

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance



Office of the Senior Deputy Director and Medicaid Director

Transmittal #23-40

TO: All Nursing Facility Providers

FROM: Eugene Simms
Interim Medicaid Director

DATE: August 31, 2023

SUBJECT: Implementation of the Optional State Assessment (OSA)

Purpose

This transmittal provides notice and informs all Nursing Facility Providers that the Department of Health Care Finance (DHCF) will require the concurrent/simultaneous completion of the Optional State Assessment (OSA) as part of all (Omnibus Budget Reconciliation Act) (OBRA) assessments, effective October 1, 2023.

This change is being made to enable DHCF to: (1) continue the current reimbursement methodology beyond October 1, 2023. The current methodology uses the Resource Utilization Group (RUG) case mix scores to determine reimbursement rates; and (2) conform with the payment model changes and critical Minimum Data Set MDS elements required by the Centers for Medicare and Medicaid Services (CMS).

Background

As part of its ongoing implementation of the Patient-Driven Payment Model (PDPM), CMS is ending its support of RUGs on all federally required OBRA assessments for patients residing in nursing facilities as of October 1, 2023. However, for states that wish to continue to use RUGs after October 1, 2023, CMS has created the opportunity to obtain RUGs by implementing the OSA. The OSA is a tool to gather the needed assessment data, thus allowing states to calculate RUG scores and reimbursement amounts for the services provided by the nursing facilities. Further, CMS has indicated that the OSA will be in place and supported until October 1, 2025, when it will no longer exist. The District is in the process of updating the DC Care Connect to have the capability of determining acuity levels in place of RUGs and the OSA.

Against this background, the District has elected to continue with RUGs, hence the requirement for nursing facility providers to complete the OSA and obtain RUG scores for reimbursement. Therefore, nursing facility providers are encouraged to contact their MDS software vendor immediately to ensure their facility software can submit OSA data to the Internet Quality Improvement & Evaluation System (IQIES).

Implementation Guidance

While no additional system, operational, or reimbursement changes are anticipated by DHCF, DHCF is providing guidance and responses to a few questions that have been raised concerning the OSA implementation. Frequently asked questions are outlined below:

When and how often will the OSA need to be completed?

Effective October 1, 2023, the OSA must be completed alongside every federal OBRA assessment that is conducted either at the time of admission, readmission, quarterly, annually, significant changes in the status of the beneficiary, and significant correction to prior comprehensive or quarterly assessment.

Is the OSA required for all residents?

Yes, mainly to ensure that DHCF has:

- Payer RUG acuity information to allocate costs appropriately among payers; and
- An assessment for residents who enter a nursing facility under coverage other than Medicaid. For residents who entered the nursing facility under other coverage, whether Medicare or private pay, there is no automatic reassessment when they flow into Medicaid coverage.

Will the OSA assessment impact reimbursements?

There will be no direct impact on provider reimbursement as a result of OSA implementation. For reimbursement or payment purposes, the prior RUG values from assessments completed before October 1, 2023, will be in place and used for reimbursement until the next scheduled assessment is due. OBRA assessments completed after October 1, 2023, must be accompanied by an OSA to avoid delay, suspension, denial, or recoupment of reimbursements of claims. (If the provider does not submit the OSA timely with the OBRA assessment, DHCF reserves the right to pay subsequent claims at the administrative rate.)

What is the time gap allowed between the OSA and OBRA assessment?

The OSA and the OBRA assessments should be completed concurrently or simultaneously. The nursing facility software vendor can provide more information about the functionality of their systems to perform the assessments.

Where can I obtain the OSA assessment documents?

Information about the OSA and documents are available at

<https://www.cms.gov/files/zip/final-osa-manualitem-setchange-historyoctober12023.zip>

Contact

If you have any questions, please contact Samuel Woldeghiorgis, Associate Director, Office of Rates, Reimbursement and Financial Analysis, Department of Health Care Finance, at 441 4th Street, Suite 900S, Washington, DC 20001, via email samuel.woldeghiorgis@dc.gov or via telephone at (202) 442-9240.

Cc: DC Behavioral Health Association
DC Coalition of Disability Service Providers
DC Health Care Association
DC Home Health Association
DC Hospital Association
DC Primary Care Association
Medical Society of the District of Columbia