TO: Nursing Home Administrators
FROM: Susan J. Tucker, Executive Director
Office of Health Services
RE: MDS Validation Reviews

NOTE: Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal

In early January 2017, the Maryland Medicaid Program (Program) began conducting annual reviews of a sample of residents in each nursing facility to determine whether the facility’s assigned Case Mix Index (CMI), which forms the basis for Medicaid payment, accurately reflects residents’ medical conditions and care needs. This transmittal explains the rationale, process, and compliance requirements for the reviews, known as Minimum Data Set (MDS) Validation.

The MDS Validation, which is carried out by Telligren, the Program’s Utilization Control Agent, consists of an onsite comparison of a sample of MDS assessments to medical records pertaining to these residents during the same time period. The findings determine whether the documentation supports the MDS and, ultimately, the assigned Resource Utilization Group (RUG) category.

**Review Process**
The Department’s audit contractor, Myers & Stauffer, selects a sample of assessments from MDS data submitted by nursing facilities. The sample consists of either 20 percent of the occupied beds on the last day of the three-month period being assessed or 20 assessments, whichever is greater. The sample is stratified across each major RUG domain represented in the facility.

Once Telligren receives sample data from Myers and Stauffer, Telligren notifies the facility three days in advance of the onsite review. Upon entering the facility, the reviewer provides the facility with the list of MDS assessments to be reviewed.

For each MDS item that is pertinent to the resident’s assigned RUG category, the reviewer compares the MDS item with associated documents and makes a determination as to whether the documents support the MDS coding for the item in question. The Resource Utilization Group, Version IV, 48-Grouper Case Mix Supportive Documentation Guidelines for MDS 3.0 identifies the MDS item description, RUG-IV categories that are impacted, and the minimum documentation and review standards for the item in question. The MDS Validation Minimum Review Standards are available at:
If any supporting documentation is missing or does not support the MDS coding, the facility is given one business day to submit the requested documentation. Please note that neither Telligen nor the Department will accept further documentation after the conclusion of the onsite review.

Following the review, the findings are evaluated and a determination is made as to whether each MDS assessment in the sample is supported and whether the facility is in compliance with MDS Validation standards. The facility is notified of the final findings within 60 days of the completion of the onsite review.

**Compliance Requirements**

A “supported assessment” is one in which the Validation Review results in a finding that the assigned RUG for the resident is consistent with the documentation provided in the medical record. In order for a facility to be in compliance with MDS Validation standards, at least 80 percent of the assessments in the sample set must be supported assessments.

**Follow-up Review and Corrective Action**

If fewer than 80 percent of the assessments in the original review sample are supported, an expanded review is conducted. The sampling and review process for expanded review is the same as for the initial review. The results of this expanded review are combined with the results of the initial review and a final determination is made as to whether the facility is in compliance with MDS Validation standards as described under “Compliance Requirements” above.

Facilities in which the combined number of supported assessments falls below 80 percent of all assessments in the sample are considered not in compliance with MDS Validation standards and are subject to corrective action. Please note that during the first twelve-month cycle of validation reviews, no penalty or adjustment to the facility's case mix will be made. However, the facility is required to submit a Minimum Data Set Corrective Action Plan (MDS/CAP) to Telligen within 10 days of being notified of the results. The MDS/CAP shall include, but not be limited to, the following information:

1. Identification of actions taken or to be taken to address documentation and/or coding problems;
2. A description of how the corrective actions will be monitored to ensure future compliance with MDS Validation requirements;
3. Timeline for implementing the MDS/CAP; and
4. Identification (name and title) of staff with operational and oversight responsibility for implementing the MDS/CAP.

**NOTE:** Failure to submit an acceptable MDS/CAP within the required timeframe may result in the facility’s payments being suspended.

**Facility’s Responsibilities**

To ensure a smooth review process, we are requesting that the facility assist by:

1. Having key facility staff, including the Administrator (or his/her designee) and the Director of Nursing (or his/her designee), present at both the entrance and exit conferences;
2. Making a private area available with sufficient room for the reviewer to work;
3. Arranging access to facility staff for the purposes of locating needed records and providing other information regarding care of the resident; and
4. Providing assistance with obtaining access to electronic medical records.

The Program greatly appreciates facilities' cooperation with the MDS Validation review process. If you have questions regarding a specific review, please contact your reviewer. General questions regarding this transmittal may be directed to (410) 767-1736.