



August 28, 2020

Dr. Wendy Long, M.D. M.P.H.
President and CEO
Tennessee Hospital Association
5201 Virginia Way
Brentwood, TN 37027

Dear Dr. Long:

The purpose of this letter is to request your assistance in notifying Tennessee hospitals in Middle and West Tennessee of the availability of nursing facility placement for Medicaid residents in Skilled Nursing Facilities (SNFs) that we expect will be designated by the Tennessee Department of Health (TDH) as COVID Skilled Care Centers or COVID Skilled Care Units (CSCCs/CSCUs).

As you are aware, Executive Order 55, issued by Governor Lee late in July, provides authority that permits TDH, with support from TennCare, to establish a temporary network of CSCCs/CSCUs to *exclusively* serve Tennesseans who are COVID-19 positive and require nursing home services during the COVID-19 Public Health Emergency. Because many of the individuals served in these facilities or units will be Medicaid eligible, TennCare is assisting TDH in this effort.

Nursing home residents who become COVID-positive and cannot be well-isolated in their facilities could be transferred to CSCCs/CSCUs, hopefully reducing spread within high-risk populations living in close proximity. The Centers for Medicare and Medicaid Services (CMS) has recommended that States establish such facilities or units and has temporarily waived certain federal regulations pertaining to resident admission, discharge, and transfer rights in order to facilitate transfer of residents to such facilities or units temporarily. In addition, and particularly as it relates to surge capacity planning, patients ready for discharge from hospitals but requiring post-acute care who have been confirmed COVID-positive could transition to CSCCs/CSCUs until safe to return to the general resident population. Hospitals have identified this capacity as an urgent need.

To cover the additional staffing (including hazard pay), equipment, and other costs related to the provision of care to a cohort of COVID-19 positive residents only, and to offset lost revenues facilities may incur in holding these beds for COVID-19 positive residents, additional payment will be offered by TennCare for Medicaid Nursing Facility services and by TDH for commercial, private pay or uninsured residents. No additional payment will be made for Medicare beneficiaries receiving Medicare SNF benefits (see footnote below).¹

¹ No additional payment will be made for Medicare beneficiaries receiving Medicare SNF benefits. This is because the Medicare Patient Driven Payment Model (PDP) takes into account clinically driven COVID-19 related needs and provides a significantly higher Part A payment for COVID-positive residents (when COVID-19 is the primary diagnosis or based on acuity-related needs such as therapies, nursing, respiratory care, etc. reflected in the Minimum Data Set or MDS). **SNFs must be sure to properly code these items to receive the higher payment.** We expect the Medicare payment to be sufficient to cover these costs. TennCare cannot supplant Medicare as the primary payer of these services, nor supplement the Medicare payment (beyond established processes for coverage of Medicare co-insurance).

The CSCC/CSCU network will be small but geographically dispersed (in an effort to match supply with demand). Standards of Care have been established by TDH that CSCCs/CSCUs will be required to meet. We are working with a group of facilities to establish this temporary network—based on their interest in delivering these services, capacity to meet established Standards of Care and quality expectations regarding the provision of services to COVID-19 positive residents, and the ability to make these facilities/units available quickly in response to hospital surge and other capacity needs.

As an initial step, TennCare contracted managed care organizations (MCOs) are working with these facilities to begin accepting *certain* COVID-19 positive patients now (subject of course, to availability of beds dedicated for this purpose). Specifically, these include:

- ***Only* Medicaid** beneficiaries who require services in a Skilled Nursing Facility as an alternative to hospitalization (either to facilitate timely discharge from the hospital or avoid imminent hospitalization); ***and***
- The COVID-positive Medicaid beneficiary can be safely served in the SNF; ***and***
- The COVID-positive Medicaid beneficiary does not qualify for Medicare SNF services.

A list of SNFs selected by MCOs and confirming their agreement to begin providing cost-effective alternative SNF services for Medicaid residents is below.

Nashville area

- AHC Vanco (bed availability beginning Friday, September 4th)
- AHC Mt. Juliet (bed availability beginning immediately)

Memphis area

- Magnolia Creek
- AHC Dyersburg
- AHC Covington Care

Jackson area

- AHC Humboldt

Note that the current list includes only facilities in Middle and West Tennessee. We hope to amend the list with confirmed facilities in East Tennessee soon.

If a hospital has a COVID-19 positive Medicaid beneficiary ready for discharge who requires post-acute skilled care but is not eligible for Medicare SNF services and would otherwise remain hospitalized, the hospital may contact one of these facilities to arrange discharge. As long as the individual would not qualify for Medicare SNF services, the hospital or the SNF should also notify the beneficiary's TennCare MCO to effectuate the TennCare payment agreement.

Upon notification of admission of an eligible Medicaid beneficiary, MCOs will utilize letters of agreement or single case agreements to reimburse Medicaid services in the facility as a cost-effective alternative to hospitalization, paying the facility their established Medicaid NF per diem rate, plus an additional \$300 per diem COVID-positive adjustment. These payments will *only* be available to SNFs identified for establishment by TDH as a CSCC/CSCU and ultimately expected to meet all established Standards of Care applicable to CSCCs/CSCUs.

The additional \$300 per diem payment will be made for up to 21 days—so long as the person remains COVID-19 positive and requires isolation for the COVID diagnosis. This may be extended for up to a total of 30 days (inclusive of the first 21 days) based on a continued COVID-19 positive diagnosis, and an order for continued isolation from the treating physician.

Once the CSCC/CSCU designation is made by TDH (expected soon), these facilities/units will be eligible to receive the additional \$300 Medicaid per diem COVID-positive adjustment for Medicaid NF beneficiaries transferring from other SNFs/NFs (not limited to circumstances where the Medicaid beneficiary would otherwise require hospitalization). In addition, once formally designated and contracted with TDH, CSCCs/CSCUs will be eligible for a comparable payment from TDH for COVID-19 positive residents who are commercial/private pay or uninsured. We will notify you as those designations are made.

As a reminder, these facilities (and all Medicare certified SNFs) are already eligible for higher Medicare payments for serving COVID-19 positive residents, based on the PDPM reimbursement system (subject to coding requirements footnoted herein).

Sincerely,



Patti Killingsworth, Assistant Commissioner
Chief of Long-Term Services and Supports
Division of TennCare

C: Stephen Smith, Director, Division of TennCare
Dr. Morgan McDonald, MD FAAP FACP, TDH Deputy Commissioner for Population Health