

## **Table of Contents**

**State Name:** Pennsylvania

**State Plan Amendment (SPA)#:** 16-0034

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Two (2) SPA Pages



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**Financial Management Group**

NOV 08 2016

Mr. Theodore Dallas, Secretary  
Commonwealth of Pennsylvania  
Department of Human Services  
Office of Medical Assistance Programs  
PO Box 8046  
Harrisburg, PA 17105

RE: State Plan Amendment 16-0034

Dear Mr. Dallas:

We have reviewed the proposed amendment to Attachment 4.19-D of the Pennsylvania State plan submitted under transmittal number (TN) 16-0034. This amendment modifies the State's methods and standards for setting non-public nursing facility (NF) payment rates. Specifically, this amendment continues the use of a budget adjustment factor in setting rates for SFY 2017, 2018, and 2019.

We conducted our review of your submittal according to the statutory requirements at Sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving Pennsylvania State plan amendment 16-0034 with the effective date of July 1, 2016. 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,

/S/

Kristin Fan  
Director

Enclosures

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

1. TRANSMITTAL NUMBER:  
16-0034

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, 2016

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 CFR 447.250

7. FEDERAL BUDGET IMPACT:  
a. FFY 2016 \$0  
b. FFY 2017 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

4.19D Part I, Page 8ad  
4.19D Part I, Supplement III, Page 7

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

4.19D Part I, Page 8ad  
4.19D Part I, Supplement III, Page 7

10. SUBJECT OF AMENDMENT:

Extension of the Budget Adjustment Factor (BAF) for Rate Years 2016-2017, 2017-2018 and 2018-2019 and BAF Formula for Nonpublic  
Nursing Facilities for Rate Year 2016-2017

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 Secretary of Public Welfare

12. SIGNATURE OF STATE AGENCY OFFICIAL:

/S/

13. TYPED NAME:

Theodore Dallas

14. TITLE:

Secretary of Human Services

15. DATE SUBMITTED: SEP 27 2016

16. RETURN TO:

PA Department of Human Services  
Office of Long-Term Living/Forum Place 6<sup>th</sup> Fl.  
Attention: Bureau of Policy and Regulatory Management  
P.O. Box 8025  
Harrisburg, Pennsylvania 17105-8025

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED: NOV 08 2016

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JUL 01 2016

20. SIGNATURE OF REGIONAL OFFICIAL:

/S/

21. TYPED NAME:

Kristin Fan

22. TITLE:

Director, FMG

23. REMARKS:

(gg) For rate setting years 2011-2012, 2012-2013 through 2015-2016, and 2016-2017 through 2018-2019 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 rate setting years 2012-2013 through 2015-2016, and 2016-2017 the base budget adjustment factor for non-public nursing facilities will be calculated as specified in Supplement III. The base budget adjustment factor for rate setting years 2012-2013 through 2015-2016, and 2016-2017 may be adjusted for the April – June 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 FY 2013-2014 through 2015-2016 and 2016-2017 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 \$.25 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.