



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

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**Admin Info: 15-13-ALL**

**DATE:** December 24, 2014

**TO:** State Survey Agency Directors

**FROM:** Director  
Survey and Certification Group

**SUBJECT: Process for Finalizing Fiscal Year (FY) 2015 State Medicare Allocations  
for Survey & Certification (S&C)**

**Memorandum Summary**

- **State Allocations:** Each State is eligible for an increase over the final FY2014 post-sequestration amount pursuant to the review process described in this Memorandum.
- **State Budget Requests by January 16th:** By January 16, 2015 please convey your (a) requested Medicare S&C budget totals (minus hospice surveys) and (b) hospice survey budget request to your CMS regional office. Attachment 1 contains the basic information we request at this time.
- **Review Process:** States may request funds that are less or more than the FY2014 amounts. The Centers for Medicare & Medicaid Services (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 FY2015 Congress enacted a budget for Medicare survey & certification funding that is in-between the current level and the level the President requested in his FY2015 budget. We are implementing the final budget in a two-step process that is similar to the process used in FY2013 and FY2014.

1. **State Requests:** States should submit budget requests for Medicare funds by January 16, 2015 for:
  - a. All Hospice Surveys (recertification, complaint and revisit), per the revised S&C Admin Info Memo 15-09;
  - b. All Other Survey + Certification Work (minus hospice surveys) for the Baseline Allocation.

- c. 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).

Attachment 1 to this Memo conveys a basic format that States should use to convey the requests and explanations.

2. **CMS Reviews:** CMS Regional and Central Office 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 that was issued on September 19, 2014 as S&C Admin Info Memo 14-35.

In the preliminary FY2015 Mission and Priority Document (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 + 4.0% (i.e., increase) compared to FY2014 amounts. Final State allocations will be determined pursuant to conversations between the States, Regions and Central Office.

## **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. As in the past, these specialized surveys may conveniently be grouped into two categories for FY2015. In Attachment 1 to this memo we ask for feedback on the State's ability, level of interest, and any special considerations for completing these surveys.

### *Mandatory Specialized Surveys*

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 FY2015, States should assume that the number of validation surveys will increase by 3-5% over the number in the advance draft of the FY2015 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. S&C Memorandum 15-06 issued on October 31, 2014 (posted on the CMS website) contains more information. The surveys generally require 2 staff for 2 days. These surveys may be done as stand-alone surveys, or an add-on extension of the standard survey, or in concert with the Dementia Care or Adverse Event surveys (below).
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.

### *Voluntary Specialized Surveys*

4. ***Dementia Care Nursing Home Surveys***: This is a new, in-depth survey tool focused on nursing homes that are defined as providing poor dementia care and having high rates of antipsychotic medication use. We piloted this tool in five volunteer States in FY2014 and are inviting a limited number of States to conduct such surveys in FY2015 in a more intensive manner was done in FY2014. Generally, such surveys require 2 staff for 2-3 days.
5. ***Adverse Event Nursing Home Surveys***: This will be a new survey tool focused on nursing homes that is designed to examine, in more depth than standard surveys, the nursing home systems to identify, analyze, and fix adverse events so that the problems do not recur. We expect these surveys will require 2 staff for 2-3 days, and be stand-alone surveys separate from the recertification surveys. They could occur in concert with the specialized MDS and/or Dementia Care surveys.

Except for the validation surveys, we seek in Attachment 1 some feedback from each States as to the number of specialized surveys the State can do in FY2015.

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

We plan the following timeframe for the process:

**January 16, 2015 - COB** – States submit Attachment 1 of this Memorandum to the Regional Office, with a copy to Mr. Bary Slovikosky.

**February 16, 2015 COB** – Regional Offices complete their review of the States submissions and offer recommendations, by State, to the Central Office via [Bary.Slovikosky@cms.hhs.gov](mailto:Bary.Slovikosky@cms.hhs.gov).

**February 16th –March 6, 2015** – Central Office staff will hold conference calls with the Regional offices to discuss and make final decisions regarding the FY14 Allocations.

**March 16, 2015** – Final allocations are determined and communicated to States.

**April 22, 2015** – States submit final budgets and plans to CMS Regional Offices, including the following:

1. CMS-435 Budget Approval Form. *Note: This form should capture all projected FY 2015 expenditures (including MDS, OASIS, and the NHOIP) spread across the appropriate lines of the CMS-435.*
2. 2 mini CMS-435s for MDS and OASIS 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
6. 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 S&C Memo 13-31, dated May 17, 2013, for more details.

**Contact**

Please contact your CMS Regional Office for more information.

/s/

Thomas E. Hamilton

Attachment

cc: Survey and Certification Regional Office Management

