

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
1301 Young Street, Room 833  
Dallas, Texas 75202



## **Division of Survey and Certification, Region VI**

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May 21, 2007

Mr. Derek Jakovich, JD, MBA, MHA  
Manager, Patient Quality Care Unit  
Health Care Quality Section,  
Regulatory Division  
Texas Department of State Health Services  
1100 W. 49<sup>th</sup> Street  
Austin, Texas 78756

Dear Mr. Jakovich:

This letter confirms our conversations about prioritization of initial Medicare certification surveys based on instructions in the fiscal year (FY) 2007 Centers for Medicare & Medicaid Services (CMS) Survey and Certification Mission and Priority Document (M+P). The M+P document includes a description of the four tier system (Tier I – Tier IV) CMS utilizes to define the frequency and priority for surveying all provider/suppliers types within a fiscal year. The four tiers are listed in order of priority, with Tier I being those surveys that are statutorily mandated.

Tier I surveys specifically deal with the amount of months that should lapse between surveys for nursing home, home health agency and ICF/MR providers. Tier I also includes validation surveys performed for at least 1% of the state's accredited hospitals and the Nursing Home Oversight & Improvement Program (NHOIP). Tier II includes all complaint investigations and the surveying of a 10% targeted sample of end stage renal disease (ESRD) centers and a 5% sample of all remaining providers/suppliers which have been identified by CMS as providers/suppliers most at risk of providing poor quality care. Tier III includes any additional surveys performed based on state judgment regarding the providers/suppliers that are most at risk of quality problems.

The M+P document sets initial surveys for all provider/supplier types (and additional surveys done beyond Tiers II and III) as a Tier IV priority; with the exception of suppliers of end stage renal disease (ESRD) services. Thus, initial surveys for all provider/supplier types must not be done with Federal funding unless all higher tier work will be accomplished in accordance with regulatory and statutory timeframes within the fiscal year.

The M+P document also requires States to prioritize among Tier IV items and provides a variety of factors in setting those priorities. Specifically it states:

“Such factors may include unprecedented state growth in specific provider type applicants without commensurate need, corroborated concerns in the state related to the Medicare or Medicaid program integrity, or unsustainable management or oversight of survey and certification activities in the state.”

The CMS Regional Office expects the state survey agency to fully abide by this prioritization requirement and use the M+P document instructions to set priorities for scheduling and processing currently pending and future initial Medicare certification surveys for all provider/supplier types. These instructions apply to Medicare certification surveys and do not prohibit the State from conducting licensure only surveys.

If you have any questions, please contact Judy Purdy at (214) 767-6345.

Sincerely,

Molly Crawshaw  
Associate Regional Administrator  
Division of Survey Certification