



Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Robert R. Neall, Secretary

MARYLAND MEDICAL ASSISTANCE PROGRAM

Nursing Home Transmittal #266

January 22, 2018

To: Nursing Home Administrators

From: *Susan J. Tucker*
Susan J. Tucker, Executive Director
Office of Health Services

Re: Minimum Data Set Validation—Effective January 2018

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

The purpose of this transmittal is to describe the process for validating the Minimum Data Set (MDS) submitted by each nursing facility.

During calendar year 2017, every facility whose quarterly Medicaid rate is based on the facility's case mix index (CMI) received an on-site audit by the Department's Utilization Control Agent. The purpose of this initial round of audits was to educate facilities on the Department's MDS Validation Minimum Review Standards and process. During 2017, no penalties were assessed as a result of an MDS validation audit.

For audits conducted during calendar year 2018 and thereafter, the Department will conduct an annual audit and subsequent penalty audit when necessary. An annual audit consists of an onsite review of a sample of MDS data and supporting documentation. A penalty audit will only be conducted if an annual audit finds the facility to have a "negative error rate" greater than 20 percent. The negative error rate is calculated as the number of assessments where the acuity group decreased divided by the total number of assessments reviewed.

Additionally, a corrective action plan will be required if a penalty audit is necessary. Please see the MDS Validation Minimum Review Standards on the Department's website for specific documentation requirements (available for download at the link in this transmittal).

The penalty audit includes the review of 100 percent of the occupied beds for Medicaid residents on the last day of the three-month period being reviewed. If the facility again incurs a negative error rate of greater than 20 percent, the Department will enforce financial and programmatic penalties according to this transmittal and the MDS Validation Guidelines (available for

download at the link at the end of this transmittal). The MDS Validation Guidelines are a step-by-step description of the audit process.

The penalties shall encompass all of the following:

- Penalty 1. The facility rate for the following two quarters is reduced by an average rate per CMI point based on the change in Medicaid CMI between the pre-audit CMI and the audit-based CMI.
- Penalty 2. The facility is charged the cost of the MDS Penalty Audit as a mass adjustment for future claims. The cost is equal to the established per review rate for MDS Validation in the Department's contract with the Utilization Control Agent.

In addition to the above penalties, the Department will formally submit documentation of its findings to the Office of Health Care Quality regarding the facility's deficient record-keeping.

Please visit the Department's website below to download the MDS Validation Guidelines and the MDS Validation Minimum Review Standards.

<https://mmcp.health.maryland.gov/longtermcare/Pages/Nursing-Facility-Providers.aspx>

Comments regarding this transmittal may be directed to Eric Saber at eric.saber@maryland.gov.

Enclosure

cc: Nursing Home Liaison Committee