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State Name: Pennsylvania

State Plan Amendment (SPA)#: 16-0036

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Six (6) SPA Pages

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



Financial Management Group

NOV 08 2016

Mr. Theodore Dallas, Secretary
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
PO Box 2675
Harrisburg, PA 17110

RE: State Plan Amendment 16-0036

Dear Mr. Dallas:

We have completed our review of State Plan Amendment (SPA) 16-0036. This SPA modifies Attachment 4.19-D of Pennsylvania's Title XIX State Plan. Specifically, the amendment continues provisions for Medicaid day-one-incentive (MDOI) payments to county nursing facilities.

We conducted our review of this SPA according to the statutory requirements at sections 1902(a)(3), 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 16-0036 with an effective date of July 1, 2016. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, or require additional information, please call Gary Knight at (304) 347-5723.

Sincerely,

/S/

Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	
1. TRANSMITTAL NUMBER: 16-0036	2. STATE Pennsylvania
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE July 1, 2016	
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 2016 \$ b. FFY 2017 \$ 342,663,285
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19D, Part I, pages 9, 9a1, 12b, 12c, 12c1 Attachment 4.19D, Part Ia, pages 2b and 2c	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19D, Part I, pages 9, 12b
10. SUBJECT OF AMENDMENT: Continuation of nonpublic nursing facility supplemental payments for Fiscal Years (FYs) 2016-2017 through 2018-2019 and Medical Assistance Day One Incentive payments to county nursing facilities and funding levels for fiscal year 2016- 2017.	
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:	
12. SIGNATURE OF STATE AGENCY OFFICIAL: /S/	16. RETURN TO: PA Department of Human Services Office of Long-Term Living/Forum Place 6 th Fl. Attention: Bureau of Policy and Regulatory Management P.O. Box 8025 Harrisburg, Pennsylvania 17105-8025
13. TYPED NAME: Theodore Dallas	
14. TITLE: Secretary of Human Services	
15. DATE SUBMITTED: SEP 20 2016	
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, FMCo
23. REMARKS:	

A nursing facility shall hold, safeguard and account for residents' personal funds upon written authorization from the resident in accordance with all applicable provisions of state and federal law. The Department periodically audits residents' personal fund accounts.

E. Allowable Program Costs and Policies

Allowable costs are those costs which are necessary and reasonable for an efficiently and economically operated nursing facility to provide services to MA residents. Allowable costs are identified in and subject to limitations specified in Subchapter E (relating to Allowable Program Costs and Policies), Subchapter F (relating to Cost Reporting and Audit Requirement) and Subchapter H (relating to Payment conditions, Limitations and Adjustments) of 55 Pa. Code Chapter 1187, including the related party cost and prudent buyer principles set forth in Sections 1187.57 and 1187.60. Only the direct and indirect costs related to resident care are allowable. Any costs of materials or services covered by payments made directly to providers, other than nursing facility services under Medicaid and Medicare or other insurers and third parties, are not allowable.

All nursing facilities participating in the MA Program must allocate costs between nursing facility services and non-nursing facility services in accordance with the allocation bases established or approved by the Department.

The assessment applied to nursing facilities for fiscal years 2003-2004 through 2006-2007, and 2007-2008 through 2011-2012, and 2012-2013 through 2015-2016 is an allowable cost under the Medical Assistance Program. The Medical Assistance portion of this assessment cost will be reimbursed as an add-on to a nursing facility's per diem rate and will be paid in lump sum on a quarterly basis. The Department will determine the nursing facility's MA allowable assessment cost by dividing the facility's Quarterly Assessment Payment by the facility's total resident days in the applicable corresponding assessment quarter and then multiplying the result by the facility's MA days in the applicable corresponding assessment quarter.

The assessment applied to nursing facilities for fiscal years 2016-2017 through 2018-2019 is an allowable cost under the Medical Assistance Program. The Medical Assistance portion of this assessment cost will be reimbursed as an add-on to a nursing facility's per diem rate and will be paid in lump sum on a quarterly basis. A facility will not receive this add-on if they are located in a geographic zone where Community HealthChoices operates during the entire assessment quarter for which the reimbursement is being made. The Department will determine the nursing facility's MA allowable assessment cost by dividing the facility's Quarterly Installment Assessment Payment by the facility's total resident days in the applicable corresponding period used to calculate the annual assessment payment and then multiplying the result by the facility's MA days in the corresponding period used to calculate the annual assessment payment.

The Department of Health's annual health-care associated infection (HAI) surcharge on a nursing facility's licensing fee is an allowable cost under the MA Program. The MA portion of the HAI surcharge will be reimbursed as a pass-through payment and will be paid on an annual basis. A nursing facility's annual HAI pass-through payment will equal the annual HAI surcharge fee paid by the nursing facility, less any penalties assessed, as verified by the DOH, multiplied by the nursing facility's MA occupancy rate as reported on the nursing facility's cost report for the fiscal year in which the annual HAI surcharge is paid. The HAI pass-through payment will be made annually within 120 days after the submission of an acceptable cost report provided that payment will not be made before the later of 210 days from the close of the nursing facility fiscal year or the date on which the DOH received payment of the nursing facility's HAI surcharge fee.

b. For state fiscal years 2005 through 2009 (the transition period), subject to the availability of sufficient county, state and federal funds, the Department will make county supplementation payments to county nursing facilities in which MA days, as defined in 55 Pa.Code § 1187.2, account for at least 80% of the nursing facility's total resident days and the number of certified MA beds in the nursing facility is greater than 270 beds.

The Department will negotiate a total supplementation payment amount with eligible county nursing facilities. The county supplementation payments during the transition period will be based upon an executed intergovernmental transfer agreement and a subsequent transfer of funds. The total supplementation payment amount in each state fiscal year of the transition period will equal the annual amount set forth in Supplement II.

2. Nonpublic Nursing Facilities

The Department will pay quarterly supplemental payments to qualified nursing facilities for state fiscal years July 1, 2003 through June 30, 2007, July 1, 2007 through June 30, 2012, July 1, 2012 through June 30, 2016 and July 1, 2016 through June 30, 2019.

a. To qualify for a quarterly supplemental payment a nursing facility must:

- (i) Meet the definition of a nursing facility as defined in 55 Pa.Code § 1187.2.
- (ii) Have participated continuously in the MA Program during the entire corresponding assessment quarter.
- (iii) Have reported the information requested by the Department in the manner and time period specified by the Department for the corresponding assessment quarter.
- (iv) Be located in a geographic zone where Community HealthChoices does not operate during the entire corresponding assessment quarter.

b. A nursing facility that is no longer participating in the MA Program on the day on which the supplemental payment is being made will still be eligible to receive a supplemental payment so long as, in addition to meeting the criteria in paragraph a. above, the facility has paid the assessment amount due to the Department for the corresponding assessment quarter.

c. A nonpublic nursing facility that undergoes a change in ownership will still be eligible to receive a supplemental payment so long as it meets the criteria in paragraph a. above.

d. When a nonpublic nursing facility undergoes a change in ownership, the supplemental payment will be made to the legal entity of the nursing facility on the date the supplemental payment is processed by the Department.

e. For state fiscal year 2003-2004 the Department will determine a qualified nursing facility's supplemental payment by multiplying the facility's MA days as reported by the facility for the corresponding assessment quarter by \$10.66.

f-1. For state fiscal years July 1, 2004 through June 30, 2007, July 1, 2007 through June 30, 2012, and July 1, 2012 through June 30, 2016, a qualified nursing facility's supplemental payment will be determined as follows:

(i) The Department will estimate the amount available for supplemental payments by subtracting from the assessment revenue the amount necessary to maintain nursing facility payment rates and the amount necessary to reimburse MA allowable costs related to the assessment.

(ii) The available statewide supplemental revenue will then be divided by the most recent statewide MA days available to determine the supplemental per diem amount.

(iii) The supplemental per diem amount will then be multiplied by the qualified nursing facility's quarterly MA days as reported by the facility for the corresponding assessment quarter. The product of this calculation will be the qualified nursing facility's quarterly supplemental payment.

f-2. For state fiscal years July 1, 2016 through June 30, 2019 a qualified nursing facility's supplemental payment will be determined as follows:

(i) The Department will estimate the amount available for supplemental payments by subtracting from the assessment revenue the amount necessary to maintain nursing facility payment rates, the amount to be used for participating nursing facility providers in Community HealthChoices and the amount necessary to reimburse MA allowable costs related to the assessment for qualified nursing facilities.

(ii) The available statewide supplemental revenue will then be divided by the facilities' MA days in the corresponding period used to calculate the annual assessment payment for qualified nursing facilities to determine the supplemental per diem amount.

(iii) The supplemental per diem amount will then be multiplied by the qualified nursing facility's MA days in the corresponding period used to calculate the annual assessment payment and divided by 4. The product of this calculation will be the qualified nursing facility's quarterly supplemental payment.

g. The information furnished by each qualified nursing facility is subject to audit verification by the Department.

h. A nursing facility that is aggrieved by a determination of the Department as to the amount of the quarterly supplemental payment due to the nursing facility may file a request for review of the decision with the Bureau of Hearings and Appeals.

c. The MDOI payments for each quarter of the rate year will be paid in the first month of the following quarter.

TN 16-0036

Supersedes

TN NEW

Approval Date: NOV 08 2016 Effective Date: 07-01-16