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State/Territory Name: Pennsylvania

State Plan Amendment (SPA) #: PA-16-0039

This file contains the following documents in the order listed:

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 # 120620164050

June 29, 2017

Theodore Dallas
Secretary of Human Services
Department of Human Services
Room 333, Health & Welfare Building
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675

Dear Secretary Dallas:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of Pennsylvania's State Plan Amendment (SPA) Transmittal Number 16-0039, "Alternative Payment Methodology for Obstetrical Delivery Services by FQHCs in the Acute Care General Hospital Inpatient and FQHC Settings; MCO PPS Payments to FQHCs/RHCs." SPA PA-16-0039 implements alternative payment methodologies (APM) for delivery services provided by Federally Qualified Health Center (FQHC) personnel in the acute care general hospital inpatient setting, and the payment by managed care organizations (MCO) to FQHCs and Rural Health Clinics (RHC) of rates that are not less than the Department of Human Services' Fee-for-Service provider specific Prospective Payment System (PPS) rate to RHCs and/or FQHCs that participate in the MCO network.

This SPA is approved with an effective date of December 1, 2016. Enclosed are:

1. The CMS Summary Page (CMS-179 form); and
2. The approved State Plan pages for PA-16-0039.

If you have any questions concerning this SPA, please contact Mary McKeon at 215-861-4181.

Sincerely,

/s/

Francis T. McCullough
Associate Regional Administrator

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 16-0039

2. STATE: Pennsylvania

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)
Title XI X

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
December 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 Subpart C

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

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19B, Page 2bbbbb
Attachment 4.19B, Page 2c

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19B, Page 2bbbbb
Attachment 4.19B, Page 2c

10. SUBJECT OF AMENDMENT:
Alternative payment methodology for obstetrical delivery services by FQHCs in the acute care general hospital inpatient and FQHC settings; MCO PPS payments to FQHCs/RHCs.

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 Human Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:
/s/

13. TYPED NAME:
Theodore Dallas

14. TITLE:
Secretary of Human Services

15. DATE SUBMITTED: DEC 01 2016

16. RETURN TO:
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
Bureau of Policy, Analysis and Planning
P.O. Box 2675
Harrisburg, Pennsylvania 17110

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
December 2, 2016

18. DATE APPROVED:
June 29, 2017

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
December 1, 2016

20. SIGNATURE OF REGIONAL OFFICIAL:
/s/

21. TYPED NAME:
Francis McCullough

22. TITLE:
Associate Regional Administrator

23. REMARKS:

FORM HCFA-179 (07-92)

METHODS AND STANDARDS FOR ESTABLISHING PAYMENTS RATES-OTHER TYPES OF CARE

SERVICE	LIMITATIONS
8. Rural Health Clinic Services	Payment is made on the basis of an all-inclusive visit fee established by the Department. See page 2c for descriptions of the prospective payment system (PPS) and supplemental payments under managed care. Alternative Payment Methodology a) Managed Care Organizations (MCOs) Effective with dates of service on and after January 1, 2016, MCOs began paying rates that are not less than the Fee-for-Service (FFS) provider specific PPS rate to RHCs that participate in the MCO network. Beginning June 1, 2017, RHCs participating in MCO provider networks have the option to elect to receive payments from MCOs that are at least equal to their FFS provider specific PPS rate. If the RHC does not elect this option, the Department will make supplemental payments to RHCs that equal the difference between the payment under the PPS rate and the payment provided by the MCO.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENTS RATES-OTHER TYPES OF CARE

SERVICE	LIMITATIONS
8. Federally Qualified Health Center Services	For core services, payment is made on the basis of an all-inclusive visit fee established by the Department. Prospective Payment System (PPS) a. For the period January 1, 2001, through September 30, 2001, the Department will pay FQHCs/RHCs, on a per visit basis, 100% of the average of their audited reasonable costs related to the provision of Medicaid covered services during Fiscal Years 1999 and 2000, adjusted to account for any increase or decrease in the scope of such services furnished by the FQHC/RHC during that fiscal year. b. Beginning October 1, 2001, and for each fiscal year thereafter, the Department will pay FQHCs/RHCs, on a per visit basis, the amount paid for the preceding fiscal year, increased by the percentage increase in the Medicare Economic Index (MEI) applicable to primary care services for the current fiscal year, adjusted to take into account any increase or decrease in the scope of such services furnished by the FQHC/RHC during that fiscal year. c. For FQHCs/RHCs newly qualified after the fiscal year 2000, the Department will pay for the initial year, on a per visit basis, 100% of the reasonable costs related to provision of Medicaid-covered services of other centers/clinics located in the same or adjacent areas with similar caseloads. In the absence of such other centers/clinics, the Department will use the FQHC's/RHC's cost report to set the rate. For the next fiscal year, the Department will pay, on a per visit basis, the amount paid for the initial year, adjusted to reflect the actual audited reasonable costs of the FQHC/RHC, increased by the percentage increase in the MEI applicable to primary care services for the current fiscal year and adjusted to take into account any increase or decrease in the scope of such services furnished by the FQHC/RHC during that fiscal year. For subsequent fiscal years, the Department will use the payment methodology set forth in (b) above. Alternative Payment Methodologies (APMs) a. Managed Care Organizations (MCOs) Effective with dates of service on and after January 1, 2016, MCOs began paying rates that are not less than the Fee-for-Service (FFS) provider specific PPS rate to FQHCs that participate in the MCO network. Beginning June 1, 2017, FQHCs participating in MCO provider networks have the option to elect to receive payments from MCOs that are at least equal to their FFS provider specific PPS rate. If the FQHC does not elect this option, the Department will make supplemental payments to FQHCs that equal the difference between the payment under the PPS rate and the payment provided by the MCO. b. FQHC Delivery Services – Inpatient Hospital Effective with dates of service on and after December 1, 2016, the Department pays FQHCs that agree to this APM the practitioner's delivery fee from the MA Program Fee Schedule for a delivery performed by FQHC personnel in the acute care general hospital inpatient setting. The APM payment is a rate that is at least equal to the FQHC's provider specific PPS rate.