




HEALTH CARE
AUTHORITY

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Letter of Direction #49

Date: January 15, 2025
To: Turquoise Care Managed Care Organizations
From: Dana Flannery, Director, Medical Assistance Division 
Subject: Payment for Nursing Facility Value Based Purchasing (NF VBP)
Title: Nursing Facility Value Based Purchasing (NF VBP)

Background

The purpose of this Letter of Direction (LOD) is to provide the Turquoise Care Managed Care Organizations (TC MCOs) with directions to implement the Nursing Facility Value Based Purchasing (NF VBP) payment program effective July 1, 2024.

Turquoise Care MCOs are required to develop and implement a Level 1 VBP program for Long-Term Care providers, including nursing facilities. Since January 1, 2020, the Centers for Medicare and Medicaid (CMS) and the New Mexico Health Care Authority/Medical Assistance Division (NM HCA/MAD) has approved the implementation of the NF VBP.

The NF VBP is a voluntary program developed by MCOs and the Nursing Facilities. To participate in the NF VBP, a nursing facility must fulfil the requirements of the NF VBP program description which includes a) be a Medicaid Certified facility; b) have Medicaid utilization; c) be contracted with at least one MCO; d) submit Minimum Data Sets (MDS) to the Data Intermediary; and e) sign data use agreements with the Data Intermediary. If a facility agrees to participate in the NF VBP, they are eligible to receive quarterly payments based on Medicaid bed days and their quality measure scores. MDS submissions to the Data Intermediary will be used to calculate each Nursing Facility's quality measure scores. The Nursing Facility will have access to the NF VBP dashboard to monitor their progress on the quality measure scores as well as estimated quarterly payments. The NF VBP dashboards will be managed through the Data Intermediary.

Payment to MCOs

To support the NF VBP, HCA has increased the capitated rates for impacted cohorts in the LTSS program. The payment has been calculated based on the program allocation and the distribution of affected Medicaid members. The TC MCOs started receiving increased capitation for these cohorts on July 1, 2024.

Distribution of Data Intermediary Payment

The NF VBP requires the use of a Data Intermediary to calculate the quality metrics for participating Nursing Facilities. The TC MCOs entered into an agreement with a Data Intermediary for this program; HCA incorporated the Data Intermediary cost into the TC MCO capitation amount. Data Intermediary's total fees, for its performance of the program, is prorated by TC MCOs according to established percentages based on enrollment numbers.

Payment Distribution

The Nursing Facilities can earn Foundational, Secondary, and Per Diem Add-On payments based on their Medicaid bed days and their quality measure scores. Any unspent funds from the Foundational, Secondary, and Per Diem Add-On payments will be allocated towards a High Acuity pool, which will utilize defined diagnostic codes to determine those bed days that qualify. The payments will be calculated quarterly with the NF able to review the NF VBP dashboards throughout the quarter. Once the quarterly payment is finalized with the Data Intermediary, the Data Intermediary will provide quality scorecards to the NFs and the TC MCOs. These quality scorecards will determine for each TC MCO how much to pay for the NF VBP program based on each MCOs distribution of membership.

Data Sharing and Reporting

As part of the agreement the Data Intermediary will be sharing Nursing Facility performance with the NFs, Turquoise Care MCOs, and HCA/MAD. The TC MCOs are required to submit their NF VBP payments and supporting documentation to HCA/MAD on the following quarterly HCA Value Based Purchasing (VBP) financial Report after payments have been submitted to the Nursing Facilities. Payments are reported cumulatively throughout the year on the "NF VBP" work tab and finalized on the Annual Supplemental report. MCOs should reference the Turquoise Care VBP Template Instructions provided by HCA.

The Data Intermediary calculates Medicaid bed days based on matching members contained in the Turquoise Care MCO enrollment file that is submitted to Data Intermediary monthly by the MCO, with residents in the Minimum Data Set data submitted by the Nursing Facility. This process establishes that the TC MCO member is in a participating NF VBP facility. The Data Intermediary bed day calculation determines how many Medicaid bed days in the quarter are attributed to the MCO. Nursing Facility payments for the quarter are calculated and allocated among the four TC MCOs.

This LOD will sunset when direction is provided in one or more of the following: Turquoise Care Managed Care Services Agreement, Managed Care Policy Manual, NMAC, Systems Manual, or BHSD Billing and Systems Manual. The LOD may also sunset upon HCA notification or completion of the Turquoise Care Program.