SECTION II: TYPE OF STATE DIRECTED PAYMENT

8. In accordance with 42 C.F.R. § 438.6(c)(2)(ii)(A), describe in detail how the payment arrangement is based on the utilization and delivery of services for enrollees covered under the contract. The State should specifically discuss what must occur in order for the provider to receive the payment (e.g., utilization of services by managed care enrollees, meet or exceed a performance benchmark on provider quality metrics).

Component One (Quality Assurance and Performance Improvement)

• The total value of Component One will be equal to 110 percent of the non-federal share of the QIPP.

• Facilities must hold a monthly quality assurance and performance improvement (QAPI) meeting (in accordance with quarterly federal requirements). In addition, NF must initiate a performance improvement project (PIP) and report a monthly update on the progress made on the PIP.

• As a condition of participation, non-state government-owned nursing facilities must report monthly their QAPI meeting and progress made on their PIP and must serve at least one Medicaid member in the reporting period.

• The interim allocation of funds, based on historical Medicaid fee-for-service and STAR+PLUS days of service, across qualifying non-state government-owned nursing facilities will be reconciled to the actual distribution of Medicaid nursing facility days of service across these nursing facilities during the program period; the actual distribution of funds will be captured by Health and Human Services Commission’s (HHSC's) Medicaid contractors for fee-for service and managed care 120 days after the last day of the program period. Detailed information regarding the process for reconciliation can be found in Attachment A1.

Component Two (Workforce Development)

• The total value of Component Two will be equal to 40 percent of remaining QIPP funds after accounting for the funding of Component One and Component Four.

• Allocation of funds across qualifying non-state government-owned and private nursing facilities will be proportional, based upon historical Medicaid days of nursing facility service.

• Monthly payments to nursing facilities will be triggered by achievement of performance requirements on equally-weighted quality metrics.

• As a condition of participation, a proposed change requires all QIPP providers to submit a workforce development plan in the form of a PIP at the beginning of the program year. Facilities must report monthly progress updates on monitoring their staff recruitment and retention outcomes in the PIP.

Component Three (Minimum Data Set CMS Quality Measures)

• The total value of Component Three will be equal to 60 percent of remaining QIPP funds after accounting for the funding of Component One and Component Four.

• Allocation of funds across qualifying non-state government-owned and private nursing facilities will be proportional, based upon historical Medicaid days of nursing facility service.

• Quarterly payments to nursing facilities will be triggered by achievement of performance requirements on equally-weighted quality metrics.

• Starting SFY 2022, the measure "Percent of residents with a urinary tract infection (long stay)" was moved from Component 4 to Component 3. The performance targets are now based on quarterly improvement over NF-specific baseline or over program-wide benchmark each quarter, after Quarter 1. In previous years, the performance targets were either meeting or exceeding the national average, OR by showing an improvement from the baseline over the course of the year.

To better illustrate a proposed change to Component 3 for SFY 2022, Table 1 below shows the targets for each quarter, reflecting the escalating 5% improvement ~~of each target~~. Providers are required to meet either target each quarter. A provider whose performance on their NF-specific target does not improve must still exceed the program-wide (national) benchmark ~~by a minimum margin~~ to earn an incentive payment.

Table 1: Summary of Quarterly Performance Targets

Requirement	Q1 Target	Q2 Target	Q3 Target	Q4 Target
Improve on NF-specific baseline; OR	5% relative improvement on baseline	10% relative improvement on baseline	15% relative improvement on baseline	20% relative improvement on baseline
	Or	Or	Or	Or
Meet or Exceed program-wide benchmark	Most recently published national average at the beginning of the program period (BM)	~~5% relative Improvement on~~ BM	~~10% relative Improvement on~~ BM	~~15% relative Improvement on~~ BM

To account for natural fluctuations in quarterly performance results while still holding NFs accountable for incremental improvement, the state will define an allowed margin for each quality metric in Component 3. Any metric will be considered "Not Met" for the quarter if a NF performs worse than its initial baseline by more than this margin. Each metric's margin will be defined as the ~~relative~~ absolute +/- change in the national average for that metric from the previous program year to the current program year. See Table 2.

Table 2: Summary of Quarterly Targets if Performance Declines

Requirement	Q1 Target	Q2 Target	Q3 Target	Q4 Target
If decrease from NF-specific baseline; AND	Decrease does not exceed (baseline + absolute difference)	Decrease does not exceed (baseline + absolute difference)	Decrease does not exceed (baseline + absolute difference)	Decrease does not exceed (baseline + absolute difference)
	And	And	And	And
Meet or Exceed program-wide benchmark	Most recently published national average at the beginning of the program period (BM)	~~5% relative Improvement on~~ BM	~~10% relative Improvement on~~ BM	~~15% relative Improvement on~~ BM

Component Four (Infection Prevention and Control Program)

• The total value of Component Four will be equal to 16 percent of the total funds of the QIPP.

• Allocation of funds across qualifying non-state government-owned nursing facilities will be proportional, based upon historical Medicaid days of nursing facility service.

• Quarterly payments to non-state government-owned nursing facilities will be conditioned on achievement of performance requirements on equally-weighted quality metrics.

• The MDS measure "Percent of Residents Assessed and Appropriately Given the Seasonal Influenza Vaccine (long stay)" is newly added starting with SFY 2022. The quarterly staged measures are also new for SFY 2022.

• For the two MDS measures in Component 4, a NF must improve over NF-specific baseline by 5% or perform better than the national benchmark on both vaccination measures to earn payment in quarter 4. Either metric will be considered "Not Met" if the NF's performance declines by more than a set margin, which is defined as the absolute +/- change in the national average for that metric from the previous program year to the current program year. See Table 2.

a.☒ Please use the checkbox to provide an assurance that CMS has approved the federal authority for the Medicaid services linked to the services associated with the SDP (i.e., Medicaid State plan, 1115(a) demonstration, 1915(c) waiver, etc.).

b. Please also provide a link to, or submit a copy of, the authority document(s) with initial submissions and at any time the authority document(s) has been renewed/revised/updated.

Nursing Facility Services are approved under the Medicaid state plan Appendix 1 to Attachment 3.1-A Page 5. Approves Nursing Facility Services for Individuals 21 Years of Age or Older. CMS approved the 1115 waiver renewal for the Texas Healthcare Transformation and Quality Improvement Program which includes Nursing Facility services provided through managed care on January 15, 2021.