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

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DATE: April 06, 2018

TO: State Survey Agency Directors

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

SUBJECT: Transition to Payroll-Based Journal (PBJ) Staffing Measures on the Nursing Home Compare tool on Medicare.gov and the Five Star Quality Rating System

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<u>**Memorandum Summary**</u>

- **Transition to Payroll-Based Journal (PBJ) Data –** Starting in April, 2018, CMS will use PBJ data to determine each facility's staffing measure on the *Nursing Home* Compare tool on Medicare.gov website, and calculate the staffing rating used in the *Nursing Home Five Star Quality Rating System.*

- **Staffing data audits -** We are providing lessons-learned from audits conducted, and guidance to facilities for improving their accuracy. Nursing homes whose audit identifies significant inaccuracies between the hours reported and the hours verified, or facilities who fail to submit any data by the required deadline will be presumed to have low levels of staff. This will result in a one-star rating in the staffing domain, which will drop their overall (composite) star rating by one star for a quarter.

- **Requirement for registered nurse (RN) staffing –** We are reminding nursing homes of the importance of RN staffing and the requirement to have an RN onsite 8 hours a day, 7 days a week. Nursing homes reporting 7 or more days in a quarter with no RN hours will receive a one-star rating in the staffing domain, which will drop their overall (composite) star rating by one star for a quarter. This action will be implemented in July 2018, after the May 15, 2018 submission deadline for data for 2018 Calendar Quarter 1, 2018 (January – March, 2018) data.

- **Technical assistance –** CMS is continuing its efforts to help nursing homes submit accurate data, and there are a variety of ways described below in which facilities can seek support.

- **Future Actions –** As of June 1, 2018, we will no longer collect facility staffing data through the CMS-671 form, and we will announce other future activities.

<u>**Background**</u>

Staffing in nursing homes has a substantial impact on the quality of care and outcomes residents' experience. For more than 10 years, CMS has been posting information on facility staffing measures on *Nursing Home Compare*, including the number of hours of care on average provided to each resident per day by nursing staff as reported by a facility. These

staffing measures are also used to calculate each nursing home's star rating for the staffing domain as part of the *Five Star Quality Rating System.* CMS has been using staffing data collected through forms that are completed manually by nursing homes, and submitted approximately once a year (Forms CMS-671, Long Term Care Facility Application for Medicare and Medicaid, and CMS-672, Resident Census and Conditions of Residents). Through these forms, nursing homes have been providing data on the total hours their staff worked over the most recent two-week period prior to their standard survey. Since July 2016, nursing homes have been submitting data electronically through the Payroll-Based Journal (PBJ) system as required under section 1128I(g) of the Social Security Act (the Act) and 42 CFR §483.70(q).

Under the PBJ program, facility staffing information is submitted each quarter, and represents the number of hours staff are paid to work each day of that quarter. It is also auditable back to payroll and other verifiable sources. The new data collection aims to improve the accuracy of public reporting and provide greater insight into how facility staffing relates to quality and outcomes.

Since the start of the PBJ program, CMS has provided a substantial amount of technical assistance to help nursing homes submit data. In 2015, we launched a nine-month voluntary submission program where facilities were able to submit data through the PBJ system as a test. We have also provided guidance to facilities on best-practices and common errors through national stakeholder calls and CMS memoranda. Furthermore, over the last 18 months, we have provided individualized feedback to each provider about their data submissions, and placed indicators on *Nursing Home Compare* identifying each facility's submission status. For example, we have listed specific dates for which a facility's data show no hours of nurse staffing. Finally, for the last 3 quarters, we have publicly posted each facility's submission of daily nursing hours so they can see how their data compare to that of their peers. These actions, along with hard work from nursing homes, have improved the data submitted each quarter.

In the early stages of the PBJ program, some facilities experienced challenges to submit complete and accurate data. However, at this time, there are a much lower number of facilities experiencing such challenges. Therefore, beginning in April 2018, CMS will begin using the PBJ data to calculate staffing measures which will be posted on *Nursing Home Compare*, and used in the *Five Star Quality System.* Staffing measures and staffing star ratings will be calculated based on the data for the 2017 Calendar Quarter 4 that was submitted prior to the February 14, 2018 deadline.

Nursing Home Compare* and the *Five Star Quality Rating System
CMS will continue to post on *Nursing Home Compare* each facility's measures for nursing staff and physical therapy staff as the number of hours per resident per day (HPRPD). This will be calculated by summing the number of hours for the relevant job categories submitted for each day of the quarter, and dividing by the sum of each day's census within the same quarter.

To calculate staffing ratings, each facility's staffing measure (HPRPD) is adjusted based on the expected level of staff needed given the number and acuity of the residents in the facility. This is done to ensure facilities consider the needs of each resident, in addition to the number of residents in the facility. To date, CMS has adjusted the staffing measure by multiplying the actual staffing measure by a measure of expected nursing hours that is based on each facility's

distribution of residents by Resource Utilization Groups version 3 (RUG-III). However, beginning in April 2018, CMS will update the staffing domain ratings methodology using the RUG-IV system to calculate adjusted staffing levels. We will continue to calculate the staffing rating by combining a total nurse staffing rating (registered nurse (RN), licensed practical nurse, and nurse aide) with an RN rating.

Since we are using a new risk adjustment methodology, we will establish new ratings' thresholds based on the existing distribution of ratings among nursing homes. In other words, we will set thresholds by keeping the number of nursing homes in each rating category approximately the same as they were under the previous risk adjustment methodology. We note that while the number of nursing homes in each rating category will be approximately the same, some facilities will see a change in their rating based differences in the data they submitted between the old and new process, and the new risk adjustment methodology.

More details about the technical specifications for staffing measures and ratings' methodology will be available in the Technical User's Guide on or before May 1, 2018, which can be found through a link on Medicare.gov (https://www.medicare.gov/NursingHomeCompare/Data/About.html).

Staffing Data Audits
CMS and its contractor have begun conducting audits aimed at verifying that the staffing hours submitted by facilities are aligned with the hours staff were paid to work over the same timeframe. We have found that facilities are submitting their data in good faith, and appreciate facilities' efforts to submit accurate data. As with many new programs, we expect to find areas that are more prone to errors than others. Below are common errors identified through the audits. We encourage facilities to review these items, and adjust their submissions as necessary to ensure accuracy.

- Exclude time for meal breaks. Per the PBJ Policy Manual, "Meal times, paid or unpaid, shall not be reported for all staff (exempt, nonexempt, and contract). Facilities must deduct the time allotted for meals from each employee's daily hours." The PBJ Policy manual can be found on the PBJ website through the link at the end of this memorandum.
- Each employee must have their own unique identifier (ID). Facilities must not use the same ID to submit hours for multiple employees (exempt, nonexempt, or contract).
- Submit Minimum Data Set (MDS) assessments in accordance with 42 CFR §483.20 and the resident assessment instrument (RAI) 3.0 User's Manual. Since each facility's census is calculated using MDS data, it is critical that facilities adhere to the completion and transmission requirements. This includes submitting discharge assessments timely, and completing required assessments for every resident within the certified facility.
- Exclude hours for staff that provide care to individuals in non-certified areas of a larger institution or institutional complex that houses the certified facility. For example, for facilities that share staff between the certified nursing home and an area (e.g., unit, wing, floor) that is separate and not part of the nursing home, like a hospital, assisted living or state licensed area, only those hours of the staff that are dedicated to the residents of the nursing home will be reported.
- Respond promptly to the audit contractor if contacted for an audit. Nursing homes will be contacted via email and certified mail sent to the administrator when they have been

selected for an audit. If selected, the facility is required to upload supporting documentation by a date specified in the audit notification letter. It is important that facilities respond within the allotted timeframe in order to verify compliance.

Upon completion of an audit, facilities will be notified of the audits findings. CMS will work with facilities to correct discrepancies (minor or significant), so that facilities' future submissions are more accurate. Facilities whose audit identifies significant inaccuracies between the hours reported and the hours verified will be presumed to have low levels of staff. This will result in the facility receiving a one-star staffing rating, which will reduce the facility's overall (composite) rating by one star for a quarter. Examples of significant inaccuracies are instances where the difference between the submitted hours and verified hours is large enough that it would change a facility's star rating, or change how the facility compares to its state's average. Also, facilities that don't submit any data by the required deadlines, or don't respond or provide adequate information to an audit request, will also receive a one-star staffing rating for that quarter.

Requirement for RN Staffing
Since facilities are required to submit the number of hours staff are paid to work each day, the PBJ data show whether or not facilities have an RN onsite each day. We also note that facilities are required to have an RN onsite at least 8 consecutive hours a day, 7 days a week under sections 1819(b)(4)(C) and1919(b)(4)(C) of the Act, and 42 CFR §483.35(b)). While the majority of nursing homes are reporting an RN onsite each day, submitted staffing data show that there are some facilities that don't. We recognize that emergency situations can sometimes arise leading to the temporary absence of an RN. We also recognize that there may be instances where an RN was working onsite, but was reported as not being there. That said, we are concerned with recurring instances or aberrant patterns of days with no RN onsite. For example, based on the data submitted for Calendar Quarter 3, 2017, approximately 6% of facilities that submitted complete data had 7 or more days where no hours for RNs were reported. Also, approximately 80% of all days with no RN hours were weekend days. We will continue to provide feedback and work with providers to improve their reporting accuracy as we continue to monitor these patterns.

We believe the presence of an RN onsite every day is extremely important to improving the health and safety of nursing home residents. We are also concerned about the risks that the absence of an RN introduces. Therefore, facilities reporting 7 or more days in a quarter with no RN hours will receive a one-star staffing rating, which will drop their overall (composite) rating by one star. This action will be implemented in July 2018, after the May 15, 2018 submission deadline for 2018 Calendar Quarter 1, 2018 (January – March, 2018) data. Prior to July 2018, facilities meeting this criterion will have an icon placed next to their name on *Nursing Home Compare* to indicate their status related to RN staffing. To improve quality, CMS may change the threshold for expected number of days with no RN reported that results in a one-star staffing rating in the future.

We note that facilities in rural areas may apply for a waiver of the requirement to have an RN onsite 8 hours a day, 7 days a week. Some of the criteria for a waiver include that the facility has demonstrated it is has been unable to recruit the needed staff, that the facility is located in a rural area where the supply of skilled nursing facility services isn't sufficient to meet the needs of

residents, and that the facility has only patients whose physicians have indicated that they don't require the services of a registered nurse or a physician for a 48-hour period. The full list of criteria can be found in 42 CFR §483.35(e) and (f), and additional information is found in the State Operations Manual (SOM), Chapter 7. CMS will work with facilities, States, and CMS Regional Offices to evaluate waiver requests while continuing to focus on protecting resident health and safety. While facilities receiving a waiver of this type aren't required to have an RN onsite 8 hours a day, 7 days a week, they are still subject to the staffing rating's methodology described in this memorandum.

Technical Assistance for Nursing Homes

CMS will continue to provide technical assistance to nursing homes to improve their staffing and data submissions. Facilities should review their monthly Provider Preview in their Certification And Survey Provider Enhanced Reports (CASPER) folder for feedback on their most recent submission. We also encourage nursing homes to run CASPER reports (1700D Employee Report, 1702D Individual Daily Staffing Report, and/or 1702S Staffing Summary Report) **prior** to their submission before the quarterly deadline to review their data, and ensure accuracy.

Nursing homes may also want to contact their Quality Innovation Network-Quality Improvement Organizations (QIN-QIOs) to engage in the National Nursing Home Quality Care Collaborative. Through the Collaborative, nursing homes work with their QIN-QIOs and other colleagues and partners in their states to improve care and outcomes for nursing home residents. Any nursing home that is interested in learning more about the collaborative or joining may contact their regional QIN-QIO (see http://qioprogram.org/locate-your-qio?map=qin).

Facilities should be familiar with the policies described in the PBJ policy manual on the PBJ website (noted below). CMS will continue to provide information related to updates or guidance through stakeholder calls (e.g., Skilled Nursing Facility Open Door Forum) and memoranda. Nursing homes can also use the contact information at the bottom of this memo for more questions, technical support, or if they believe the information posted about their facility is incorrect.

Future Actions
- CMS-671 form: Beginning on **June 1, 2018,** facilities will no longer be required to complete the staffing portion of the CMS-671 form found on page 2. All other information requested on the CMS-671 unrelated to facility staffing (e.g., address, ownership type, etc.) will still be required. The form will ultimately be revised, however, legacy forms may still be in the field. As of June 1, 2018, surveyors using CMS-671 forms with staffing fields (page 2) don't need to have facilities complete these fields.
- Public use files: CMS has posted public use files which include facility level data from quarterly submissions. To date, these files have included nursing hours and resident census data. We intend to add other data elements to these files in future quarters (e.g., hours for therapy staff). These files are available at https://data.cms.gov/browse?category=Special%20Programs%2FInitiatives%20-%20Long%20Term%20Care%20Facility%20Staffing%20Payroll-Based%20Journal)
- Other staffing measures: The measures for nursing and physical therapy staff are the first measures to be posted on *Nursing Home Compare* using PBJ data. However, we plan to develop additional measures like staff turnover and also post them on *Nursing Home Compare*. Our goal is to post information that stakeholders can use to understand the type

of care and quality a nursing home may provide, and that can also be used to improve quality and outcomes.

We sincerely appreciate all the efforts from nursing homes that have led to this transition. Their hard work to submit accurate information is a strong indication of our joint commitment to improve quality, and provide valuable information to residents, families, and caregivers to support their health care decisions.

Contact:
- For questions on this memorandum, please email: NHStaffing@cms.hhs.gov.
- Technical questions from vendors or software developers related to the data submission specifications should be sent to: NursingHomePBJTechIssues@cms.hhs.gov.
- The PBJ website, Policy Manual, and Frequently Asked Questions is available at https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/NursingHomeQualityInits/Staffing-Data-Submission-PBJ.html.

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/
David R. Wright

Attachment: Frequently Asked Questions

cc: Survey and Certification Regional Office Management

Transition to Payroll-Based Journal (PBJ) Staffing Measures on the Nursing Home Compare tool on Medicare.gov and the Five Star Quality Rating System Questions & Answers

Q: What is CMS announcing today?
A: We are replacing the data source used to post staffing information on the Nursing Home Compare tool on Medicare.gov, and calculate each facilities' staffing rating as part of the Nursing Home Five Star Quality Rating System. The new data are submitted electronically through CMS' Payroll-Based Journal (PBJ) system. Nursing home staffing has a tremendous impact on the quality of care that residents experience. The PBJ data provide unprecedented insight into how facilities are staffed, which can be used to analyze how facilities' staffing relates to quality and outcomes.

Q: What is the difference between this staffing information and the existing staffing information posted on Nursing Home Compare and used in the Nursing Home Five Star Quality Rating System?
A: The current staffing information is calculated using the total number of hours facility staff work over a two-week period. This information is collected using a form filled out manually (CMS-671) by the facility, and submitted approximately once a year. It is also not auditable back to payroll or other sources. The new staffing information is calculated using the number of hours facility staff are paid to work each day, and is electronically submitted each quarter. The data are auditable back to payroll and other verifiable sources. We believe these differences improve the accuracy of public reporting and enable consumers to have a better understanding of how a facility is staffed on any given day.

Q: Will using the new data cause facilities' ratings to change? If so, why?
A: While most facilities will see no change in their overall rating, some facilities' ratings will change (i.e., up or down). We believe the main reason for this change is that the new data provide a more comprehensive view of a facility's staffing. For example, the new data provide information on a facility's staffing for each day in a quarter, whereas the existing data represent a facility's staffing for a two-week period during the last year. Since a facility's census, staffing, and the acuity of its residents can vary throughout the year, the PBJ data capture more of these fluctuations, and therefore provides a more accurate reflection of each facility's staffing. Facilities' ratings may also change due to a new risk adjustment methodology, and differences between the policies for submitting staffing hours on the CMS-671 form versus submitting hours through PBJ.

More details about the technical specifications for staffing measures and ratings' methodology will be available in the Technical User's Guide on or before May 1, 2018, which can be found through a link on Medicare.gov
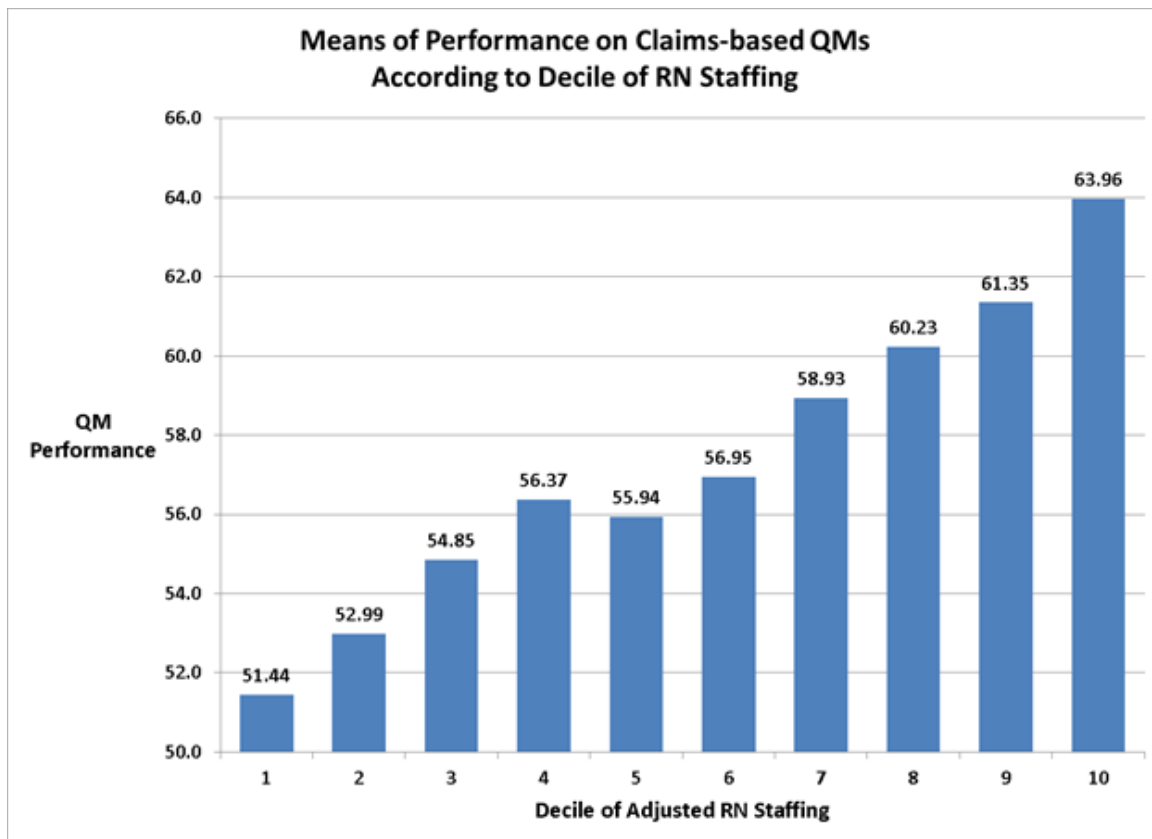(https://www.medicare.gov/NursingHomeCompare/Data/About.html).

Q: Will facilities still be required to fill out the manual form (CMS-671)?
A: Yes, because the form includes other information that is required for recertification (e.g., address, ownership type, etc.). However, as of June 1, 2018, the staffing part of the form will no longer need to be completed.

Q: Why is CMS concerned about nursing homes that report days with no registered nurse (RN) onsite?
A: Research shows the presence of an RN is strongly related to the quality and outcomes residents' experience. For example, the chart below shows how facilities at each decile of RN hours perform on the 3 claims-based quality measures used in the *Nursing Home Five Star Quality Rating System (*based on the percentage of points that nursing homes receive for the claims-based measures, which has a maximum value of 100). As the number of RN hours increases, so does performance on the quality measures. Therefore, when there are lower levels of onsite RN presence, we are concerned about the health and safety of the residents.

Means of Performance on Claims-based QMs According to Decile of RN Staffing

Decile of Adjusted RN Staffing	QM Performance
1	51.44
2	52.99
3	54.85
4	56.37
5	55.94
6	56.95
7	58.93
8	60.23
9	61.35
10	63.96

Comparison of reported RN staffing and claims-based quality measures posted on *Nursing Home Compare* for 7/1/2015 – 6/30/2016 (Quality measures: 30-day readmissions, emergency room transfers, and successful discharge to community).

We note that facilities are required to have an RN onsite at least 8 consecutive hours a day, 7 days a week under sections 1819(b)(4)(C) and1919(b)(4)(C) of the Act, and 42 CFR §483.35(b)). Facilities in rural areas may apply for a waiver of this requirement. Information on waiver criteria can be found in 42 CFR §§483.35(e) and (f), and additional information is found in the State Operations Manual (SOM), Chapter 7.

Q: How can facilities improve their staffing measure on Nursing Home Compare and their rating in the Five Star Quality Rating System?
A: First, make sure you are conducting an accurate facility assessment to understand your residents' needs. Then, ensure your facility is staffed with the appropriate number and type of staff needed to meet their needs. Facilities may want to access tools developed by CMS, like the facility assessment template (http://qioprogram.org/facility-assessment-tool), and contact their Quality Innovation Network – Quality Improvement Organization (QIN-QIO) for support. Next, facilities should be reviewing the information provided to them on their monthly provider preview reports as well as running their own reports prior to submission to ensure they are submitting accurate data. The following reports related to staffing data submissions are available on CASPER: 1700D Employee Report, 1702D Individual Daily Staffing Report, and 1702S Staffing Summary Report.

Q: What can I do if I believe my facility submitted accurate data, but Nursing Home Compare shows that we didn't?
A: First, check your provider preview reports for information regarding the PBJ data submitted by your facility. Next, run the CASPER reports (1700D Employee Report, 1702D Individual Daily Staffing Report, and/or 1702S Staffing Summary Report) to ensure that your PBJ data were submitted accurately. If you still feel that Nursing Home Compare reflects inaccurate data, you can email NHstaffing@cms.hhs.gov for assistance.

Q: What else will CMS do with this new data?
A: The measures for nursing and physical therapy staff are the first measures to be posted using PBJ data. However, we plan to develop additional measures, like staff turnover, and also post them on *Nursing Home Compare*. CMS also intends to use the new data to inform the survey process to help surveyors and facilities identify if a facility's staffing is an underlying root cause for any quality issues.