

Nursing Facility Quality Assurance Assessment Fee

(FY2017 Appropriation Act - Public Act 268 of 2016)

April 1, 2017

Sec. 1645. The department shall consider using the most recent 3 years of actual days of care provided, as reported in the annual cost reports, for the purpose of establishing the nursing facility quality assurance assessment fee. For any year in which the estimated days of care compared to the actual days of care provided by each nursing home and hospital long-term care unit creates an aggregate overpayment of \$1,000,000.00 or more as a result of the nursing facility quality assurance assessment fee, the department shall report the excess assessed amount to the senate and house appropriation subcommittees on the department budget, the senate and house fiscal agencies, and the state budget office. By April 1 of the current fiscal year, the department shall report on feasibility of creating a more accurate formula for next year's assessment and a recommendation if a refund can or cannot be made to the senate and house appropriation subcommittees on the department budget, the senate and house fiscal agencies, and the state budget office.



**Michigan Department of
Health & Human Services**

RICK SNYDER, GOVERNOR
NICK LYON, DIRECTOR

Section 1645 Boilerplate Report

In order to calculate the nursing facility Quality Assurance Assessment Program (QAAP), the Michigan Department of Health and Human Services (MDHHS) uses a methodology that includes the actual number of paid Medicaid days by nursing facility type going back to FY2011, trended to project the number of paid Medicaid days for the current year. This number is then adjusted for the impact of policy changes that are not fully reflected in the base data. The utilization of actual paid Medicaid days as well as the impact of any policy changes provides the department with the best estimate of Medicaid days in the current fiscal year. As required by Section 1645, MDHHS considered using the most recent three years of actual days of care provided, and MDHHS feels that going back more than three years provides a more complete basis for projection purposes. MDHHS revisits the formula annually, and makes changes intended to increase the accuracy of each year's assessment.

Section 1645 requires a report of any aggregate overpayments in excess of \$1,000,000.00. There were no overpayments in FY2016.

MDHHS does not recommend implementing a refund to nursing facility providers since refunds are not allowable under the Federal regulation for Medicaid provider assessment programs. Per Federal regulation, a state cannot return a portion of the tax paid nor can the state link the assessment of a Medicaid provider tax to a Medicaid payment.