



Utilizing Five-Star Rating For Success

By CLA (CliftonLarsonAllen LLP)

MOMENTUM 2023 ANNUAL MEETING & EXPO

Renaissance Schaumburg
Convention Center - Schaumburg, IL



The information herein has been provided by CliftonLarsonAllen LLP for general information purposes only. The presentation and related materials, if any, do not implicate any client, advisory, fiduciary, or professional relationship between you and CliftonLarsonAllen LLP and neither CliftonLarsonAllen LLP nor any other person or entity is, in connection with the presentation and/or materials, engaged in rendering auditing, accounting, tax, legal, medical, investment, advisory, consulting, or any other professional service or advice. Neither the presentation nor the materials, if any, should be considered a substitute for your independent investigation and your sound technical business judgment. You or your entity, if applicable, should consult with a professional advisor familiar with your particular factual situation for advice or service concerning any specific matters.

CliftonLarsonAllen LLP is not licensed to practice law, nor does it practice law. The presentation and materials, if any, are for general guidance purposes and not a substitute for compliance obligations. The presentation and/or materials may not be applicable to, or suitable for, your specific circumstances or needs, and may require consultation with counsel, consultants, or advisors if any action is to be contemplated. You should contact your CliftonLarsonAllen LLP or other professional prior to taking any action based upon the information in the presentation or materials provided. CliftonLarsonAllen LLP assumes no obligation to inform you of any changes in laws or other factors that could affect the information contained herein.

Objectives

- Review the current calculation of the Five-Star rating system and the various inputs into the calculation.
- Gain an understanding of how operational changes, such as scheduling, can impact the overall star rating and impact the financial outcomes at a facility.
- Learn what financial decisions can be made for overall operational improvement without significant impact on the star rating.

CMS Five Star Rating Overview

- Located at www.medicare.gov/care-compare
- Tool for individuals with Medicare and their caregivers to assist in choosing a Medicare provider
- The Nursing Home Five Star Quality Rating is made up of three sections:
 - Health Inspections
 - Staffing
 - Quality Measures

CMS Five Star Rating Overview (continued)

- Health Inspections – measured based upon outcomes from state health inspections
- Staffing – measures based on nursing home staffing levels and staff turnover
- Quality Measures – measured based on MDS and claims-based quality measures (QMs)

CMS Five Star Rating Overview (continued)

Step 1 – Start with health inspection rating

Step 2 – Add one star to Step 1 result if the staffing rating is **five** stars; subtract one star if the staffing rate is one star

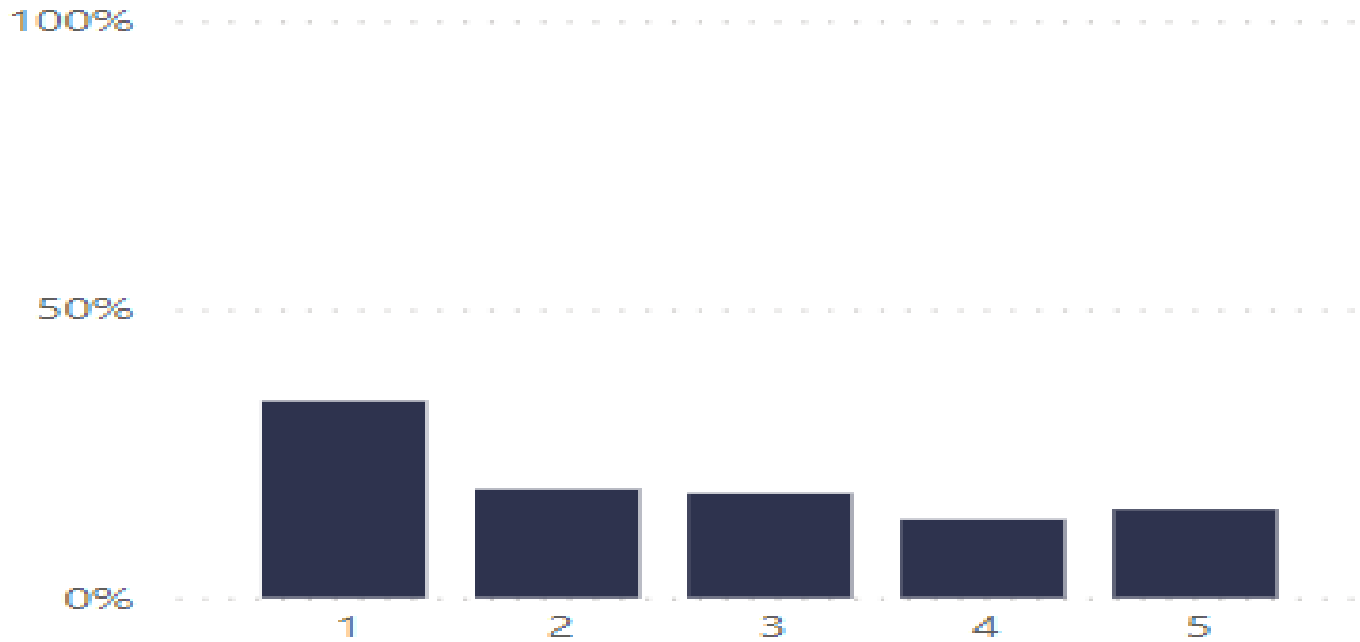
6

Step 3 – Add one star to the Step 2 result if the QM rating is five stars; subtract one star if the QM rating is one star

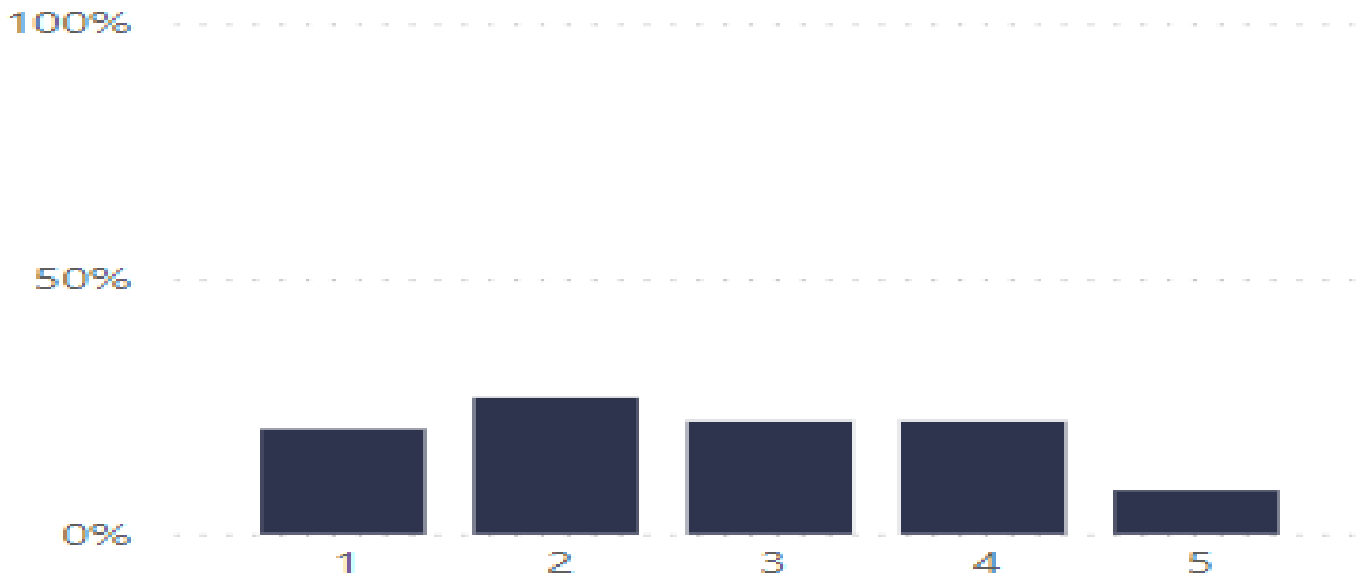
* If the health inspection rating is one star, the overall rating cannot be upgraded by more than one star based on staffing and quality measure ratings.

Five Star Distribution for Illinois

Overall Rating

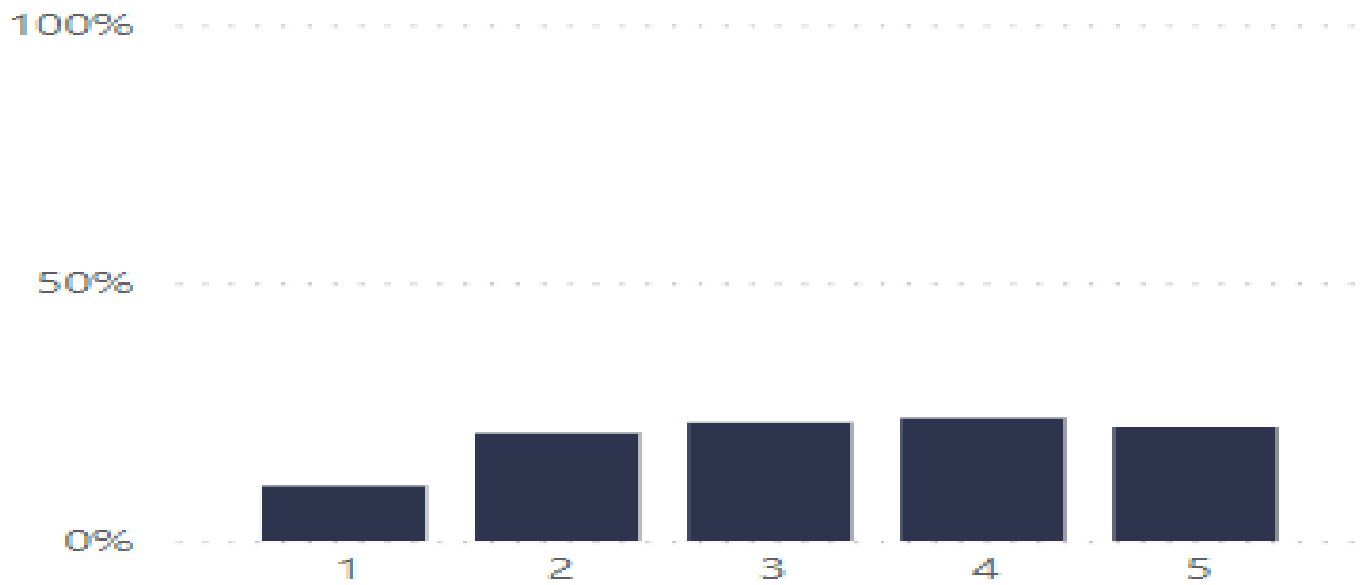


Survey Rating

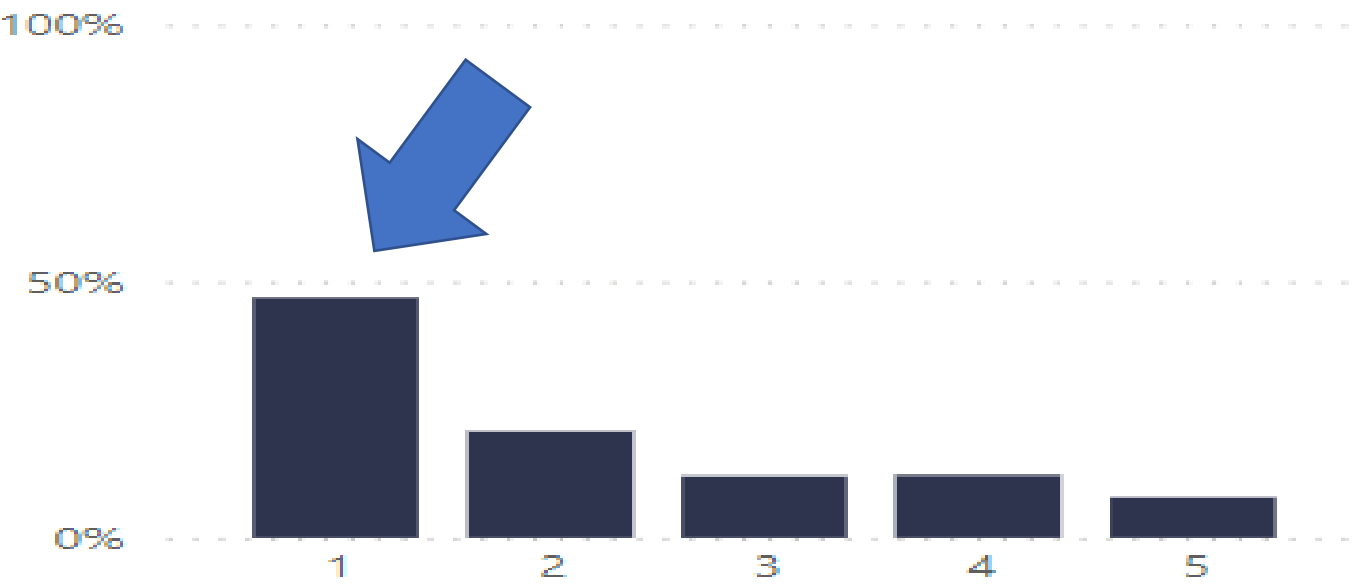


Almost 50% of the facilities in Illinois have a 1-star staffing rating.

Quality Rating

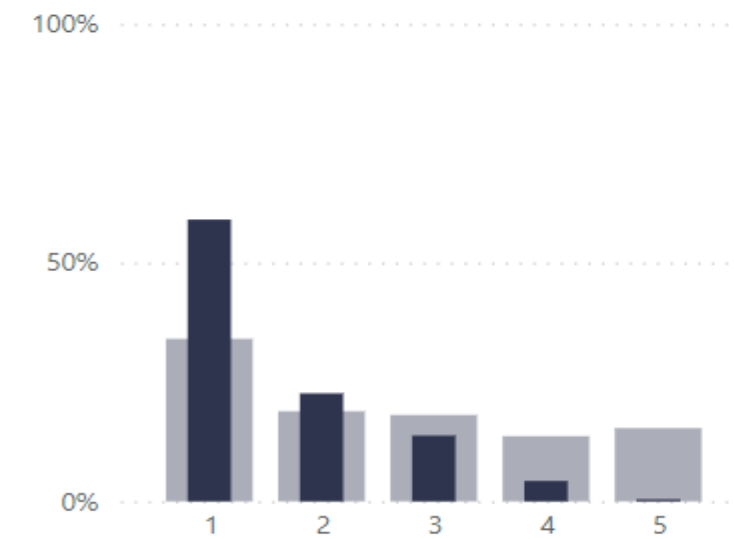


Staffing Rating

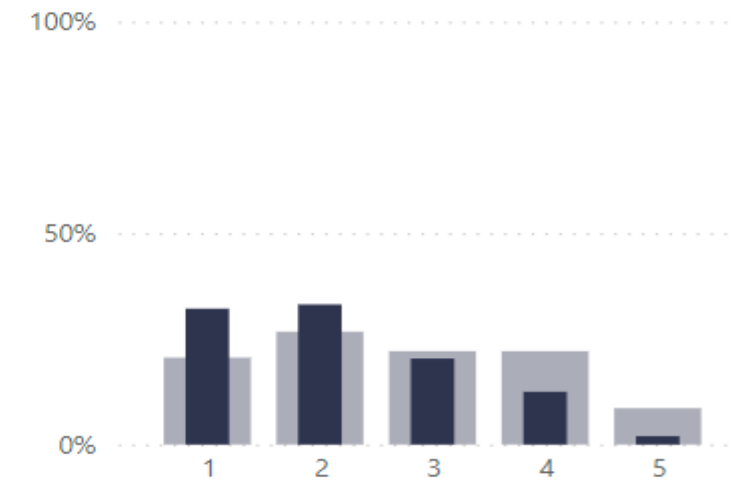


Implications of Five Star Ratings

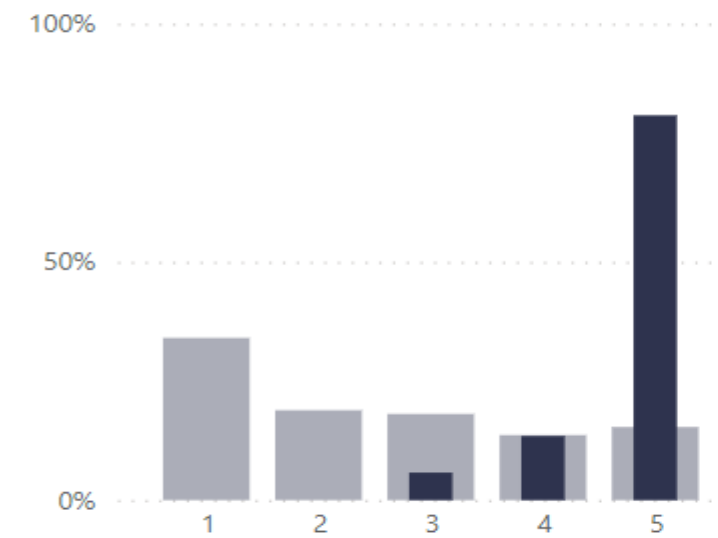
Overall Rating



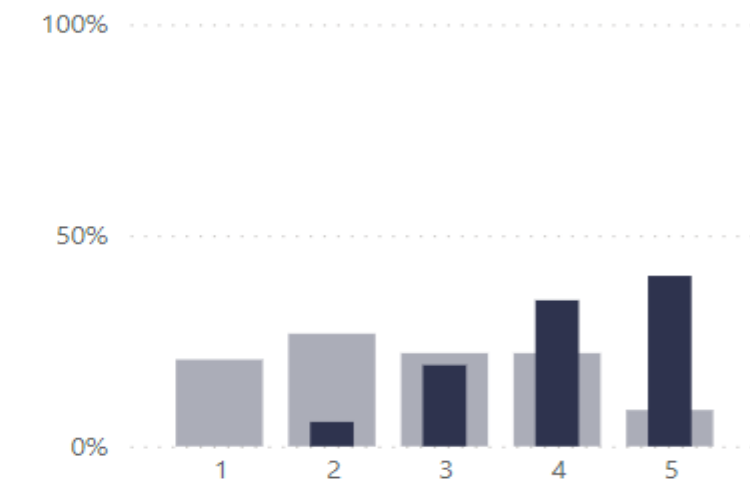
Survey Rating



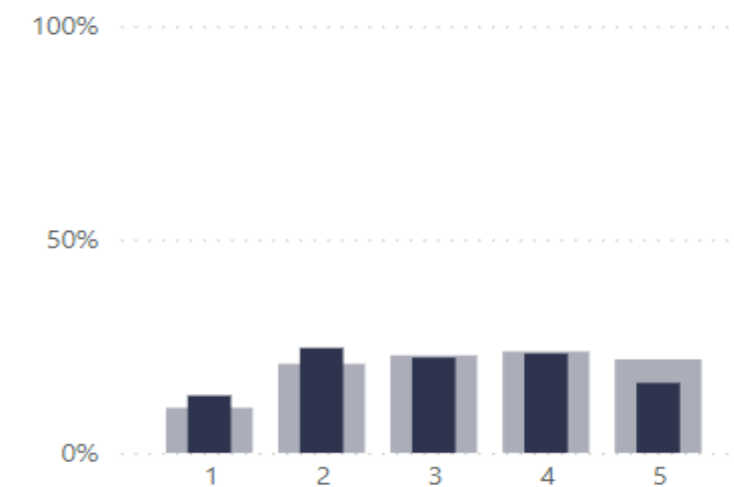
Overall Rating



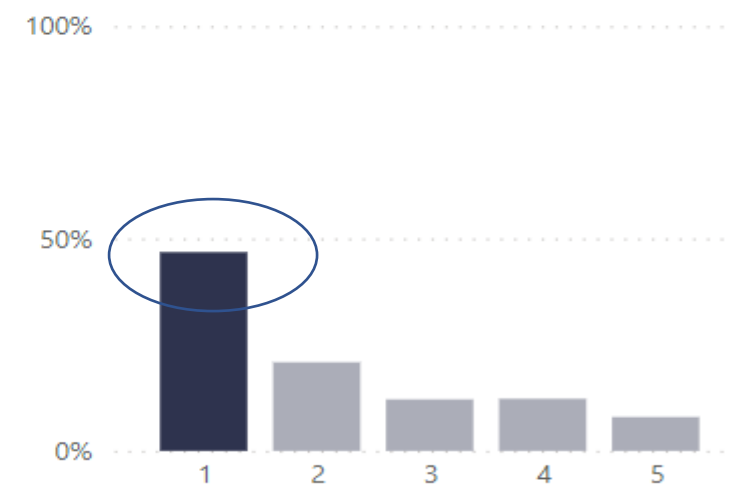
Survey Rating



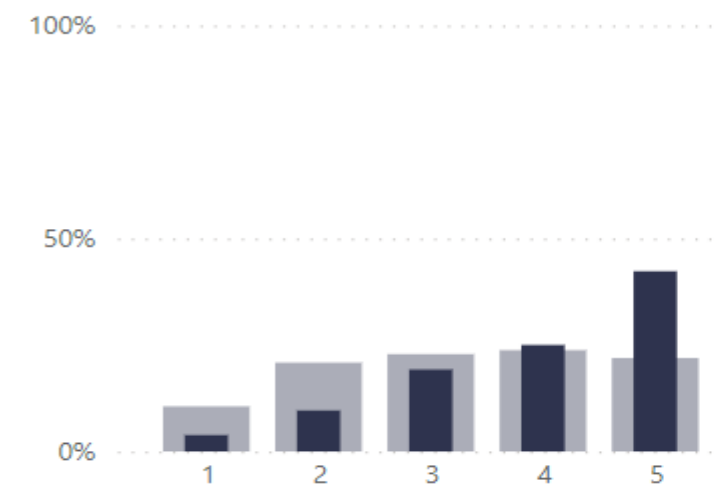
Quality Rating



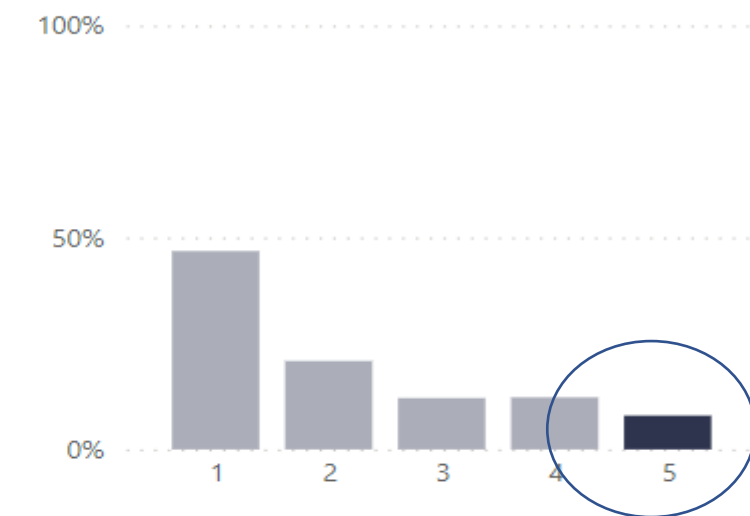
Staffing Rating



Quality Rating



Staffing Rating



Data suggests lower staffing leads to lower survey star ratings and overall star rating. Inversely, the higher the staffing, the higher the survey, quality and overall ratings.



Health Inspection Rating

We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

©2022 CliftonLarsonAllen LLP. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

Health Inspection Rating

- Based on three most recent recertification surveys, complaint deficiencies during last three-year period, and repeat revisits need to verify corrections.
- Points assigned to various deficiencies and weighted based on rating cycle
- Lower number of points equates to higher star rating.

Table 1

Health Inspection Score: Weights for Different Types of Deficiencies

Severity	Scope		
	Isolated	Pattern	Widespread
Immediate jeopardy to resident health or safety	J 50 points* (75 points)	K 100 points* (125 points)	L 150 points* (175 points)
Actual harm that is not immediate jeopardy	G 20 points	H 35 points (40 points)	I 45 points (50 points)
No actual harm with potential for more than minimal harm that is not immediate jeopardy	D 4 points	E 8 points	F 16 points (20 points)
No actual harm with potential for minimal harm	A 0 point	B 0 points	C 0 points

Health Inspection Rating

- Facility rating is held constant until there is a change in the weighted health inspection score. Items that could change the health inspection score include:
 - New health inspection
 - Complaint investigation or focused infection control survey resulting in one or more deficiency citations
 - Second or more revisits
 - Resolution of Informal Dispute Resolutions (IDR) or Independent Informal Dispute Resolutions (IIDR) resulting in changes to scope and/or severity of deficiencies
 - Aging of complaint and/or focused infection control deficiencies

Health Inspection Rating

- CMS acknowledges variations in the survey process such as survey management, state licensure and Medicaid policy.
- Ratings based upon the relative performance of facilities within a state.
 - Top 10 percent in each state receive a five star rating
 - Middle 70 percent of facilities receive a rating of two, three or four stars. These are equally distributed into each category
 - Bottom 20 percent receive a one-star rating

Health Inspection Rating Updates

- As of January 2023 update, citations that are under dispute through the Informal Dispute Resolution (IDR) or Independent IDR processes are displayed on Nursing Home Care Compare. However, these citations are not included in the health inspection score until the dispute process is complete.

Health Inspection Rating Abuse Citation

- CMS has implemented an Abuse Citation icon on Care Compare to make it easier for consumers to identify facilities with non-compliance related to abuse.



- The icon identifies facilities that meet either of the following:
 - Harm-level abuse citation in most recent survey cycle (Scope/Severity of G or higher)
 - Repeat abuse citations (Scope/Severity of D or higher)
- Health inspection rating capped at two stars and overall rating capped at four stars.



Staffing Rating – Updated July 2022



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Summary of Changes Effective July 2022

New rating is based on six separate staffing measures with points assigned on each measure.

- Case-mix adjusted total nurse (RN, LPN, aide) staffing levels (hours per resident day)
- Case-mix adjusted RN staffing levels (hours per resident day)
- Case-mix adjusted total nurse staffing levels on the weekend
- Total nurse turnover - % of nursing staff that left over a twelve-month period
- RN turnover - % of RN staff that left over a twelve-month period
- Administrator turnover - # of administrators who left over a twelve-month period

Data Sources

- Staffing level measures – from data submitted each quarter through the Payroll-Based Journal (PBJ) system and daily census from MDS 3.0 assessments. Staffing level is case-mix adjusted based upon RUG-IV groups and cover a single quarter
- Turnover measures – from PBJ data using six consecutive quarters of data

Specifications for Nurse Staffing Level Measure

- RN – includes RN, Director of Nursing, and RNs with administrative duties
- LPN – includes LPN/LVN and LPN/LVN with administrative duties
- Nurse Aide – includes certified nurse aides, aides in training and medication aides/technicians
- Includes facility employees and agency staff

Daily Resident Census

- Derived from MDS resident assessments
 - MDS assessment data for all residents of a facility beginning one year prior to the reporting period.
 - Example – reporting period CY2021 Q4: October 1– December 31, 2021, MDS data from October 1, 2020 – December 31, 2021
 - Discharged/ Deceased residents and residents with 150 days or more with no assessments are removed from the count of the residents for that specific day.

CMS Star Rating Overall / Composite Formula

OLD

Survey Rating

+ / - Quality Bonus

- IF Quality = 1 THEN -1
- IF Quality = 5 THEN +1

+ / - Staffing Bonus

- IF Staffing = 1 THEN -1
- *IF Staffing > Survey AND Staffing = 4 OR 5 THEN +1*

NEW

Survey Rating

+ / - Quality Bonus

- IF Quality = 1 THEN -1
- IF Quality = 5 THEN +1

+ / - Staffing Bonus

- IF Staffing = 1 THEN -1
- *IF Staffing = 5 THEN +1*

Composite Formula Illustration

OLD

Survey Rating 3

+ 0 Quality Bonus (2, 3, or 4)

+ 1 Staffing Bonus (4)

Overall = 4

NEW

Survey Rating 3

+ 0 Quality Bonus (2, 3, or 4)

+ 0 Staffing Bonus (4)

Overall = 3

21

Old Staffing Rating Formula

Two measures

- Case-Mix Adjusted Total Nurse Staffing
- Case-Mix Adjusted RN Staffing

Table 4

Staffing and Rating (updated April 2019)

RN rating and hours		Total nurse staffing rating and hours (RN, LPN and nurse aide)				
		1	2	3	4	5
		< 3.108	3.108–3.579	3.580 - 4.037	4.038–4.407	≥4.408
1	< 0.317	★	★	★★	★★	★★★
2	0.317 - 0.507	★★	★★	★★	★★★	★★★★
3	0.508–0.730	★★	★★★	★★★★	★★★★	★★★★★
4	0.731–1.048	★★★	★★★★	★★★★★	★★★★★	★★★★★
5	≥1.049	★★★★	★★★★★	★★★★★	★★★★★	★★★★★

Note: Adjusted staffing values are rounded to three decimal places before the cut points are applied.

- Table based on national quintiles
- Rating based on intersections

New Staffing Rating Formula

Table 3

Point Ranges for the Staffing Rating (maximum possible score = 380 points)

1 star	2 stars	3 stars	4 stars	5 stars
< 155	155 - 204	205 - 254	255 - 319	320 - 380

Note: These cut points are applied after any necessary rescaling of the staffing score to have a maximum possible value of 380 points. The rescaled score is rounded to the nearest integer. Cut points for each of the six measures that contribute to the total staffing Score are shown in Appendix Table A2.

Measures	Max Points
M1 Case-Mix Adjusted Total <u>Nurse</u> Staffing	100
M2 Case-Mix Adjusted Total <u>RN</u> Staffing	100
M3 Case-Mix Adjusted Total Nurse Staffing on the W/E's	50
M4 Total Nurse Turnover (%)	50
M5 Total RN Turnover (%)	50
M6 Administrator Turnover	30
	380

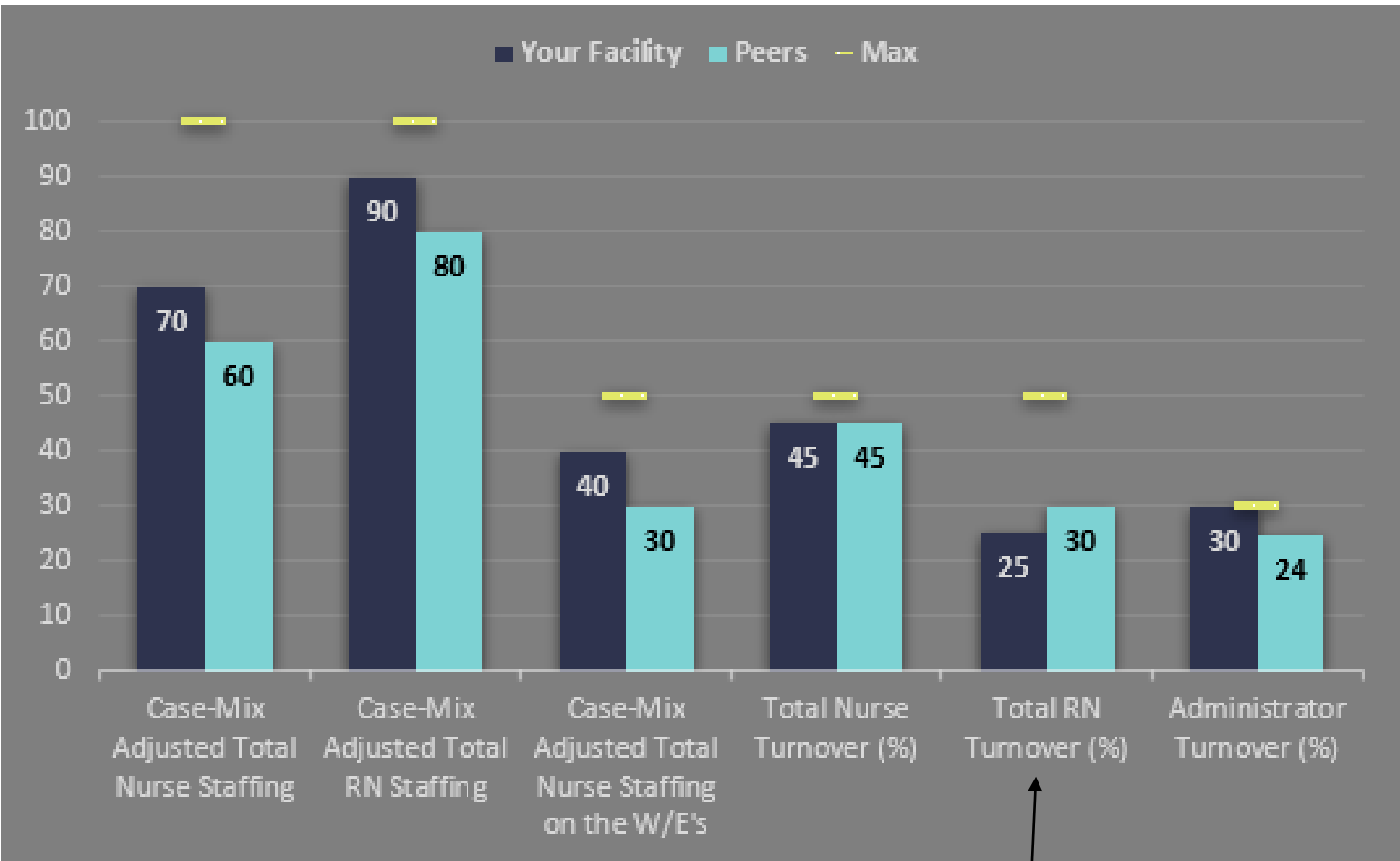
Points Based on National Deciles

Staffing Measure	Points	Min	Max
Adjusted Total Nurse Staffing (Hours per Resident per Day)	100	4.954	Or higher
	90	4.429	4.953
	80	4.105	4.428
	70	3.869	4.104
	60	3.653	3.868
	50	3.445	3.652
	40	3.248	3.444
	30	3.030	3.247
	20	2.747	3.029
	10	0.000	2.746

Table A2. Ranges for Point Values for Staffing Measures

Example— Current Rating

Current Staffing Rating Composition



Measure	Decile	Increments	Points
CM Total Nursing	60% - 70%	10	70
CM RN	80% - 90%	10	90
CM Total Nursing W/ E	70% - 80%	5	40
Total Nursing T/O	80% - 90%	5	45
RN T/O	40% - 50%	5	25
Administrator T/O	0 departures	N/A	30
Total			300

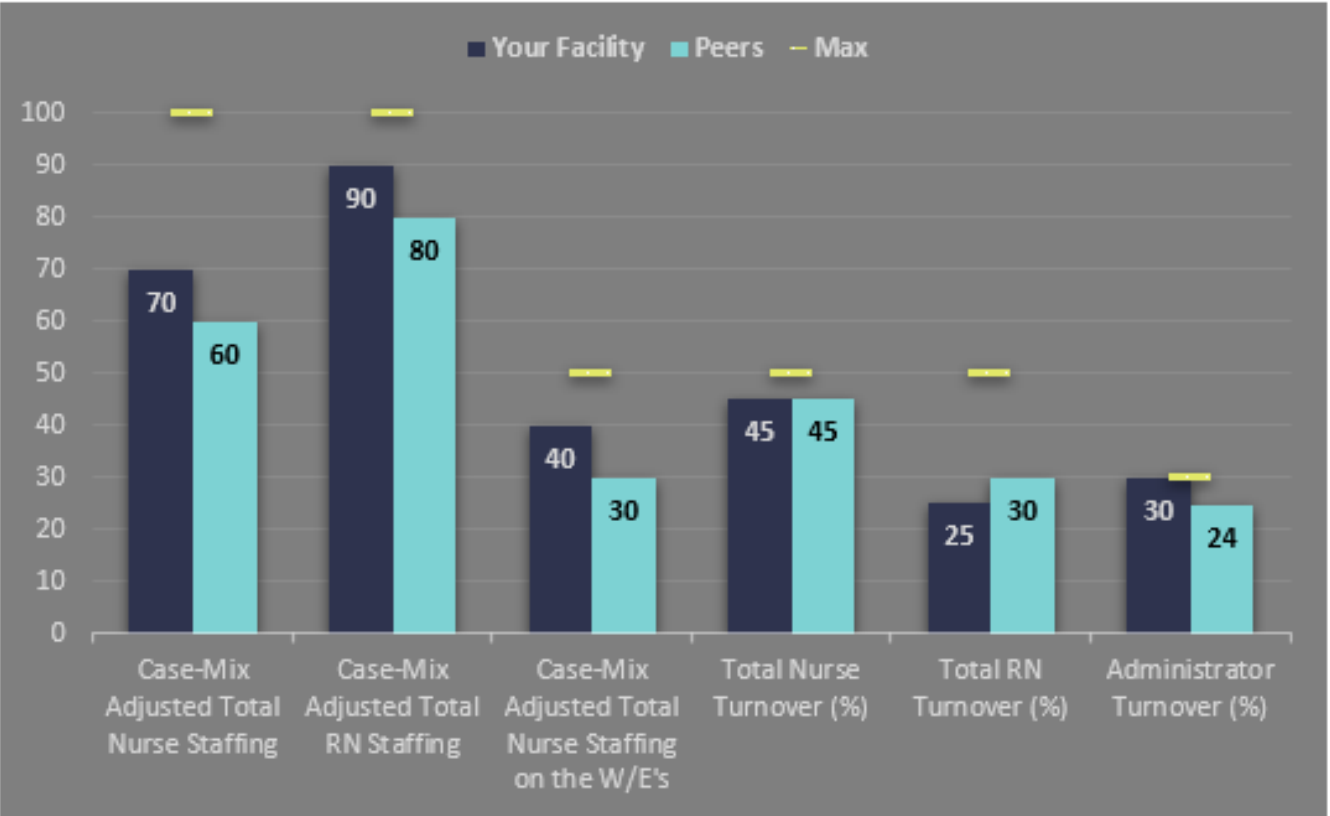
Your Facility	
Points	Star Rating
Earned: 300	Staffing: 4 Star
Floor: 255 (-45 points)	Overall: 3 Star
Ceiling: 319 (+19 points)	

Opportunity to increase: Total RN Turnover (%) by 5

Opportunity to decrease: Case-Mix Adjusted Total Nurse Staffing by -10

Example- Improved Rating

Current Staffing Rating Composition



Case-Mix Adj. Total Nurse Staffing

70th - 80th Percentile

Case-Mix Adj. Total RN Staffing

Current

Case-Mix Adj. Total Nurse Staffing W/E

Current

Total Nurse Turnover (%)

Current

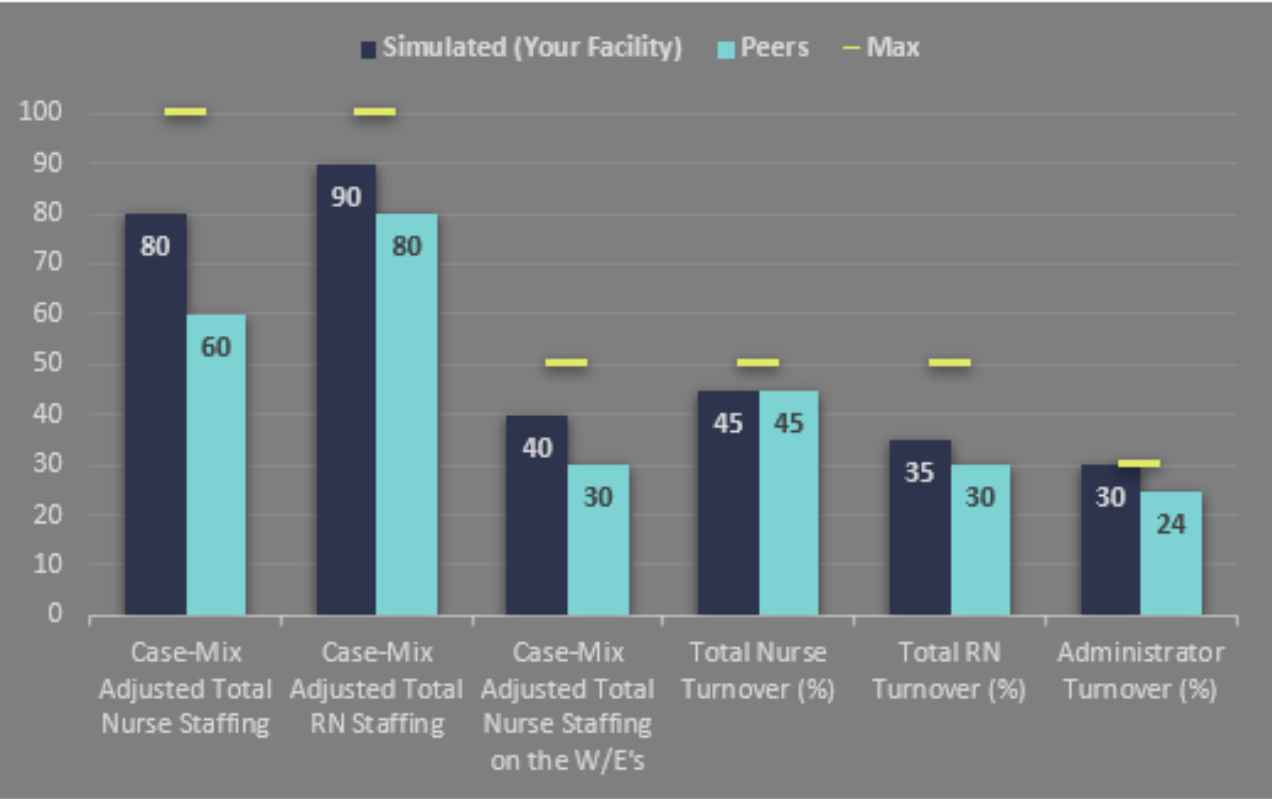
RN Turnover (%)

60th - 70th Percentile

Admin Turnover

Current

Simulated Staffing Rating Composition



Your Facility

Points

Star Rating

Earned: 300

Staffing: 4 Star

Floor: 255 (-45 points)

Overall: 3 Star

Ceiling: 319 (+19 points)

Opportunity to increase: Total RN Turnover (%) by 5

Opportunity to decrease: Case-Mix Adjusted Total Nurse Staffing by -10

Simulated (Your Facility)

Points

Star Rating

Earned: 320

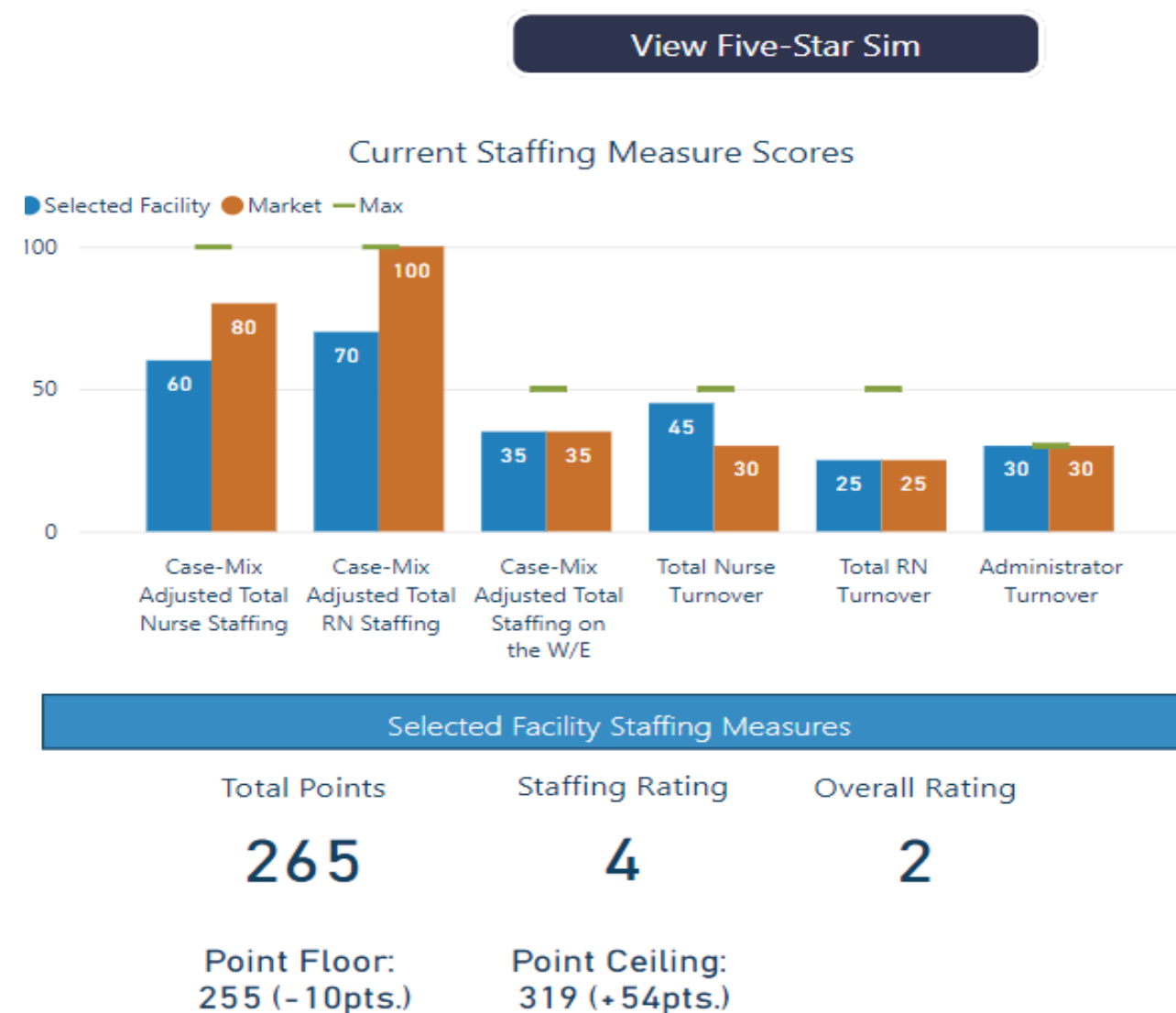
Staffing: 5 Star

Floor: 320 (0 points)

Overall: 4 Star

Ceiling: 380 (+60 points)

Example— Cost to Increase to Five Star Staffing



Total Nurse Staffing
80th - 90th Percentile
.56 Increase in HRD

RN Staffing
80th - 90th Percentile
.18 Increase in RN HRD

W/E Nurse Staffing
70th - 80th Percentile
.2 Increase in W/E HRD

Total Nurse Turnover
Current
.7% Decrease in Turnover

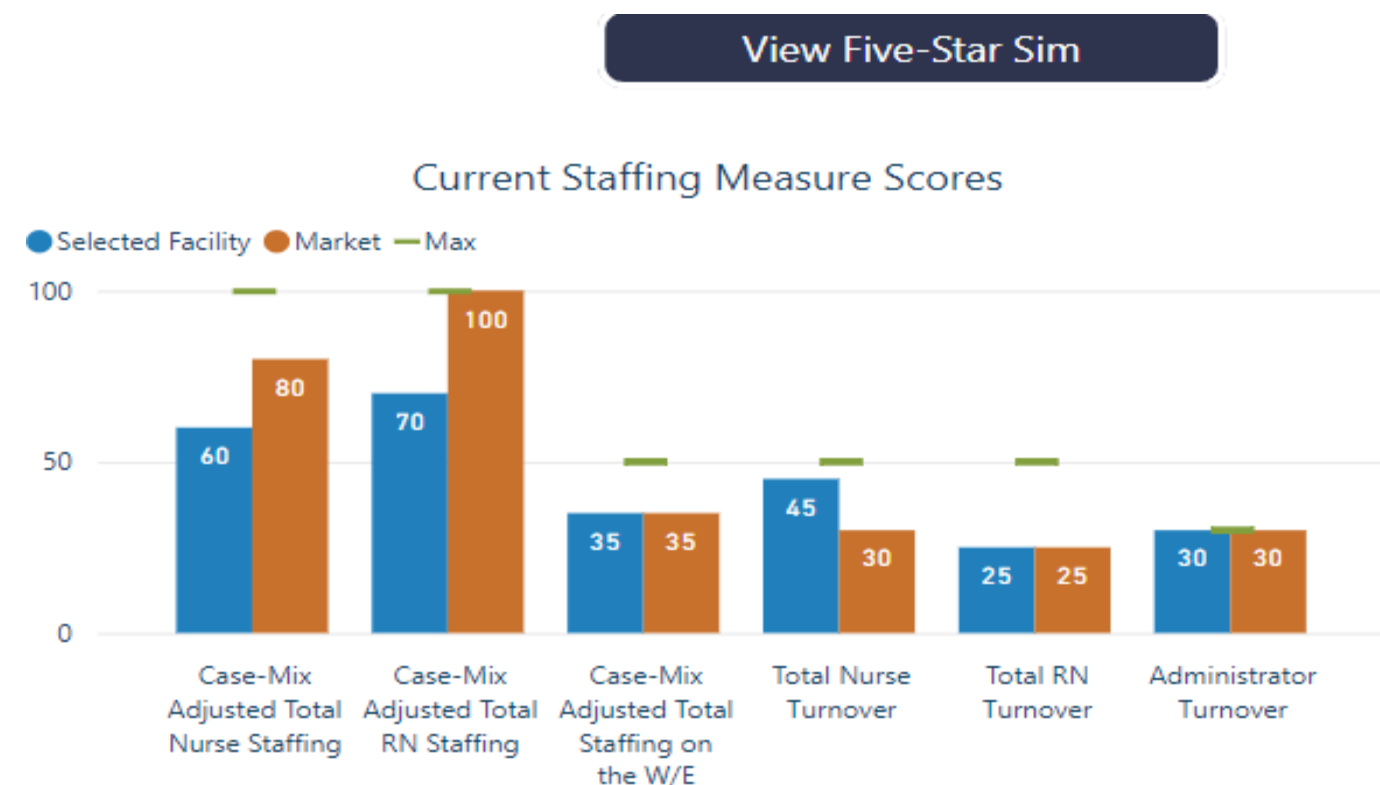
RN Turnover
Current
6.5% Decrease in RN Turno...

Admin Turnover
Current

Estimated Savings (Cost)
(\$851K)



Example- Financial Implications



Selected Facility Staffing Measures		
Total Points	Staffing Rating	Overall Rating
265	4	2
Point Floor: 255 (-10pts.)	Point Ceiling: 319 (+54pts.)	

Total Nurse Staffing
50th - 60th Percentile
.21 Decrease in HRD

RN Staffing
50th - 60th Percentile
.22 Decrease in RN HRD

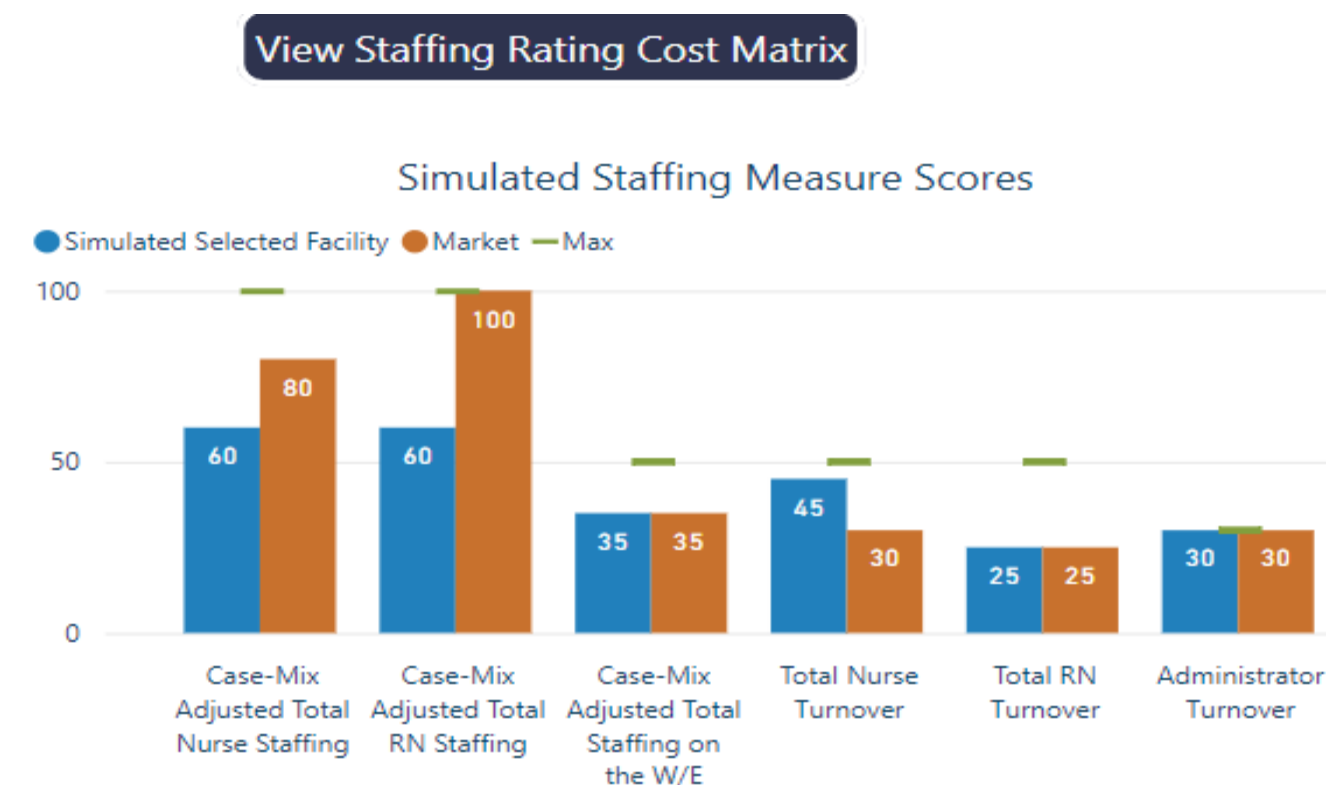
W/E Nurse Staffing
Current
.04 Decrease in W/E HRD

Total Nurse Turnover
Current
.7% Decrease in Turnover

RN Turnover
Current
6.5% Decrease in RN Turno...

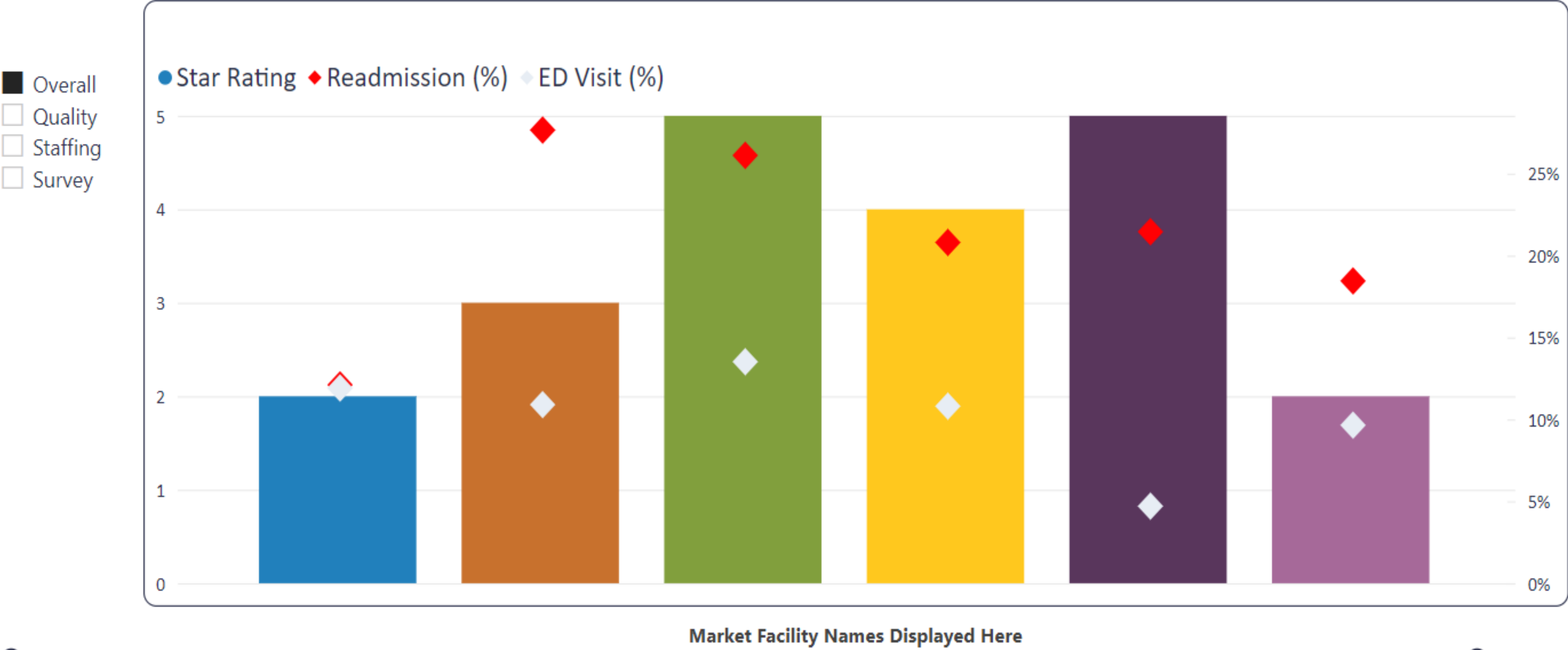
Admin Turnover
Current

Estimated Savings (Cost)
\$346K



Simulated Staffing Measures		
Total Points	Staffing Rating	Overall Rating
255	4	2
Point Floor: 255 (-0pts.)	Point Ceiling: 319 (+64pts.)	

Star Rating and Short Stay Measures





Quality Measure Rating

We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

©2022 CliftonLarsonAllen LLP. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

Quality Measure Rating

- Includes a set of quality measures from Minimum Data Set (MDS) and Medicare claims data
- Address a broad range of function and health status indicators
- Most facilities will have three QM ratings: overall, long-stay and short-stay
- Currently based upon 10 MDS-based quality measures and five measures from Medicare claims

Quality Measure Rating

Table 5

Point Ranges for the QM Ratings (as of April 2022)

QM Rating	Long-Stay QM Rating Thresholds	Short-Stay QM Rating Thresholds	Overall QM Rating Thresholds
★	155–477	144–488	299–966
★★	478–574	489–585	967–1,160
★★★	575–655	586–674	1,161–1,330
★★★★	656–746	675–762	1,331–1,509
★★★★★	747–1,150	763–1,150	1,510–2,300

Note: the short-stay QM rating thresholds are based on the adjusted scores (after applying the factor of 1,150/800 to the unadjusted scores)

- Three quality measure (QM) ratings: long stay, short stay, and overall
- Includes both claims based and MDS based measures
- Points are assigned to each quality measure based upon outcome

LongStay Quality Measures

MDS Assessment Based

- % of long-stay residents whose need for help with daily activities has increased
- % of long-stay residents whose ability to move independently worsened
- % of long-stay high-risk residents with pressure ulcers
- % of long-stay residents who have or had a catheter inserted and left in bladder
- % of long-stay residents with a urinary tract infection
- % of long-stay residents experiencing one or more falls with major injury
- % of long-stay residents who go on antipsychotic medication

Claims Based

- Number of hospitalizations per 1,00 long-stay resident days
- Number of outpatient emergency department (ED) visits per 1,000 long-stay resident days

Short-Stay Quality Measures

MDS Assessment Based

- % of short-stay residents who improved in their ability to move around on their own
- % of Skilled Nursing Facility (SNF) residents with pressure ulcers/pressure injuries that are new or worsened
- % of short-stay residents who got antipsychotic medication for the first time

Claims Based

- % of short-stay residents who were re-hospitalized after a nursing home admission
- % of short-stay residents who have had an outpatient emergency department (ED) visit
- Rate of successful return to home and community from a SNF

Quality Measures– Payment Impact

- Quality Measures are also used directly related to payment.
 - SNF Quality Reporting Program (QRP)
 - Data collected from MDS, CDC National Healthcare Safety Network, and Medicare FFS Claims
 - If less than 80% of quality measures are not reported, Medicare payment reduced by 2% for upcoming federal fiscal year.
 - Illinois Medicaid – Quality Based Payment Add-On
 - Utilizes long-stay measures from CMS Five-Star quality rating
 - Weighted methodology based upon nursing facility's Medicaid days



Example of Financial Implications of Star Change



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Potential Financial Implications

- Overall rating may impact referral sources and number of admissions to facility
- Some Medicare Advantage programs look at Five Star rating when negotiating rates
- Other payer sources, such as I-SNPs, may tie payments to various components of Five Star rating
- Potential penalties if staffing mandate implemented and not met
- Cost to staff at a Five Star staffing



Other Considerations



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Other Considerations

- New Medicaid staffing incentive add-on
 - Using same information from PBJ reporting as Five Star staffing
 - Case-mix adjusted based on MDS assessments
 - Accuracy of both PBJ and MDS is critical to maintain appropriate Five Star staffing and Medicaid incentive add-on
- Continued focus on adequate staffing and implications on outcomes
- Understand the details in the technical users' guide found at <https://www.cms.gov/medicare/provider-enrollment-and-certification/certificationandcompliance/downloads/usersguide.pdf>

Deb Emerson, CPA, RAC-CTA
Deb.emerson@claconnect.com
317-569-6230



[CLaconnect.com](https://claconnect.com)



CPAs | CONSULTANTS | WEALTH ADVISORS

©2022 CliftonLarsonAllen LLP. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



LeadingAge[®]
Illinois

MOMENTUM

2023 ANNUAL MEETING & EXPO

MARCH 7-8, 2023

Renaissance Schaumburg
Convention Center - Schaumburg, IL