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State/Territory Name: Pennsylvania

State Plan Amendment (SPA) #: PA-14-0001

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) 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 #040120144010

DEC 12 2014

Beverly Mackereth, Secretary
Department of Human Services
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) 14-001, Hospice Payment Methodology. This SPA is approved effective January 1, 2014.

SPA PA-14-001 was submitted in response to a companion letter issued with SPA PA-13-015, Hospice Care Services and Tobacco Cessation. PA-14-001 sets forth the payment methodology for Hospice services.

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/

Francis McCullough
Associate Regional Administrator

Enclosures

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

1. TRANSMITTAL NUMBER:
14-001

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
January 1, 2014

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:

42 U.S.C. §1396a(a)(13)(B)

7. FEDERAL BUDGET IMPACT:

a. FFY \$0.00

b. FFY \$0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 419B, Page 5b.

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 419B, Page 5b.

10. SUBJECT OF AMENDMENT:

Hospice Payment Methodology

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

☒ OTHER, AS SPECIFIED:

Review and approval authority has
been delegated to the Department of
Public Welfare

12. SIGNATURE OF STATE AGENCY OFFICIAL:

/S/

13. TYPED NAME:

Beverly D. Mackareth

14. TITLE:

Secretary of Public Welfare

15. DATE SUBMITTED:

MAR 28 2014

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, Pennsylvania 17105

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

DEC 12 2014

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN 01 2014

20. SIGNATURE OF REGIONAL OFFICIAL:

/S/

21. TYPED NAME:

Francis McCullough

23. REMARKS:

Associate Regional Administrator

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER
TYPES OF CARE

19. Short Procedure Unit (SPU) (42 CFR 416.2)

Policy/Methods Used to Establish Payment Rates

See above Item 18.

20. Targeted Case Management Services for Persons with AIDS or Symptomatic HIV (42 CFR 440.169(b))

Policy/Methods Used to Establish Payment Rates

See 4.19B page 10.

21. Hospice Services (42 CFR 418)

Policy/Methods Used to Establish Payment Rates

1. The agency fee schedule as developed by CMS Medicaid for Hospice Services is effective for services provided on or after the CMS publication date. The state-developed provider specific rates are the same for both governmental and private providers of hospice services within the same geographic factor from the Medicare wage index. For dates of service prior to or on September 30, 2013, the Department pays hospice providers for routine home care, continuous home care, inpatient respite care, and general inpatient care at rates established by CMS. The hospice provider specific rate payments are calculated as follows:

Routine Home Care Limited to one unit of service per day.
Geographic Factor from the Medicare wage index X Wage Component Subject to Index + Non-Weighted Amount

Continuous Home Care Limited to 24 hourly units of service per day.
Geographic Factor from the Medicare wage index X Wage Component Subject to Index + Non-Weighted Amount + 24

Inpatient Respite Care Limited to one unit of service per day.
Geographic Factor from the Medicare wage index X Wage Component Subject to Index + Non-Weighted Amount

General Inpatient Care Limited to one unit of service per day.
Geographic Factor from the Medicare wage index X Wage Component Subject to Index + Non-Weighted Amount

- A. In accordance with Section 3004 of the Affordable Care Act (ACA) and effective with dates of service on and after October 1, 2013, hospice providers are paid based on their compliance of submission of quality data to CMS on an annual basis. Hospice providers that comply with the quality data submission to CMS are paid a higher rate in accordance with Table 1 in the Centers for Medicaid and CHIP Services, Financial Management Group's Annual Change in Hospice Payment Rates letter, which may be viewed by accessing the following website link: <http://medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Downloads/Medicaid-Hospice-Payment-Rates.pdf>.
 - B. In accordance with Section 3004 of the ACA and effective with dates of service on and after October 1, 2013, hospice providers that do not comply with the quality data submission to CMS on an annual basis are paid the minimal amount the state may pay the hospice provider as calculated above and reflected by Table 2 in the Centers for Medicaid and CHIP Services, Financial Management Group's Annual Change in Hospice Payment Rates letter, which may be viewed by accessing the following website link: <http://medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Downloads/Medicaid-Hospice-Payment-Rates.pdf>. On an annual basis, the Department obtains the list of hospice providers who did not report the quality data from CMS.
2. Hospice providers are paid separately for direct care related to the beneficiary's terminal illness when provided by a hospice physician. Payment is made in accordance with the State Agency Fee Schedule based on established criteria. Physician payments are described on Attachment 4.19B, pages 1 and 4b.
 3. An additional room and board per diem amount will be paid to hospices in connection with routine home care and continuous home care furnished to beneficiaries who have elected hospice care and are residing in skilled or intermediate care facilities. The room and board rate is adjusted annually for each hospice provider using the following calculation:

Room and Board Limited to one unit of service per day.
Previous year's Rate X Forecasted market basket percentage increase.