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State Name: Pennsylvania

State Plan Amendment (SPA)#: 17-0021

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



Financial Management Group

JAN 22 2018

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 17-0021

Dear Mr. Dallas:

We have completed our review of State Plan Amendment (SPA) 17-0021. This SPA modifies Attachment 4.19-D of Pennsylvania's Title XIX State Plan. Specifically, the amendment discontinues the incentive payment made to qualifying DSH facilities and the ventilator care and tracheostomy care supplemental payments to providers operating in a geographic area where Community HealthChoices is being implemented.

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 17-0021 effective January 1, 2018. 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**

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

1. TRANSMITTAL NUMBER:
17-0021

2. STATE
Pennsylvania

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

4. PROPOSED EFFECTIVE DATE
January 1, 2018

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 2017 \$0
b. FFY 2018 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19D, Part I, pages 11g, 12e1
Attachment 4.19D, Part Ia, pages 3, 5b1

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19D, Part I, pages 11g, 12e1
Attachment 4.19D, Part Ia, pages 3, 5b1

10. SUBJECT OF AMENDMENT: Changes to disproportionate share incentive payments and supplemental ventilator care and tracheostomy care payments to align with the implementation of Pennsylvania's new managed care program, Community HealthChoices (CHC).

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:

Acting Secretary of Human Services

15. DATE SUBMITTED:

DEC 20 2017

16. RETURN TO:

PA Department of Human Services
Office of Long-Term Living/Forum Place 6th 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:

JAN 22 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN 01 2018

20. SIGNATURE OF REGIONAL OFFICIAL:

/S/

21. TYPED NAME:

Kristen Fan

22. TITLE:

Director, FMC

23. REMARKS:

H. Disproportionate Share

1. A disproportionate share incentive payment will be made based on MA paid days of care times the per diem incentive to facilities that are not located in a geographic zone where Community HealthChoices operates at the time the payment should be made as described in (4) below. To qualify for the payment a facility must meet the following criteria for a 12-month facility cost reporting period.

a. The nursing facility shall have an annual overall occupancy rate of at least 90% of the total available bed days.

b. The nursing facility shall have an MA occupancy rate of at least 80%. The MA occupancy rate is calculated by dividing the MA days of care paid by the Department by the total actual days of care.

2. The disproportionate share incentive payments will be based on the following for year one of implementation:

	<u>Overall Occupancy</u>	<u>MA Occupancy (y)</u>	<u>Per Diem Incentive</u>
Group A	90%	$\geq 90\%$ y	\$2.50
Group B	90%	$88\% \leq y < 90\%$	\$1.70
Group C	90%	$86\% \leq y < 88\%$	\$1.00
Group D	90%	$84\% \leq y < 86\%$	\$0.60
Group E	90%	$82\% \leq y < 84\%$	\$0.30
Group F	90%	$80\% \leq y < 82\%$	\$0.20

3. For each year subsequent to year one of implementation, disproportionate share incentive payments as described in (2) above will be inflated forward using the most current available Healthcare Cost Review CMS Nursing Home without Capital Market Basket Index, total index level, to the end point of the rate setting year for which the payments are made.

4. These payments will be made annually within 120 days after the submission of an acceptable cost report provided that in no case will payment be made before 210 days of the close of the nursing facility fiscal year.

5. For year one of implementation only, facilities with a June 30 cost report year end will receive a disproportionate share payment based on the January 1 through June 30 time period.

3a. Supplemental Ventilator Care and Tracheostomy Care Payment for Nonpublic Nursing Facilities

(a) The Department will pay a supplemental ventilator care and tracheostomy care payment each calendar quarter, beginning July 1, 2014, to nursing facilities and effective January 1, 2018, to nursing facilities that are not located in a geographic zone where Community HealthChoices operates subject to the following:

(i) To qualify for the supplemental payment, the facility must first satisfy both of the following threshold criteria on the given Picture Date:

- a. the facility must have, at least, ten MA-recipient residents who receive necessary ventilator care or tracheostomy care; and
- b. the facility must have, at least, ten percent (10%) of their MA-recipient resident population receiving necessary ventilator care or tracheostomy care.

For example, a nursing facility with 120 MA-recipient residents must have at least 12 MA-recipient residents who require necessary ventilator care or tracheostomy care. Whereas, a facility with only 60 MA-recipient residents must have at least 10 MA-recipients who receive necessary ventilator care or tracheostomy care.

(ii) For purposes of subsection (a)(i), the percentage of the nursing facility's MA-recipient residents who receive necessary ventilator care or tracheostomy care will be calculated by dividing the total number of MA-recipient residents who receive necessary ventilator care or tracheostomy care by the total number of MA-recipient residents as described in subparagraph (iv), and the result will be rounded to two percentage decimal points. (For example, .0945 will be rounded to .09 (or 9%); .1262 will be rounded to .13 (or 13%)).

(iii) To qualify as a MA-recipient resident who receives necessary ventilator care or tracheostomy care, the resident shall be listed as an MA resident and have a positive response for the MDS item for ventilator use or tracheostomy care on the Federally-approved, PA-specific MDS assessment listed on the nursing facility's CMI Report for the given Picture Date.

(iv) The number of total MA-recipient residents is the number of MA-recipient residents listed on the nursing facility's CMI Report for the given Picture Date. MA-pending individuals or those individuals found to be MA eligible after the nursing facility submits a valid CMI report for the picture date as provided under § 1187.33(a)(5) (relating to resident data and picture date reporting requirements) shall not be included in the count and shall not result in an adjustment of the percent of ventilator dependent or tracheostomy care MA residents.

2. Disproportionate Share Incentive Payment

a. A disproportionate share incentive payment will be made based on MA paid days of care times the per diem incentive to county nursing facilities that are not located in a geographic zone where Community HealthChoices operates at the time the payment should be made as described in subsection (d). To qualify for the payment a facility must meet the following criteria for a 12-month facility cost reporting period.

(i) The county nursing facility shall have an annual overall occupancy rate of at least 90% of the total available bed days.

(ii) The county nursing facility shall have an MA occupancy rate of at least 80%. The MA occupancy rate is calculated by dividing the MA days of care paid by the Department by the total actual days of care.

b. The disproportionate share incentive payments will be based on the following:

	<u>Overall Occupancy</u>	<u>MA Occupancy (y)</u>	<u>Per Diem Incentive</u>
Group A	90%	$\geq 90\%$ y	\$3.32
Group B	90%	$88\% \leq y < 90\%$	\$2.25
Group C	90%	$86\% \leq y < 88\%$	\$1.34
Group D	90%	$84\% \leq y < 86\%$	\$0.81
Group E	90%	$82\% \leq y < 84\%$	\$0.41
Group F	90%	$80\% \leq y < 82\%$	\$0.29

c. The disproportionate share incentive payments as described in (b) above will be inflated forward using the first quarter issue CMS Nursing Home without Capital Market Basket Index, total index level, to the end point of the rate setting year for which the payments are made.

4a. Supplemental Ventilator Care and Tracheostomy Care Payment for County Nursing Facilities

(a) The Department will pay a supplemental ventilator care and tracheostomy care payment each calendar quarter, beginning July 1, 2014, to county nursing facilities and effective January 1, 2018, to county nursing facilities that are not located in a geographic zone where Community HealthChoices operates subject to the following:

(i) To qualify for the supplemental payment, the county nursing facility must first satisfy both of the following threshold criteria on the given Picture Date:

- a. the facility must have, at least, ten MA-recipient residents who receive necessary ventilator care or tracheostomy care; and
- b. the facility must have, at least, ten percent (10%) of their MA-recipient resident population receiving necessary ventilator care or tracheostomy care.

For example, a county nursing facility with 120 MA-recipient residents must have at least 12 MA-recipient residents who require necessary ventilator care or tracheostomy care. Whereas, a facility with only 60 MA-recipient residents must have at least 10 MA-recipients who receive necessary ventilator care or tracheostomy care.

(ii) For purposes of subsection (a)(i), the percentage of the county nursing facility's MA-recipient residents who receive necessary ventilator care or tracheostomy care will be calculated by dividing the total number of MA-recipient residents who receive necessary ventilator care or tracheostomy care by the total number of MA-recipient residents as described in subparagraph (iv), and the result will be rounded to two percentage decimal points. (For example, .0945 will be rounded to .09 (or 9%); .1262 will be rounded to .13 (or 13%)).

(iii) To qualify as a MA-recipient resident who receives necessary ventilator care or tracheostomy care, the resident shall be listed as an MA resident and have a positive response for the MDS item for ventilator use or tracheostomy care on the Federally-approved, PA-specific MDS assessment listed on the county nursing facility's CMI Report for the given Picture Date.

(iv) The number of total MA-recipient residents is the number of MA-recipient residents listed on the county nursing facility's CMI Report for the given Picture Date. MA-pending individuals or those individuals found to be MA eligible after the county nursing facility submits a valid CMI report for the picture date as provided under § 1187.33(a)(5) (relating to resident data and picture date reporting requirements) shall not be included in the count and shall not result in an adjustment of the percent of ventilator dependent or tracheostomy care MA residents.