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To: New Jersey Hospitals
From: New Jersey Department of Health (DOH)
CC: New Jersey Department of Human Services (DHS)
Subject: FY 2021 QIP-NJ “Bridge” Payment
Date: October 15, 2020

This memo is intended to provide an update regarding the QIP-NJ “Bridge” payment submitted to CMS in lieu of starting the Quality Improvement Program-New Jersey (QIP-NJ) on July 1, 2020 in response to the COVID-19 pandemic.

QIP-NJ Background and History

To support continued population health improvement across New Jersey following the conclusion of the Delivery System Reform Incentive Payment (DSRIP) program on June 30, 2020, the State had planned to implement a program promoting the health of NJ’s Medicaid population through performance-based payments focused specifically on improvements for the maternal health population and the behavioral health populations. QIP-NJ was proposed to run for five years, from July 1, 2020 through June 30, 2025, pending CMS approval.

However, New Jersey, like many other states across the country, has been managing the critical response to the COVID-19 public health crisis. The impact this virus has had on the health system has been deep and far ranging, and as such, the State delayed the implementation of QIP-NJ by one year to July 1, 2021 and extended the end date of the program to June 30, 2026. In the interim year, New Jersey has been approved by CMS to administer a time-limited directed payment to support the financial stability of acute care hospitals.

QIP-NJ “Bridge” Payment

The interim time-limited directed payment, known as the QIP “Bridge” payment, was submitted via a Section 438.6(c) Preprint by DOH and DHS earlier this summer. The payment received CMS approval on September 17, 2020, and this memo serves to provide more details related to this payment arrangement.

In compliance with 438.6(c)(2)(i)(A), New Jersey will require each of the state’s Medicaid Managed Care Organizations (MMCOs) to issue a per diem add-on payment to hospital inpatient claims across several proposed classes of providers. Funding will be available to the following 5 classes using a Uniform Dollar Increase:

Class	% of Total Funding Available*
1. State Public Hospital	6.4%
2. County Public Hospital	6.7%

3. Private Acute Care Hospitals in top quartile for Relative Medicaid Percentage (RMP)	36.7%
4. Private Acute Care Hospitals in second highest quartile for RMP	21.9%
5. Private Acute Care Hospitals in lowest two quartiles for RMP	28.3%

*Please note that funding is subject to federal reimbursement.

In the interest of ensuring hospitals receive payment at the earliest possible date, the State proposed two utilization periods for the add on payment: (P1: July 1, 2020 – September 30, 2020; P2: October 1, 2020 – March 31, 2021). At the conclusion of each utilization period, the state will determine the per diem dollar add on for each class of provider by dividing the funds in the pool for that class by the number of Medicaid managed care hospital inpatient days within that class of providers.

Payments to providers will be calculated using the below formula:

$$\text{Hospital Payment (by MCO)} = \left(\frac{Ma}{\sum xMx} \times F \right) \times \frac{Ca}{Ma}$$

F = Total Funding available to that class of providers

Ma = A hospital's Medicaid Managed Care inpatient days for the utilization period

Ca = A hospital's Medicaid Managed Care inpatient days for the utilization period, paid by the MCO

x = Set of all hospitals in a class

The State has proposed two semi-annual payments (P1: 03/2021, P2: 9/2021) made by the state's MCOs to each hospital. MCOs would receive 50% of the total amount available for distribution for each pool at the close of each utilization period. Funds originally programmed for QIP-NJ for July 2020-June 2021 (SFY2021) will be used as the source of funding for this investment.

Please see Figure 1 below for an estimated timeline of the QIP-NJ "Bridge" payment.

Figure 1. QIP-NJ "Bridge" Payment Timeline

Calendar Year:	2020						2021								
Month:	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9
Preprint Submission:	X														
Utilization Period:	Utilization Period 1			Utilization Period 2											
Claims Runout:				Claims Runout 1						Claims Runout 2					
Calculation:							Calculation Period 1						Calculation Period 2		
Payment:									Payment Period 1					Payment Period 2	

If you have any questions regarding the proposed QIP-NJ "Bridge" payment, please email QIP-NJ@pcgus.com.