

HMM, CPAs LLP

AUDIT | TAX | CONSULTING

To: Administrators / Controllers / Owners
From: Joseph Martello, CPA
HMM, CPAs LLP
RE: Updates – Universal Settlement and CMS Five Star Ratings

Universal Settlement:

All facilities should have received notification from their associations or attorneys regarding universal settlement. Based on the online response form completed in early January, 97% of responding facilities/owners voted to participate in the universal settlement program. The next steps for participating facilities are:

- Completion of a State prepared settlement agreement and release by all current and former facility owners
- Identification of appeals and litigation believed to be excluded under the terms of the universal settlement agreement
- CMS approval of the Universal Settlement payment via a State Plan Amendment.

If you have any questions regarding the universal settlement process, please let us know.

CMS Five Star Ratings:

CMS announced several changes to the Five-Star Ratings, including:

- Staffing component: If RN and Direct Care Staffing have 3 Star Ratings, the overall staffing rating will now be 3 Stars as well. Previously, a facility could have 3 Star Rating for RN and Direct Care Staffing but a 4 Star Overall Staffing Component Rating.
- Quality Component: Added 2 new quality measures to the rating methodology: Short-Stay use of antipsychotics and Long-Stay use of Antipsychotics.
- Overall Five-Star Rating: No changes in methodology but changes in Staffing and Quality Components will affect the Overall Rating.

As a reminder, the CMS Five-Star Rating for Staffing as of April 1, 2014 is a component of the 2014 Nursing Home Quality Initiative's Staffing Measures. Also, the CMS Five Star Quality Rating as of April 1, 2014 for Health inspections is a component of the 2014 Nursing Home Quality Initiative's Compliance Measures.