

April 19, 2022

<Provider Name>  
<Provider Address 1>  
<City> <State> zipcode5-zipcode4

Dear Medicaid Provider:

RE: Changes to the Quality Assurance Supplement (QAS) Calculation and Payment  
Methodology for MI Health Link (MHL) for Calendar Year (CY) 2022

The purpose of this letter is to update Medicaid-certified nursing facility (NF) providers about the QAS payment methodology for MI Health Link beneficiaries for CY 2022.

Effective January 1, 2022, Integrated Care Organizations (ICOs) may negotiate with NFs to pay rates that vary from the Medicaid Fee-for-Service (FFS) rate as established by the Long-Term Care (LTC) Reimbursement Division of the Michigan Department of Health and Human Services (MDHHS) for traditional Medicaid NF days of care. Consistent with 42 CFR §438.6(c)(1)(iii)(B), the ICOs will provide a QAS payment in addition to the per diem rate negotiated with Michigan NFs for actual Medicaid NF days provided to MI Health Link beneficiaries. The QAS payment will be the ICO Medicaid NF days multiplied by 21.76% of the variable cost component of the FFS daily rate for each NF limited to the variable cost limit for private facilities. This methodology is consistent with the methodology in the Michigan Medicaid Provider Manual.

**The QAS for dates of service (DOS) on or after January 1, 2022, will be paid through a directed payment as approved by Centers for Medicare & Medicaid Services (CMS) through the Section 438.6(c) preprint process described below. Any QAS payments made to NFs for DOS on or after January 1, 2022, for MI Health Link beneficiaries using the old methodology must be recouped/reconciled by the ICO.**

### **CY 2022 QAS Directed Payment Methodology**

For DOS on or after January 1, 2022, MDHHS will calculate the NFs QAS payment. Upon completion of a quarter, MDHHS will calculate the NFs QAS payment based on the recent ICO encounter data accepted by MDHHS. MDHHS will then issue a payment to each ICO based on the number of Medicaid NF days provided to the ICO's beneficiaries.

An important aspect of this methodology is that a NF's quarterly payment will be based on services reported by ICOs to MDHHS during that quarter. This means that a NF's QAS payment will vary quarterly based on ICO utilization and timing of the submitted encounters. MDHHS will

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work continuously with ICOs to ensure that NF encounters are reported timely and accurately. MDHHS will also continue to analyze completed quarters to ensure all relevant encounters receive QAS payments and to ensure that resubmitted encounters do not receive multiple QAS payments for the same service.

It should be noted that a NF submitting a claim to an ICO in a particular quarter does not necessarily mean that it will be included in the QAS calculation in the same quarter. The contract for ICOs requires a standard of promptness for submission of encounters to MDHHS. However, the timing of the NF submitting the claim to the ICO, the ICO paying the claim, then submitting the encounter and having it approved by MDHHS may take multiple months, resulting in the QAS payment related to the service occurring a quarter or more after the claim was submitted by the NF to the ICO.

The first quarterly payment associated with this methodology will be for encounters accepted by MDHHS during the months of January 2022-March 2022. Once the quarter has ended, MDHHS will analyze encounters accepted during that timeframe and calculate the QAS amount owed to each NF by each ICO. MDHHS will then pay each ICO its calculated QAS payments for the NF claims for which the ICO submitted accepted encounters in the quarter. MDHHS will also provide guidance directing the ICO to pay the calculated amount to each NF. MDHHS projects NFs will see the first quarterly payment under this new methodology by May 2022.

### **Quality Assurance Assessment (QAA)**

NFs will continue to pay the QAA for days paid by the MI Health Link ICO. QAA will be paid to the state following the current established process.

For questions on this issue, contact the MHL Program at [integratedcare@michigan.gov](mailto:integratedcare@michigan.gov).

An electronic version of this document is available at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Policy, Letters & Forms.

Sincerely,



Kate Massey, Director  
Behavioral and Physical Health and Aging Services Administration