



Center for Clinical Standards and Quality/Quality, Safety & Oversight Group

Admin Info: 18-12-ALL

DATE: June 08, 2018

TO: State Survey Agency Directors

FROM: Director
Quality, Safety & Oversight Group (*formerly Survey and Certification Group*)

SUBJECT: **FINAL** Fiscal Year (FY) 2018 State Medicare Allocations for Survey & Certification

Memorandum Summary

- **State Allocations:** Attachment 1 contains FY2018 Medicare allocation figures for each State, with details for increases allocated pursuant to the State by State review, and additional columns to track supplementary allocations for targeted surveys, validation surveys, and other factors.
- **Review Process for Amounts:** The Centers for Medicare & Medicaid Services (CMS) Regional Offices reviewed each State's budget individually, examining workloads, spending patterns, performance, and particular budgetary needs.
- **Hospice Funds:** Congress appropriated additional funds dedicated to increasing the frequency of recertification surveys for hospices. These funds must be tracked and accounted for separately.
- **Non-Delivery Deductions:** A few States 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.

A. Overview - Medicare Survey & Certification Budgets

Congress appropriated funds in FY2018 at the same level of the FY2017 Medicare Survey & Certification (S&C) budget. In addition, through the Improving Medicare Post-Acute Care Transformation (IMPACT) Act of 2014, Congress also appropriated additional targeted funds to enable the frequency of hospice recertification (and related hospice surveys) to increase from a once-every-six-year frequency to an average of once every three years. Although there was no increase in the Medicare S&C appropriation level, we made every effort to allow an average of 0.5% increase to States. Based on State requests, spending history, and performance, some States are receiving an allocation above the 0.5% level, while others are receiving amounts below the 0.5% level, pursuant to analysis and discussions with the Regional Offices (ROs).

Attachment 1 contains the final FY2018 Medicare allocation figures for each State. The attachment also details any increase or (decrease) allocated after the CMS State-by-State review, and additional columns to track supplementary allocations for targeted surveys, validation surveys, and other factors.

The only States that received fewer funds in the base allocation (as distinct from temporary non-delivery deductions) are States that either requested fewer funds or those States that were determined in the RO and Central Office (CO) discussions to be awarded less for multiple reasons.

In addition, as in previous years, supplementary funds are provided for Validation Surveys of Accredited Hospitals, Ambulatory Surgical Centers, Home Health Agencies and Hospices.

Hospice survey funds, including the Hospice Validation Surveys, are provided in a separate category, as they must be tracked separately. Please refer to AdminInfo 16-11-Hospice (December 11, 2015) for reminders on the method for reporting all hospice survey expenses.

Additional details regarding each of the funding categories, and instructions regarding any special cost accounting that may be involved, are provided below in the column-by-column descriptions. **Look to Column D1 for the final FY2016 allocation of Non-Hospice funds and column D2 for Hospice funding.**

We appreciate that there are many moving parts and special considerations involved in the allocations. If a State sees any significant issues with its allocation, or has questions about the allocations or cost accounting, please communicate those promptly to your CMS Regional Office.

B. Explanation of Attachment 1 - FY2018 State S&C Allocation Worksheet

Column A –FY2017 Budget: Column A represents each States FY2017 adjusted budget as previously shown in Appendix 2, column A, of AdminInfo18-01.FY18 Mission and Priority Document.

Column B1 – Base Increased/Decreased Over FY17: Column B1 shows the increase/decrease in each State's base allocation for FY2018 compared with the adjusted allocation for FY2017.

Column B1a – Percentage Increase/Decrease vs. FY17: Column B1a shows the percentage increase/decrease in each State's base allocation for FY2018 compared with the adjusted allocation for FY2017, not including the IMPACT funds for hospice surveys or any supplementary funding.

Column B2 – FY18 Hospice IMPACT Funding: The IMPACT Act of 2014 provided additional S&C funding to perform workload on non-deemed Hospice facilities. The purpose of this funding is to bring non-deemed Hospice survey frequencies to once every three (3) years. These sums represent the IMPACT funds already provided to each State.

Costs for all hospice surveys must first be assigned to the IMPACT funds. This includes recertification visits, revisits, complaint investigations, and validations surveys of deemed hospices. See instructions communicated in Admin Info16-11- HOSPICE, issued on December 11, 2015 regarding how all hospice funds are to be reported.

Once all IMPACT funds have been exhausted and drawn from the Payment Management System (PMS), then States can notify Bary Slovikosky in the Central Office and request the funding required to complete their FY18 Hospice survey work. Any additional funds will be regular S&C program management funds, not IMPACT funds, however **these additional funds** still need to be reported on the cumulative Hospice CMS-435 form as well as the cumulative CMS-435 form. Please note that **IMPACT funds** specifically are not to be included in the cumulative CMS-435 form. Please refer to AdminInfo 18-05.all for further information on the Hospice awards for FY18.

Column B3 – Subtotal Medicare S&C Funds: Column B3 is the total of Medicare S&C funds, not including hospice funds or supplementary funds.

Column C1 – Benchmark Funds: Column C1 includes benchmark funding amounts that are subject to meeting requirements outlined to the SA as part of plan of correction. This funding is not added into the total in column D1, however once SA's which are subject to meeting set requirements have met in full or in partial the benchmark guidelines, funding will be provided in full or in part to the SA as determined by the RO.

Column C2 Non-Delivery Deductions: This column details the non-delivery deductions in FY2018 in response to FY2017 performance lapses.

Column C3 – Supplemental Validation Funding: The expected number of validation surveys for each State can be found in Appendix 3 of AdminInfo18-01.FY18 Mission and Priority Document. We will continue to provide supplemental awards for those validation surveys that are completed and for which the Mission and Priority Document (MPD) indicates supplemental awards are to be made.

Note that the amounts listed in Column C3 of Attachment 1 are the projected supplemental funds to be awarded upon completion of the validation work outlined in the FY2018 MPD.

Our practice in recent years has been to reimburse a State that completes a validation survey and all its required reporting at a national flat rate, using regular Medicare S&C funds. In a case in which the national rate provided more than the cost of the survey, the State was free to blend the overage into its S&C budget to cover other work. If the national rate did not cover the survey's cost, the State was to use regular S&C budget dollars to make up the difference. Medicare reimbursement for validation surveys of any provider type will continue in this manner in FY 2018, including for HHAs that participate in Medicare only. The flat rate is provided, however, only for completed surveys.

The amount of funds for home health validation surveys that is included in Column C3 represents the Medicare share of HHA validation expenses. For home health agencies that participate in both Medicare and Medicaid, States must ensure that federal survey costs

related to such dually-participating HHAs are properly assigned to both Medicare and Medicaid. States should report their actual validation survey costs, both Medicare and Medicaid, as part of their regular quarterly expenditure reports, both on the main CMS-435 and on the mini HHA CMS-435 (which is a subset of the main CMS-435). Medicaid reimbursement will be provided via the usual Medicaid process, based on the approved expenditure report.

Medicare funds that are provided via a flat rate for completed validation surveys that exceed the actual cost of such surveys at a dually-participating HHA are available for other S&C work by the State. If the Medicare portion of the flat rate does not cover the Medicare part of the cost of the validation survey, the State must make up the difference from its general S&C budget funds, but may contact CMS to see if additional Medicare funds are available.

Unlike in previous years, supplementary funds for validation surveys of deemed hospice providers will be assigned to the general S&C program funds category and accounted for by States in the same manner as all other validation funds.

Column C4 – Additional Hospice Funds Requested: Column C4 states the remaining funds requested for the Hospice Survey funding. All or part of these funds are available upon exhaustion of the IMPACT funds that were distributed in December 2017 and are shown in column B2.

C. One-Time Funds

We may have a small amount of one-time funds available, principally from non-delivery deductions and contractual adjustments within CO. States may request such funds through their CMS RO up to COB August 31, 2018 with a copy to CO to Bary.Slovikosky@cms.hhs.gov.

D. Actions Now that Final Allocations are Determined (All States)

States should submit the FY2018 budget forms into the S&C online budget system, including the following, no later than July 6, 2018:

1. CMS-435 Budget Request Form. *Note: This form should capture all projected FY 2018 expenditures (including MDS and HHA with OASIS, but not including IMPACT Act Hospice Costs) spread across the appropriate lines of the CMS-435.*
2. 3 mini CMS-435s for MDS and HHA (subset reports of the main CMS-435) and IMPACT Act – Hospice (separate report), with projected expenditures spread across the appropriate line items;
3. CMS-434 Planned Workload Report;
4. CMS-1465A Budget List of Positions; and
5. CMS-1466 Schedule for Equipment purchases

Additional documents for discussion with RO's:

1. Budget narrative with work plan and line by line justification.
2. A single, all-inclusive Tier Statement indicating what Tier workloads the State will and will not be able to accomplish. If circumstances allow for only partial completion of a particular Tier workload, indicate in the Tier Statement which work will not be completed in the Tier, by provider type and the extent of the survey work that the State expects it will be unable to accomplish. Please recall that there is a triage level of complaint investigations in each Tier, so mention those if they come into play.

Please make a Tier statement as a clearly identified paragraph toward the top of the budget narrative. It can be as simple as "Tiers 1, 2 and 3 will be done, but not initial surveys in Tier 3 and Tier 4." Or the statement can be more detailed, especially if the State will complete part of a Tier, and needs to specify what won't be done in the Tier.

3. Ensure that budgeting for home health surveys includes the appropriate Medicaid fair share for the cost of those surveys using the simplified 50/50 split as described in the FY18 MPD (AdminInfo memo 18-01).

Contact: For general questions, please contact Bary Slovikosky at Bary.Slovikosky@cms.hhs.gov

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

/s/

David R. Wright

Attachment(s):

Attachment 1: FY2018 Allocations

Attachment 2: FY2017 Non-Delivery Data

cc: Survey and Certification Regional Office Management

FY18 Final Allocations

	A	B1	B1a	B2	B3	C1	C2	C3	C3	D1	D2
State	FY17 Budget	Base inc/dec over FY17	% inc/dec vs FY17	FY18 Hospice IMPACT funding (already provided)	Sub-Total FY18 not incl. Hospice	Benchmark \$	Non Delivery Deductions	Estimated Supplemental Validation Funding*	Additional Hospice funds Requested+	FY18 State Alloc. Incl Supplements	Full FY18 Hospice Request (B2+C3)
CT	\$6,404,146	\$32,021	0.5%	\$22,582	\$6,436,167			\$0	\$0	\$6,436,167	\$22,582
ME	\$2,473,361	\$12,367	0.5%	\$37,467	\$2,485,728			\$0	\$18,454	\$2,485,728	\$55,921
MA	\$8,850,779	\$44,254	0.5%	\$154,800	\$8,895,033			\$98,000	\$76,245	\$8,993,033	\$231,045
NH	\$1,409,719	\$13,049	0.9%	\$64,856	\$1,422,768			\$0	\$31,944	\$1,422,768	\$96,800
RI	\$1,949,090	(\$174,129)	-8.9%	\$7,000	\$1,774,961		(\$6,000)	\$0	\$0	\$1,768,961	\$7,000
VT	\$1,148,651	\$367,743	32.0%	\$33,500	\$1,516,394			\$0	\$16,500	\$1,516,394	\$50,000
NJ	\$8,211,043	\$175,055	2.1%	\$90,319	\$8,386,098			\$145,800	\$44,485	\$8,531,898	\$134,804
NY	\$16,616,113	\$182,820	1.1%	\$386,105	\$16,798,933			\$153,900	\$190,171	\$16,952,833	\$576,276
PR	\$464,044	\$10,073	2.2%	\$52,708	\$474,117			\$0	\$25,961	\$474,117	\$78,669
DE	\$1,156,589	\$5,783	0.5%	\$10,500	\$1,162,372			\$10,300	\$0	\$1,172,672	\$10,500
DC	\$1,145,728	\$55,729	4.9%	\$9,949	\$1,201,457			\$0	\$0	\$1,201,457	\$9,949
MD	\$3,956,977	\$19,785	0.5%	\$19,340	\$3,976,762			\$61,600	\$0	\$4,038,362	\$19,340
PA	\$10,496,114	\$52,481	0.5%	\$57,548	\$10,548,595		(\$12,000)	\$92,000	\$28,345	\$10,628,595	\$85,893
VA	\$5,153,116	\$25,766	0.5%	\$69,985	\$5,178,882		(\$12,000)	\$69,300	\$34,470	\$5,236,182	\$104,455
WV	\$2,588,378	\$12,942	0.5%	\$29,500	\$2,601,320		(\$46,400)	\$0	\$0	\$2,554,920	\$29,500
AL	\$5,174,023	\$25,870	0.5%	\$101,840	\$5,199,893			\$20,300	\$50,160	\$5,220,193	\$152,000
FL	\$12,614,869	\$63,074	0.5%	\$57,687	\$12,677,943			\$240,500	\$28,413	\$12,918,443	\$86,100
GA	\$5,889,961	\$69,368	1.2%	\$339,484	\$5,959,329	\$116,000	(\$116,000)	\$125,200	\$167,209	\$6,084,529	\$506,693
KY	\$5,107,109	\$65,454	1.3%	\$30,000	\$5,172,563		(\$18,000)	\$0	\$10,000	\$5,154,563	\$40,000
MS	\$2,245,469	\$11,227	0.5%	\$54,002	\$2,256,696			\$53,300	\$26,598	\$2,309,996	\$80,600
NC	\$8,702,465	\$83,430	1.0%	\$78,433	\$8,785,895		(\$18,000)	\$61,300	\$38,631	\$8,829,195	\$117,064
SC	\$2,659,416	\$53,215	2.0%	\$140,871	\$2,712,631			\$12,300	\$69,384	\$2,724,931	\$210,255
TN	\$4,358,503	\$212,521	4.9%	\$77,888	\$4,571,024			\$43,000	\$38,363	\$4,614,024	\$116,251
IL	\$16,771,256	\$123,772	0.7%	\$134,000	\$16,895,028			\$136,600	\$66,000	\$17,031,628	\$200,000
IN	\$7,218,399	\$57,547	0.8%	\$72,025	\$7,275,946	\$252,000	(\$252,000)	\$143,300	\$35,475	\$7,419,246	\$107,500
MI	\$12,299,065	\$89,437	0.7%	\$93,800	\$12,388,502	\$60,000	(\$60,000)	\$158,900	\$46,200	\$12,547,402	\$140,000
MN	\$9,111,334	\$74,986	0.8%	\$98,794	\$9,186,320			\$10,300	\$48,660	\$9,196,620	\$147,454
OH	\$16,091,718	\$103,950	0.6%	\$78,859	\$16,195,668			\$181,900	\$38,841	\$16,377,568	\$117,700
WI	\$6,855,932	\$62,222	0.9%	\$93,800	\$6,918,154			\$43,200	\$46,200	\$6,961,354	\$140,000

	A	B1	B1a	B2	B3	C1	C2	C3	C4	D1	D2
State	FY17 Budget	Base inc/dec over FY17	% inc/dec vs FY17	FY18 Hospice IMPACT funding (already provided)	Sub-Total FY18 not incl. Hospice	Benchmark \$	Non Delivery Deductions	Estimated Supplemental Validation Funding*	Additional Hospice funds Requested+	FY18 State Alloc. Incl Supplements	Full FY18 Hospice Request (B2+C3)
AR	\$6,001,075	\$245,980	4.1%	\$83,515	\$6,247,055			\$30,700	\$41,134	\$6,277,755	\$124,649
LA	\$7,000,000	\$35,000	0.5%	\$224,743	\$7,035,000			\$112,700	\$110,695	\$7,147,700	\$335,438
NM	\$2,400,000	\$12,000	0.5%	\$68,001	\$2,412,000			\$0	\$33,493	\$2,412,000	\$101,494
OK	\$7,000,000	\$35,000	0.5%	\$154,268	\$7,035,000			\$20,300	\$75,983	\$7,055,300	\$230,251
TX	\$33,100,000	\$365,500	1.1%	\$686,867	\$33,465,500			\$371,600	\$338,307	\$33,837,100	\$1,025,174
IA	\$5,686,196	(\$70,870)	-1.2%	\$136,626	\$5,615,326		(\$6,000)	\$18,300	\$67,294	\$5,627,626	\$203,920
KS(AG)	\$3,429,226	\$17,146	0.5%	\$0	\$3,446,372	\$928,000	(\$928,000)	\$0	\$0	\$3,446,372	\$0
KS(H)	\$1,192,004	\$297,606	25.0%	\$65,968	\$1,489,610			\$12,300	\$32,492	\$1,501,910	\$98,460
MO	\$11,536,273	\$117,556	1.0%	\$201,000	\$11,653,829			\$102,300	\$99,000	\$11,756,129	\$300,000
NE	\$3,007,811	\$15,039	0.5%	\$24,375	\$3,022,850			\$10,300	\$0	\$3,033,150	\$24,375
CO	\$5,367,851	\$156,839	2.9%	\$42,922	\$5,524,690		(\$6,000)	\$48,900	\$21,141	\$5,567,590	\$64,063
MT	\$2,099,115	(\$289,504)	-13.8%	\$24,000	\$1,809,611			\$0	\$0	\$1,809,611	\$24,000
ND	\$1,714,898	\$0	0.0%	\$17,632	\$1,714,898		(\$11,600)	\$0	\$0	\$1,703,298	\$17,632
SD	\$1,505,152	\$7,526	0.5%	\$16,921	\$1,512,678			\$0	\$0	\$1,512,678	\$16,921
UT	\$2,346,348	\$61,732	2.6%	\$169,789	\$2,408,080		(\$6,000)	\$12,300	\$83,628	\$2,414,380	\$253,417
WY	\$1,212,423	\$16,062	1.3%	\$18,990	\$1,228,485			\$0	\$0	\$1,228,485	\$18,990
AZ	\$3,559,042	\$68,981	1.9%	\$109,743	\$3,628,023			\$132,900	\$54,052	\$3,760,923	\$163,795
CA	\$45,109,637	\$260,548	0.6%	\$410,646	\$45,370,185			\$475,900	\$202,259	\$45,846,085	\$612,905
HI	\$1,265,244	\$31,756	2.5%	\$5,000	\$1,297,000		(\$12,000)	\$0	\$0	\$1,285,000	\$5,000
NV	\$1,539,407	\$246,420	16.0%	\$31,133	\$1,785,827	\$84,000	(\$84,000)	\$48,900	\$15,334	\$1,834,727	\$46,467
AK	\$862,925	\$232,848	27.0%	\$20,768	\$1,095,773			\$0	\$0	\$1,095,773	\$20,768
ID	\$1,696,502	\$59,483	3.5%	\$54,203	\$1,755,985		(\$34,800)	\$22,600	\$26,697	\$1,743,785	\$80,900
OR (Health)	\$1,234,748	\$16,174	1.3%	\$0	\$1,250,922		(\$6,000)	\$20,600	\$0	\$1,265,522	\$0
OR (HR)	\$3,172,739	\$95,864	3.0%	\$91,003	\$3,268,603			\$0	\$44,822	\$3,268,603	\$135,825
WA(H)	\$2,063,679	\$217,318	10.5%	\$63,694	\$2,280,997		(\$6,000)	\$0	\$31,371	\$2,274,997	\$95,065
WA(SS)	\$4,739,373	\$39,697	0.8%	\$0	\$4,779,070			\$30,900	\$0	\$4,809,970	\$0
	\$346,965,035	\$4,223,512	1.2%	\$5,219,449	\$351,188,547	\$1,440,000	(\$1,640,800)	\$3,332,500	\$2,454,411	\$354,320,247	\$7,673,860

*projected funding if all Supplemental workload in Appendix 3 of the FY18 MPD is completed
+Additional funding awarded from Program funding upon request, not IMPACT funds

Final FY17 Non Delivery Data

STATE	ACTIVE NHs to be surveyed	NH's Not Surveyed	ACTIVE HHAs to be surveyed	HHAs Not Surveyed
CT	223	0	69	0
MA	409	0	87	0
ME	100	0	23	0
NH	73	0	27	0
RI	84	0	14	1
VT	37	0	11	0
NJ	361	0	24	0
NY	619	0	107	0
PR	5	0	18	0
DC	18	0	21	0
DE	45	0	12	0
MD	225	0	39	0
PA	697	0	311	2
VA	286	0	126	2
WV	124	4	54	0
AL	225	0	78	0
FL	686	0	348	0
GA	353	10	89	0
KY	282	0	95	3
MS	203	0	37	0
NC	423	0	89	3
SC	187	0	42	0
TN	311	0	107	0
IL	734	0	379	0
IN	546	0	185	42
MI	441	0	147	10
MN	373	0	167	0
OH	950	0	509	0
WI	378	0	90	0
AR	225	0	107	0
LA	277	0	182	0
NM	72	0	59	0
OK	300	0	209	0
TX	1,192	0	1764	0
IA	434	0	130	1
KS	317	80	90	0
MO	507	0	120	0
NE	209	0	61	0
CO	216	0	97	1
MT	76	0	25	0
ND	81	1	16	0
SD	108	0	32	0
UT	98	0	77	1
WY	37	0	24	0
AZ	142	0	96	0
CA	1192	0	482	0
HI	44	0	7	2
NV	56	0	55	14
AK	18	0	10	0
ID	76	3	29	0
OR	137	0	46	1
WA	217	0	48	1
National	15,429	95	7,071	84