



State of New Jersey
DEPARTMENT OF HEALTH

PO BOX 360
TRENTON, N.J. 08625-0360

www.nj.gov/health

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

JUDITH M. PERSICILLI, RN, BSN, MA
Commissioner

May 20, 2021

Dear New Jersey Hospital,

The Department of Health (DOH) is pleased to announce that on May 20, 2021, the Centers for Medicare and Medicaid Services (CMS) approved the state directed payment authority for the first year of the Quality Improvement Program – New Jersey (QIP-NJ), which runs from July 1, 2021 through December 31, 2021. Please note that DOH envisions QIP-NJ to be a multiyear program and, as a result, is actively working with CMS to secure necessary approvals for additional years.

QIP-NJ BH & Maternal Health Performance-Based Section 438.6(c) Preprints

DOH, in partnership with the Department of Human Services (DHS), submitted two Section 438.6(c) Preprints for QIP-NJ – one for maternal health and another for behavioral health (BH). The preprints describe the model for QIP-NJ as a pay-for-performance (P4P) program which will support hospitals' quality improvement strategies to better support the maternal health and BH systems of care and quality of services provided in New Jersey. Payments described under these preprints are driven by hospitals' achievement of performance targets on state-selected quality measures that demonstrate improvements in access to and connections to care for BH services and reductions in maternal morbidity. Hospitals will earn payment based on performance achievement on a suite of BH and maternal health measures each measurement year (MY) described in the [QIP-NJ Measure Specifications & Submission Guidelines \(Databook\) v1.0](#).

Each year, the State will determine the proportions of the total State investment that will be available to participating hospitals under each preprint. Funding within the BH incentive pool will be allocated proportionally to hospitals based on the volume of Medicaid Managed Care (MMC) individuals with BH diagnoses attributed to each hospital during the MY. Funding within the designated maternal health incentive pool will be allocated proportionally based on the volume of individuals enrolled in MMC who delivered in each hospital during the MY. The actual award to each hospital will be based on the hospital's performance on the State-selected quality measures, calculated at the close of the MY.

Performance will be measured for each hospital utilizing Medicaid Management Information System (MMIS) claims data, medical record review, and/or chart-based measures. If a hospital fails to submit the necessary data to calculate performance on non-claims-based measures, the hospital will forfeit its opportunity to earn any funding under this authority. Annual targets will be set for the hospital using a "Gap-to-Goal" methodology. Hospitals achieving their performance targets will receive funding through the Medicaid Managed Care Organization(s) (MMCO(s) with whom their attributed individuals are enrolled.

Hospitals meeting or exceeding their individual target may be eligible to receive additional funding from the pool of undistributed funds generated by hospitals that did not meet required performance targets.

DOH will assign the undistributed funds across the measures for that population of focus. Hospitals meeting or exceeding their individual target on that measure will receive a share of the unearned funds allocated to that measure, based on their share of attribution for the BH or maternal health population.

Targeted MY1 Bridge Payment Section 438.6(c) Preprint

In addition to the QIP-NJ BH and Maternal Health Performance-Based Section 438.6(c) Preprints, DOH also submitted a targeted MY1 Bridge Payment 438.6(c) Preprint, for the period of July 1, 2021 through December 31, 2021. DOH is directing this one-time payment arrangement to help ensure that hospitals with a high Relative Medicaid Percentage (RMP) have funding for continued response and recovery resulting from the COVID-19 pandemic, as well as to promote better access to care for MMC individuals in light of the COVID-19 pandemic. DOH will ensure routine monitoring of access to care as required under Sections 438.66, 438.206, and 438.207.

Under this authority, DOH, in partnership with DHS, will require each of the state's MMCOs to issue a per diem add-on payment to all hospital inpatient claims across three classes of providers: (1) State Public Hospitals, (2) County Public Hospitals, and (3) Private Acute Care Hospitals in top quartile for Relative Medicaid Percentage (RMP). The total dollars to be distributed across a class of providers will be a set amount, as approved by CMS and through the state budget process, but because total utilization cannot be known until the close of the period, the exact dollar increase per bed day will be calculated after the close of the period. The state is requiring the MMCOs to make the specified per diem uniform increase per provider class for inpatient bed days during the utilization period of July 1, 2021 through December 31, 2021.

At the end of the QIP-NJ Measurement Year 1, hospital performance on program quality measures will be reviewed to ascertain whether the supplement is still required.

If you have any questions regarding QIP-NJ, or the Preprints submitted to CMS, please visit the [QIP-NJ Website](#) or email QIP-NJ@pcgus.com.

Thank you,
QIP-NJ Team