

## **Table of Contents**

**State Name:** Pennsylvania

**State Plan Amendment (SPA)#:** 19-0019

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Four (4) SPA Pages

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



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**Financial Management Group**

October 28, 2019

Ms. Teresa D. Miller, Secretary  
Commonwealth of Pennsylvania  
Department of Human Services  
Office of Medical Assistance Programs  
PO Box 2675  
Harrisburg, PA 17110

RE: State Plan Amendment 19-0019

Dear Ms. Miller:

We have completed our review of State Plan Amendment (SPA) 19-0019. This SPA modifies Attachment 4.19-D of Pennsylvania's Title XIX State Plan. Specifically, this SPA continues Medicaid Day One Incentive payments to county nursing facilities to improve cash flow and continues supplemental payments to qualifying private 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 state plan amendment 19-0019 effective July 1, 2019. We are enclosing the CMS-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

cc:  
Lisa Carroll  
Gary Knight



**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

19-0019

2. STATE

Pennsylvania

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

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2019

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 2019 \$ 0

b. FFY 2020 \$ 81,474,721

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19D, Part I, pages 9, 12b and 12c1  
Attachment 4.19D, Part Ia, page 2d

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Attachment 4.19D, Part I, pages 9, 12b and 12c1  
Attachment 4.19D, Part Ia, page 2d

10. SUBJECT OF AMENDMENT: Nonpublic nursing facility supplemental payments and county nursing facility Medical Assistance Day  
One Incentive payments and funding levels for fiscal year 2019-2020.

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:

12. SIGNATURE OF STATE AGENCY OFFICIAL

/S/

13. TYPED NAME

Teresa D. Miller

14. TITLE

Secretary of Human Services

15. DATE SUBMITTED

SEP 17 2019

16. RETURN TO

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

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED

18. DATE APPROVED

OCT 28 2019

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL

JUL 01 2019

20. SIGNATURE OF REGIONAL OFFICIAL

/S/

21. TYPED NAME

Kristin Fan

22. TITLE

Director, FMG

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 (FYs) 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 beginning FY 2016-2017 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 a 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 per diem 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.

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, July 1, 2016 through June 30, 2019, and for the period July 1, 2019 through December 31, 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.

(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.

f-3. For the period July 1, 2019 through December 31, 2019 the Department will determine a qualified nursing facility's supplemental payment by multiplying the facility's MA days in the corresponding period used to calculate the annual assessment payment by \$14.98. The product of this calculation will be divided by 4 to determine 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.



**B. Incentive Payments**

1. *County MA Day One Incentive payment for FYs 2017-2018, 2018-2019 and 2019-2020.* The Department will make quarterly MA Day One Incentive (MDOI) payments to each qualified county nursing facility as an incentive to preserve the critical safety network county nursing facilities provide to Medical Assistance eligible residents of Pennsylvania.

a. To qualify for a quarterly MDOI payment, the facility must be a county nursing facility both during the entire quarter for which the payment is being made and at the time the payment is made. A facility will not qualify for a quarterly payment if they are located in a geographic zone where Community Health Choices operates during the entire quarter for which the payment is being made.

b. The Department will calculate each qualified county nursing facility's quarterly MDOI payment based on the following formula:

- (i) The total funds allocated for the quarter will be divided by the total MA days for all qualified county nursing facilities to determine the quarterly MDOI per diem. The total MA days used for each county nursing facility will be the MA days identified on the most recent Provider Reimbursement and Operations Management Information System (PROMIS<sup>TM</sup>) data file used to determine the facility's eligibility for disproportionate share incentive payments. The state funds allocated for FYs 2017-2018, 2018-2019 and 2019-2020 are as follows:

<b>Fiscal Year</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
FY 2017-2018	\$2,849,659	\$2,849,659	\$2,153,882	\$2,153,882
FY 2018-2019	\$1,958,577	\$1,958,577	\$1,255,298	\$1,255,298
FY 2019-2020	\$1,073,065	\$1,073,065	\$0	\$0

TN 19-0019

Supersedes

TN 18-0025

OCT 28 2019

Approval Date: \_\_\_\_\_

Effective Date: 07-01-19