

April 19, 2022

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

Dear Integrated Care Organization Administrator:

RE: Changes to 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 Integrated Care Organizations (ICOs) about the Quality Assurance Supplement (QAS) payment methodology for MI Health Link (MHL) for CY 2022.

Effective January 1, 2022, ICOs may negotiate with nursing facilities (NF) to pay rates that vary from the Medicaid Fee-for-Service (FFS) rate as established by the Long-Term Care 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 Quality Assurance Supplement (QAS) payment in addition to the per diem rate negotiated with Michigan NFs for actual Medicaid NF days provided to MI Health Link enrollees. 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 facility limited to the variable cost limit for private facilities. This methodology is consistent with the methodology in Michigan Medicaid Provider Manual.

The Quality Assurance Supplement (QAS) for dates of service on or after January 1, 2022, will be paid through a directed payment as approved by CMS through the Section 438.6(c) preprint process. Any QAS payments made to NFs for dates of service on or after January 1, 2022, for MI Health Link beneficiaries using the old methodology must be recouped/reconciled.

ICOs will continue to make QAS payments to NFs, though there are some differences in how these payments will be operationalized. Following the end of each quarter, MDHHS will calculate and pay the ICO, through gross adjustment code B135, the total amount of QAS to distribute to nursing facilities for the quarter based on accepted encounters. Due to the QAS payment amounts being calculated after the encounter has been accepted, the supplemental payments will occur retroactively to each ICO. MDHHS will also provide the ICO with the directed payment guidance to inform the plan the precise amounts to pay each NF. For certification of the managed care rates, the state's contracted actuary will include an estimated gross payment amount in the initial rate certification letter. Once all payments have been made at the end of the rating period, the actuary will use the actual payment data to certify final ICO rates which include the payments on a PMPM basis.

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The QAS calculation for each NF will be performed using accepted ICO encounters MDHHS receives from the ICO during the quarter. Due to the QAS payment being tied directly to accepted encounters, it is vitally important that NF encounters are submitted timely and accurately.

The MHL Three Way Contract and Minimum Operating Standards (MOS) require a standard of promptness for submission of encounters to the MDHHS. MDHHS will monitor encounter data to ensure that this standard is being met. MDHHS will also be analyzing submitted data to ensure that encounters that are modified, voided, or corrected are accounted for in the calculation and QAS amounts are not paid more than once for the same service.

The first quarterly payment associated with this methodology will be for encounters accepted by MDHHS during the months of January - March 2022. Once the quarter has ended, MDHHS will analyze the accepted encounters received during this timeframe and calculate each NFs QAS amount by ICO. MDHHS projects ICOs will receive the first quarterly payment under this new methodology by the end of May 2022 and will expect the payments to be made to the NFs shortly thereafter.

For questions on this issue contact the MI Health Link Program at integratedcare@michigan.gov.

An electronic version of this document is available at www.michigan.gov/medicaidproviders >> Policy, Letters & Forms.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Massey', followed by a horizontal line extending to the right.

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