



**Center for Clinical Standards and Quality/Survey & Certification Group**

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**Admin Info: 16-13-ALL**

**DATE:** January 15, 2016

**TO:** State Survey Agency Directors

**FROM:** Director  
Survey and Certification Group

**SUBJECT:** Process for Finalizing Fiscal Year (FY) 2016 State Medicare Allocations

**Memorandum Summary**

- **State Allocations:** The FY2016 enacted budget for Medicare Survey & Certification (S&C) is at the same level as in FY2015. Nonetheless, States may be eligible for an increase over the final FY2015 amount pursuant to the review process described in this policy memorandum.
- **State Budget Requests by February 5th:** By February 5, 2016, please convey your requested Medicare S&C budget totals (minus hospice surveys) to your Centers for Medicare & Medicaid Services (CMS) Regional Office (RO). The attachment contains the basic information we request at this time.
- **Review Process:** States may request funds that are less or more than the FY2015 amounts. CMS will review each State's budget individually, examining workloads, spending patterns, performance, and particular budgetary needs.
- **Non-Delivery Deductions:** A few States will have non-delivery deductions, and a few States have a portion of their budgets identified as benchmarked and subject to an improvement plan due to performance issues. This includes States implementing the Quality Indicator Survey that may have their non-delivery deduction returned to them if they meet certain benchmarks.
- **Thank You:** We appreciate the States' continued management of the S&C operations despite the budget timing and other uncertainties under which we labor.

**A. Overview - Medicare Survey & Certification Budget Process**

For FY2016, Congress enacted a budget for Medicare S&C funding that is at the same level as the FY2015 budget. We are implementing the final budget in a two-step process, similar to the process used in FY2013, FY2014 and FY2015.

1. **State Requests:** States should submit budget requests for Medicare funds by February 5, 2016 for:
  - a. All Survey & Certification Work (minus hospice surveys workload covered with IMPACT funding) for the Baseline Allocation.

- b. Information on the number of specialized surveys that the State believes it can accomplish with additional, supplemental funds (see section B below on special considerations). **Note: States should not include in the budget request any funds that will be supplied by means of supplemental awards (e.g., validation surveys, MDS surveys, or patient safety initiative surveys.)**
2. **CMS Reviews:** CMS RO and Central Office (CO) staff will review each State's request, circumstances, plans, and performance and make a final allocation. Each CMS Regional Division will be allotted funds to allow State Agencies to have the opportunity to request an amount different from the amount proposed in Attachment 2 of the Mission and Priority Document (MPD) that was issued on October 9, 2015 as policy memorandum S&C Admin Info Memo 16-03.

In the preliminary FY2016 MPD we advised States to budget on the basis of a potential 1.0% increase. States may request less or more than this figure, based on their budgetary needs and a realistic assessment of what the State Survey Agency (SA) will actually accomplish in the FY.

When the process is completed, we expect individual State allocations to range from -2.0% (i.e., decrease) to + 1.5% (i.e., increase) compared to FY2015 amounts (excluding the separately allocated hospice IMPACT funds). Final State allocations will be determined pursuant to conversations between the States, ROs and CO.

## **B. Special Considerations for Supplemental Budget Amounts**

CMS provides Medicare (and where applicable, federal Medicaid) funds as a supplement to each State's baseline budget for certain specialized surveys, based on the specific workload for such surveys in each State. This year States will only be tasked with completing the Mandatory Specialized Surveys. In 2016, contract surveyors will be performing dementia care surveys in nursing homes and will be testing a new survey tool to investigate adverse events in nursing homes.

1. **AO Validation Surveys:** These surveys are designed as a method to check on the adequacy of surveys conducted by CMS-approved accrediting organizations. For FY2016, States should assume that the number of validation surveys will approximate the number in the advance draft of the FY2016 MPD.
2. **Nursing Home MDS Surveys:** These surveys check on the adequacy of nursing home resident assessments, fulfillment of minimum data set (MDS) responsibilities, and certain aspects of the NH staffing information. Admin Info Memorandum 16-08-NH issued on November 13, 2015 contains more information, including the number of surveys required by each State. The surveys generally require 2 staff for 2 days.
3. **Hospital Patient Safety Risk Management Surveys:** These surveys delve more deeply than standard surveys into different aspects of the Hospital Conditions of Participation (CoPs). See the MPD and S&C Memorandum 15-12 (issued on November 26, 2014) for more information. States will be assigned a certain number of these surveys, similar to the assignments in past years.

However, we are discontinuing the hospital discharge portion of these surveys (due to impending new rule changes), and making other adjustments. A separate memorandum will describe the changes.

### **C. Planned Timetable for the Review Process**

We plan the following timeframe for the process:

**February 5, 2016 – COB:** States submit the Attachment of this Memorandum to the ROs, with a copy to Mr. Bary Slovikosky.

**March 4, 2016 COB:** ROs complete their review of the States submissions and offer recommendations, by State, to the CO via [Bary.Slovikosky@cms.hhs.gov](mailto:Bary.Slovikosky@cms.hhs.gov).

**March 7 –March 18, 2016:** CO staff will hold conference calls with the ROs to discuss and make final decisions regarding the FY16 Allocations.

**March 25, 2016:** Final allocations are determined and communicated to States.

**April 29, 2016:** States submit final budgets and plans to CMS ROs, including the following:

1. CMS-435 Budget Approval Form. *Note: This form should capture all projected FY 2016 expenditures (including MDS, OASIS, NHOIP and State Licensure costs) spread across the appropriate lines of the CMS-435.*
2. 2 mini CMS-435s for HHA and OASIS with projected expenditures spread across the appropriate line items;
3. 1 mini CMS-435 for Hospice Impact projected expenditures spread across the appropriate line items (note – these awards have already been sent out and are shown in the Attachment, but these costs do not add into the main CMS-435 unless conditions are met as outlined in AdminInfo Memo 16-11);
4. CMS-434 Planned Workload Report;
5. CMS-1465A Budget List of Positions; and
6. CMS-1466 Schedule for Equipment
7. Ensure that budgeting for home health surveys includes the appropriate Medicaid fair share for the cost of those surveys (i.e., 50/50 split between Medicare and Medicaid Survey and Certification costs for the federal share of expenses). See policy memorandum S&C Memo 13-31, dated May 17, 2013, for more details.

**Contact:** Please contact your CMS Regional Office for more information.

**Effective Date:** Immediately. This policy should be communicated with all survey and certification staff, their managers and the State/Regional Office training coordinators within 30 days of this memorandum.

/s/

Thomas E. Hamilton

Attachment

cc: Survey and Certification Regional Office Management