPAP will enter directly into QIPP. Beginning in SFY 2018, MPAP-related payments will be eliminated and all funding must be tied to projects under QIPP.

For current MPAP participants wishing to participate in the MPAP transition, a completed and signed MPAP IGT Responsibility Agreement including the required attachments must be submitted to the HHSC QIPP mailbox by March 15, 2016.

Proposed Texas Administrative Code Rules for QIPP and MPAP

Proposed Texas Administrative Code (TAC) rules for QIPP were published in the January 1, 2016, issue of the *Texas Register* (41 TexReg 11). Written comments on the proposal may be submitted to Kate Layman, Health and Human Services Commission, Mail Code H320, P.O. Box 13247, Austin, Texas, 78711; by fax to (512) 462-6202; or by e-mail to Katherine.Layman@hhsc.state.tx.us, within 30 days after publication of the proposal in the *Texas Register*.

HHSC is aiming to publish proposed amendments to TAC rules for MPAP in the May 6, 2016, issue of the *Texas Register*. Written comments on the proposal may be submitted to Pam McDonald, Health and Human Services Commission, Mail Code-H400, P.O. Box 149030, Austin, TX, 78714-9030; by fax to

(512) 730-7475; or by e-mail to Pam.McDonald@hhsc.state.tx.us, within 30 days after publication of the proposal in the *Texas Register*.

Centers for Medicare and Medicaid Services Disallowances

In the event of a disallowance by the Centers for Medicare and Medicaid Services (CMS) of federal participation related to a nursing facility's receipt of or use of QIPP payments, all QIPP funds associated with the disallowance will be recouped from the nursing facility with the non-federal share returned to the IGT entity and the federal share returned to CMS.

Thank you for your interest in the QIPP program. If you have questions about the contents of this letter or the QIPP program in general, you must submit them to the HHSC QIPP mailbox at QIPPProjectProposal@hhsc.state.tx.us. We look forward to our continued efforts in improving the quality of care for those we have the privilege to serve.

Sincerely,

Gary Jessee
Associate Commissioner
Medicaid / CHIP