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State/Territory Name: Pennsylvania

State Plan Amendment (SPA) #:PA-13-015

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Additional Companion letter
- 3) CMS 179 Form/Summary Form (with 179-like data)
- 4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
150 S. Independence Mall West
Suite 216, The Public Ledger Building
Philadelphia, Pennsylvania 19106-3499



Region III/Division of Medicaid and Children's Health Operations

SWIFT #081220134040

OCT 30 2013

Beverly Mackereth, Secretary
Department of Public Welfare
Room 333 Health & Welfare Building
P.O. Box 2675
Harrisburg, PA 17105-2675

Dear Secretary Mackereth:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of Pennsylvania's State Plan Amendment (SPA) 13-015, Hospice Care Services and Tobacco Cessation Counseling. This SPA is approved effective July 1, 2013.

Pennsylvania SPA 13-015 updates hospice services to reflect that hospice services are provided consistent with Section 2302 of the Affordable Care Act and provides that coverage for tobacco cessation counseling for pregnant women will be provided consistent with Section 4107 of the Affordable Care Act.

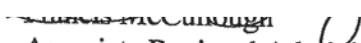
However, during the SPA review process, CMS performed an analysis of the reimbursement page and related coverage pages, and as a result, our analysis revealed compliance issues that will need to be addressed through a corrective action plan. Under separate cover, CMS will release a companion letter detailing those issues, and providing guidance on time frames for correction.

Enclosed, please find the signed CMS 179 form, and the approved SPA pages.

If you have any questions concerning this letter, please contact Mary McKeon at 215-861-4481.

Sincerely,

/s/


Associate Regional Administrator

Enclosures

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Philadelphia Regional Office
105 S. Independence Mall, West
Suite 216, The Public Ledger Building
Philadelphia, PA 19106-3499



REGION III/DIVISION OF MEDICAID AND CHILDREN'S HEALTH OPERATIONS

SWIFT #081220134040

OCT 30 2013

Beverly Mackereth, Secretary
Department of Public Welfare
Room 333 Health & Welfare Building
P.O. Box 2675
Harrisburg, PA 17105-2675

Dear Secretary Mackereth:

This letter is being sent as a companion to our approval of Pennsylvania's State Plan Amendment (SPA) 13-015, Hospice Care Services and Tobacco Cessation Counseling. While we are proceeding with approval of Pennsylvania SPA 13-015, this letter follows up on other matters that were not in compliance with current Federal regulation, so that we can work with you to resolve the issues.

Section 1902(a) of the Social Security Act (the Act) requires that States have a State Plan for medical assistance that meets certain Federal requirements that set out a framework for the State program. Implementing regulations at 42 CFR §430.10 requires that the State Plan be a comprehensive written statement describing the nature and scope of the State's Medicaid Program and that it contain all information necessary for the Centers for Medicare & Medicaid Services (CMS) to determine whether the State Plan can be approved to serve as the basis for Federal financial participation (FFP) in the State program. During our review of the SPA, CMS performed an analysis of the coverage and reimbursement pages related to this SPA, and found that additional clarification is necessary.

In reviewing the State Plan pages, CMS found companion page issues related to Hospice reimbursement which are outlined per Exhibit 1. Please revise the State Plan pages to include the required detailed information. Please respond to this letter within 90 days from your receipt of this letter with a corrective action plan describing how you will resolve the issues identified above. During the 90-day period, we are happy to provide any technical assistance that you need. State Plans that are not in compliance with requirements at 42 CFR §430.10 and 42 CFR §440.167 are grounds for initiating a formal compliance process.

Page 2 - Beverly Mackereth

If you have any questions regarding this letter, please contact Mary McKeon at 215-861-4181. We look forward to working with you on these issues.

Sincerely,

/s/

Associate Regional Administrator

Enclosures: Exhibit 1 and Exhibit 2

cc: De Earhart, CMS

COMPANION LETTER

Pennsylvania SPA 13-015 Hospice Care and Tobacco Cessation

EXHIBIT 1

Attachment 4.19-B, Page 5b, Section 21 Hospice Services:

The State Plan language indicates that hospice providers are paid based on rates established by the Centers for Medicare & Medicaid Services (CMS), formerly known as the Health Care Financing Administration. 42 CFR §430.10 and §447.252 require that the State Plan contain a comprehensive description of the rate methodologies for Medicaid services. Please identify through a State Plan amendment the unit of service and how the rate methodology was developed for Hospice services.

1. For payment periods prior to September 30, 2012, include the precise formula in the State Plan for how rates are set, assure that all providers are paid the same, and reference the published location of the rates. The rate-setting formula must refer to a recognized standard for rate-setting (such as the Medicare Resource Based Relative Value Scale) or a base rate (i.e. \$20 per 15 minute unit as of July 1, 2003) and an inflation factor (the exact percentage, or a nationally recognized factor) used to update rates on a regular basis (i.e. annually, on January 1). Most States' rates are adjusted based on a legislative appropriation, but that is not a comprehensive description of a payment methodology. If Pennsylvania pays 90% of the 2004 Medicare rates and updates the rates yearly by the Medical Care Component of the Consumer Price Index, then please include the language in the State Plan and add the required language regarding governmental and private providers being paid the same rate.
2. Or Pennsylvania may identify in the State Plan the "effective date" (see below) of a fee schedule. The language requires States to include the date that rates were initially set in the State Plan. States must submit plans to change the date as subsequent rate adjustments occur. The language also identifies the published location of the fee schedule. Most States adjust rates annually or quarterly, which would require that a State merely change the "effective" date for the fee schedules. For States that have multiple rate changes for a service in a quarter, we have developed language that considers all rate changes made within the quarter.

Effective Date Fee Schedule Language

"Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of (ex. case management for persons with chronic mental illness). The agency's fee schedule rate was set as of (insert date here) and is effective for services provided on or after that date. All rates are published (ex. on the agency's website)."

3. For payment periods after October 1, 2013, Medicaid hospice payment rates are calculated based on the annual hospice rates established under Medicare. States should establish rates no lower than the rates used under Medicare adjusted to disregard cost offsets attributable to Medicare coinsurance amounts. Please revise the hospice payment methodology language on

the existing 4.19-B, page 5b, #21 to reflect the Medicaid hospice payment rate. The Medicaid hospice payment rates for care and services provided from October 1, 2013 through September 30, 2014 are governed by the provisions of the CMS Letter regarding the Annual Change in Medicaid Hospice Rates dated August 30, 2013 which can be accessed at the following link <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Downloads/Medicaid-Hospice-Payment-Rates.pdf> and which is attached to the Companion Letter as Exhibit 2. Please clearly identify how Pennsylvania will pay providers beginning 2014 and each subsequent fiscal year for the reduction in the market basket update by 2% points for any hospice provider that does not comply with the quality data submission requirements. If Pennsylvania plans to reduce payment for the Medicaid hospice rates for providers that have not complied with the quality reporting requirements, the State Plan should clearly identify the two different rate tables using the given formula to determine the State's hospice rates for a local geographic region (i.e. Geographic Factor (from the Medicare wage index) x Wage Component Subject to Index + Non-Weighted Amount).

4. Physician Payments for Hospice Services: The State Plan indicates that payment "will be made in accordance with the State Agency Fee Schedule based on established criteria." Physician payments are described on Attachment 4.19-B, page 1 and 4b. Please cross reference this section to pages 1 and 4b.

EXHIBIT 2

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services
Financial Management Group (FMG)

August 30, 2013

TO: Associate Regional Administrators
Division of Medicaid

FROM: Kristin Fan
Acting Director

SUBJECT: Annual Change in Medicaid Hospice Payment Rates-ACTION

This memorandum contains the Medicaid hospice payment rates for Federal Fiscal Year (FY) 2014. Please inform your staff and all state agencies in your jurisdiction of these new payment rates, which are effective October 1, 2013. In turn, it is our expectation that the state agencies share the Medicaid hospice payment rates for FY 2014 with the hospice providers in their states.

The Medicaid hospice payment rates are calculated based on the annual hospice rates established under Medicare. These rates are authorized by section 1814(i)(1)(C)(ii) of the Social Security Act (the Act) which also provides for an annual increase in payment rates for hospice care services. Rates for hospice physician services are not increased under this provision.

There are some changes for FY 2014. First, this memorandum is being issued by the Medicaid Financial Management Group effective this year. New contact information is at the end of the memorandum. Second, hospice providers are now required to comply with section 3004 of the Affordable Care Act and the implementing regulation at 78 FR 48234 (August 7, 2013-CMS-1449-F). Section 3004 of the Affordable Care Act amended the Act to authorize a quality reporting program for hospices. Section 1814(i)(5)(A)(i) of the Act requires that beginning with FY 2014 and each subsequent FY, the Secretary shall reduce the market basket update by 2 percentage points for any hospice provider that does not comply with the quality data submission requirements. We note that the Medicaid minimum rates would be reduced by the amount of any penalty due to non-reporting.

Accordingly, we have included two tables of Medicaid hospice rates. Table 1 below indicates the Medicaid hospice rates for providers that have complied with the quality reporting requirements, and Table 2 indicates the Medicaid hospice rates for those providers that have not complied with the reporting requirements. To the extent that a hospice provider has not complied with the quality reporting requirements, Table 2 represents the minimum amount that the state may reimburse that hospice provider. However, state Medicaid agencies retain their flexibility to pay hospice providers more than the established minimum payment consistent with section 1902(a)(13)(B) of the Act.

The Medicaid hospice payment rates for care and services provided from October 1, 2013, through September 30, 2014, are as follows:

Table 1: Hospice Medicaid Payment Rates for Hospice Providers that Have Submitted the Required Quality Data

DESCRIPTION	DAILY RATE	WAGE COMPONENT SUBJECT TO INDEX	NON-WEIGHTED AMOUNT
Routine Home Care	\$156.26	\$107.37	\$48.89
Continuous Home Care	\$911.14 full rate=24hrs. of care/\$37.96 hourly rate	\$626.05	\$285.09
Inpatient Respite Care	\$169.92	\$91.98	\$77.94
General Inpatient Care	\$694.19	\$444.35	\$249.84

Table 2: Hospice Medicaid Payment Rates for Hospice Providers that Have NOT Submitted the Required Quality Data

DESCRIPTION	DAILY RATE	WAGE COMPONENT SUBJECT TO INDEX	NON-WEIGHTED AMOUNT
Routine Home Care	\$153.19	\$105.26	\$47.93
Continuous Home Care	\$893.22 full rate=24hrs. of care/\$37.22 hourly rate	\$613.73	\$279.49
Inpatient Respite Care	\$166.57	\$90.17	\$76.40
General Inpatient Care	\$680.54	\$435.61	\$244.93

In addition, section 1814(i)(2)(B) of the Act provides for an annual increase in the hospice cap amounts. The hospice cap runs from November 1st of each year through October 31st of the following year. The hospice cap amount for Medicare for the cap year ending October 31, 2013, is \$26,157.50. This cap is optional for the Medicaid hospice program. States choosing to implement this cap must specify its use in the Medicaid state plan.

You may find the FY 2014 wage index at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-payment/Hospice/index.html>. (Scroll down to "Downloads" section and click on FY 2014 Wage Index.) This new wage index, effective October 1, 2013, should be used by states to adjust the wage component of the daily hospice payment rates to reflect local geographical differences in the wage levels. The daily hospice rates specified above are base rates, which must be revised accordingly when the wage component is adjusted.¹

If you have any questions concerning this memorandum, please call Kathleen Walch at (410) 786-7970. This memorandum may be found on CMS' website at "2014 Medicaid Hospice Rates" at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Medicaid-Benefits.html>. (Click on "Medicaid" and then on "By-Topic".)

Sincerely,

/s/

Kristin Fan
Acting Director

¹ The formula to apply to determine the hospice rates for a local geographic region is: Geographic Factor (from the Medicare wage index) x Wage Component Subject to Index + Non-Weighted Amount.

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
13-015

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
~~March 23, 2010 (Hospice)~~ **JUL 01 2013**
~~October 1, 2010 (Tobacco Cessation Counseling for Pregnant
Women)~~

5. TYPE OF PLAN MATERIAL (Check One):

- NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
Section 2302 of the Affordable Care Act (ACA)
Section 4107 of the ACA

7. FEDERAL BUDGET IMPACT:
a. FFY 2012 \$0.00
b. FFY 2013 \$0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 3.1-A, Page 2.a
Attachment 3.1-A, Page 7
Attachment 3.1-B, Page 2.1
Attachment 3.1-B, Page 6

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 3.1-A, Page 7

Attachment 3.1B, Page 6

10. SUBJECT OF AMENDMENT:
Hospice care services and tobacco cessation counseling.

11. GOVERNOR'S REVIEW (Check One):
 GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

X OTHER, AS SPECIFIED: Review and
authority has been delegated to the
Department of Public Welfare

12. SIGNATURE OF STATE AGENCY OFFICIAL:

/s/

16. RETURN TO:
Commonwealth of Pennsylvania
Department of Public Welfare
Office of Medical Assistance Programs
Bureau of Policy, Budget and Planning
P.O. Box 8046
Harrisburg, Pa. 17105

13. TYPED NAME:
Beverly D. Mackereth

14. TITLE:
Secretary of Public Welfare

15. DATE SUBMITTED:
AUG -1 2013

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
August 1, 2013

18. DATE APPROVED:
OCT 30 2013

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
July 1, 2013

20. SIGNATURE OF REGIONAL OFFICIAL:

/s/

21. TYPED NAME:
Francis McCullough

22. TITLE:
Associate Regional Administrator DMCHC

23. REMARKS:

*Personal ink changes made to Section #4 Proposed Effective Date to reflect July 1, 2013
As confirmed by the State Director Robert J. Gardner via email on 10/24/2013.*

TOBACCO CESSATION COUNSELING SERVICES FOR PREGNANT WOMEN

4.d. Tobacco Cessation Counseling Services for Pregnant Women

1) Face-to-Face Counseling Services provided:

- (i) By or under supervision of a physician;
- (ii) By any other health care professional who is legally authorized to furnish such services under State law and who is authorized to provide Medicaid coverable services other than tobacco cessation services; or
- (iii) Any other health care professional legally authorized to provide tobacco cessation services under State law *and* who is specifically *designated* by the Secretary in regulations. (none are designated at this time)

2) Face-to-Face Tobacco Cessation Counseling Services for Pregnant Women

Provided: No limitations With limitations*

*Any benefit package that consists of less than four (4) counseling sessions per quit attempt, with a minimum of two (2) quit attempts per 12 month period should be explained below.

Please describe any limitations

TN# 13-015
Supersedes
TN# NEW

Approval Date: **OCT 30 2013**

Effective Date: ~~October 1, 2010~~ **JUL 01 2013**

State/Territory: Pennsylvania

AMOUNT, DURATION AND SCOPE OF MEDICAL
AND REMEDIAL CARE AND SERVICES PROVIDED
TO THE CATEGORICALLY NEEDY

-
15. a. Intermediate care facility services (other than such services in an institution for mental diseases) for persons determined in accordance with section 1902(a)(31)(A) of the Act, to be in need of such care.
- Provided No limitations With limitations*
- Not provided
- b. Including such services in a public institution (or distinct part thereof) for the mentally retarded or persons with related conditions.
- Provided No limitations With limitations*
- Not provided
16. Inpatient psychiatric facility services for individuals under 22 years of age.
- Provided No limitations With limitations*
- Not provided
17. Nurse-midwife services.
- Provided No limitations With limitations*
- Not provided
18. Hospice care (in accordance with Section 1905(o) of the Act).
- Provided No limitations Provided in accordance with section 2302 of the Affordable Care Act
- With limitations* Not provided

*Description provided on attachment

TN No. 13-015
Supersedes
TN No. 89-02

Approval Date: OCT 30 2013 Effective Date JUL 01 2013
~~March 23, 2010~~

TOBACCO CESSATION COUNSELING SERVICES FOR PREGNANT WOMEN

4.d. Tobacco Cessation Counseling Services for Pregnant Women

1) Face-to-Face Counseling Services provided:

- (i) By or under supervision of a physician;
- (ii) By any other health care professional who is legally authorized to furnish such services under State law and who is authorized to provide Medicaid coverable services other than tobacco cessation services; or
- (iii) Any other health care professional legally authorized to provide tobacco cessation services under State law *and* who is specifically *designated* by the Secretary in regulations. (none are designated at this time)

2) Face-to-Face Tobacco Cessation Counseling Services for Pregnant Women

Provided: No limitations With limitations*

*Any benefit package that consists of less than four (4) counseling sessions per quit attempt, with a minimum of two (2) quit attempts per 12 month period should be explained below.

Please describe any limitations

TN# 13-015
Supersedes
TN# NEW

Approval Date: **OCT 30 2013**

Effective Date: **JUL 01 2013**
~~October 1, 2010~~

State/Territory: Pennsylvania

AMOUNT, DURATION AND SCOPE OF MEDICAL
AND REMEDIAL CARE AND SERVICES PROVIDED
TO THE MEDICALLY NEEDY

-
- c. Intermediate care facility services.
/X/ Provided /X/ No limitations // With limitations*
15. a. Intermediate care facility services (other than such services in an institution for mental diseases) for persons determined in accordance with section 1902(a)(31)(A) of the Act, to be in need of such care.
/X/ Provided // No limitations /X/ With limitations*
- b. Including such services in a public institution (or distinct part thereof) for the mentally retarded or persons with related conditions.
/X/ Provided /X/ No limitations // With limitations*
16. Inpatient psychiatric facility services for individuals under 22 years of age.
/X/ Provided /X/ No limitations // With limitations*
17. Nurse-midwife services.
/X/ Provided // No limitations /X/ With limitations*
18. Hospice care (in accordance with Section 1905(o) of the Act).
/X/ Provided // No limitations /X / Provided in accordance with section 2302 of the Affordable Care Act

/X/ With limitations*

*Description provided on attachment

TN No. 13-015
Supersedes
TN No. 89-02

Approval Date OCT 30 2013

Effective Date JUL 01 2013
~~March 23, 2010~~