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State Name: Pennsylvania

State Plan Amendment (SPA) #12-020

This file contains the following documents in the order listed:

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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services (CMCS)

Mr. Gary D. Alexander, Secretary
Commonwealth of Pennsylvania
Department of Public Welfare/Department of Aging
Office of Long Term Living
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1919

NOV 23 2012

RE: State Plan Amendment 12-020

Dear Mr. Alexander:

We have reviewed the proposed amendment to Attachment 4.19-D to the Pennsylvania State plan submitted under transmittal number (TN) 12-020. This amendment modifies the State's methods and standards for setting public nursing facility (NF) payment rates. Specifically, this amendment continues the use of a budget adjustment factor in setting rates for the 2012-2013 rate year.

We conducted our review of your submittal according to the statutory requirements at Sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1902(a)(30) of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving Pennsylvania State plan amendment 12-020 effective date of July 1, 2012. The approved HCFA-179 and the amended state plan pages are enclosed.

If you have any questions, please call Gary Knight on (304) 347-5723.

Sincerely,

Cindy Mann
Director, CMCS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 12-020	2. STATE Pennsylvania
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE July 1, 2012	
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.250		7. FEDERAL BUDGET IMPACT: a. FFY 2012 \$0 b. FFY 2013 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: 4.19D Part I, Page 8ad 4.19D Part I, Supplement III, Pages 5 and 6		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): 4.19D Part I, Page 8ad	
10. SUBJECT OF AMENDMENT: Budget Adjustment Factor for Nonpublic Nursing Facilities for Rate Year 2012-2013.			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Review and approval authority has been delegated to the Secretary of Public Welfare	
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:	
13. TYPED NAME: Gary D. Alexander		Commonwealth of Pennsylvania Department of Public Welfare/Department of Aging Office of Long-Term Living 555 Walnut Street Forum Place, 5 th Floor Harrisburg, Pennsylvania 17101-1919	
14. TITLE: Secretary of Public Welfare			
15. DATE SUBMITTED: SEP 11 2012			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: NOV 23 2012	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL -1 2012		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: Penny Thompson		22. TITLE: Deputy Director, CMCS	
23. REMARKS:			

(gg) For rate setting year 2011-2012 and 2012-2013, the Department will apply a budget adjustment factor to county and non-public nursing facility payment rates for medical assistance nursing facility services. The budget adjustment factor shall limit payment rates for medical assistance nursing facility services for county and non-public nursing facilities so that the Statewide day-weighted average payment rate is limited to the amount permitted by the funds appropriated by the General Appropriations Acts. For the rate setting year 2011-2012, the quarterly budget adjustment factor for non-public nursing facilities will be calculated as specified in Supplement III. For the rate setting year 2012-2013, the base budget adjustment factor for non-public nursing facilities will be calculated as specified in Supplement III. The base budget adjustment factor for the rate setting year may be adjusted for the April – June 2013 calendar quarter and an April BAF computed and applied to nursing facility payment rates for that quarter as specified in Supplement III.

(i) A non-public nursing facility's case-mix per diem rate for an MA resident day will be the sum of the nursing facility's three net operating components and its capital rate component, multiplied by the budget adjustment factor. The non-public nursing facility's payment rate is recalculated on a quarterly basis.

(ii) Rates for new non-public nursing facilities, reorganized facilities and nursing facilities that experience a change of ownership during the rate year are set as specified in § 1187.97 (relating to rates for new nursing facilities, nursing facilities with a change of ownership, reorganized nursing facilities and former prospective payment nursing facilities) of the state regulations, and the sum of the three net operating and capital rate components for any of these facilities, is then multiplied by the same adjustment factor.

For FY2012-2013, the Department will calculate the BAF for nonpublic nursing facilities as set forth below.

Nonpublic Nursing Facilities' BAF Determination.

Base BAF Formula - Prior to establishing the July rate for the rate year, the Department will use the following formula to determine the base BAF:

Target rate divided by the acuity-adjusted weighted average rate equals the base BAF.

If the base BAF as calculated is greater than 1.0, the base BAF will equal 1.0.

April BAF Formula- Prior to establishing the April rate for the rate year, the Department will use the following formula to determine the April BAF:

The weighted average April rate will be compared to the April target rate. If the difference between the weighted average April rate and the April target rate is \$.50 or more, the formula for the April BAF will be the April target rate divided by the weighted average April rate at 100% equals the April BAF. Otherwise, the April BAF is equal to the base BAF.

Terms Related to the BAF Determination.

The following words and terms, when used in the BAF determination; have the following meanings, unless the context clearly indicates otherwise:

Acuity-adjusted weighted average rate – The weighted average July rate at 100% adjusted by the acuity factor.

Acuity factor – The percentage of change from the July rate to the October, January and April rates representing the estimated quarterly change in payments for the nonpublic nursing facilities. (See 55 Pa.Code § 1187.95(b) (relating to general principles for rate and price setting)).

April BAF – The BAF applied to each nonpublic nursing facility's April rate.

April target rate – The rate year's statewide day-weighted average April rate needed to meet the rate year target rate.

Base BAF – The BAF applied to each nonpublic nursing facility's July, October and January rates. The base BAF for the 2012-2013 rate year is .84559.

Base days - The source of days for the day-weighted calculation used in determining the base rate, the weighted average April rate at 100% and the weighted average July rate at 100%. For FY 2012-2013, the base days are the sum of each nonpublic nursing facility's paid facility days, therapeutic leave days and 1/3 of the paid hospital bed reserve days from the PROMISE data file used to determine the June 30, 2011 disproportionate share payments .

Base rate - The base rate is the prior year's annual target rate. The base rate for the 2012-2013 BAF determination is \$190.85.

Target rate - The base rate multiplied by one plus the percentage rate of change permitted by the funds appropriated by the General Appropriations Act for the applicable rate year.

Weighted average April rate - The statewide day-weighted average of the nonpublic nursing facilities' April rates for the applicable rate year determined in accordance with 55 Pa.Code Chapter 1187 (relating to nursing facility services), calculated using base days and the base BAF.

Weighted average April rate at 100% - The statewide day-weighted average of the nonpublic nursing facilities' April rates for the applicable rate year determined in accordance with 55 Pa.Code Chapter 1187 (relating to nursing facility services), calculated using base days, prior to application of a BAF.

Weighted average July rate at 100% - The statewide day-weighted average of the nonpublic nursing facilities' July rates for the applicable rate year determined in accordance with 55 Pa.Code Chapter 1187 (relating to nursing facility services), calculated using base days prior to application of the base BAF.