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State/Territory Name: Pennsylvania

State Plan Amendment (SPA) #: PA-24-0001

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

June 14, 2024

Valerie A. Arkoosh, MD, MPH
Acting Secretary of Human Services
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
Bureau of Policy, Analysis, and Planning
P.O. Box 2675
Harrisburg, PA 17105-2675

RE: PA-24-0001

Dear Acting Secretary Arkoosh,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Pennsylvania state plan mendment (SPA) to Attachment 4.19B, 24-0001, which was submitted to CMS on March 18, 2024. This plan amendment updates the Alternative payment methodology to increase funding for FQHCs located in/operated by cities of the first class.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the State, we have approved the amendment with an effective date of April 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Lindsay Michael at lindsay.michael@cms.hhs.gov

Sincerely,

A black rectangular box redacting the signature of Todd McMillion.

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

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

1. TRANSMITTAL NUMBER

2 4 — 0 0 0 1

2. STATE

PA3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT

XIX



XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

March 31, 2024

5. FEDERAL STATUTE/REGULATION CITATION

42 U.S.C § 1396a(bb)(6)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024\$ 0b. FFY 2025\$ 21,469,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19B, page 2ca

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

Attachment 4.19B, page 2ca

9. SUBJECT OF AMENDMENT

Alternative payment methodology to increase funding for FQHCs located in/operated by cities of the first class.

10. 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:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

Valerie A. Arkoosh, MD, MPH

13. TITLE

Secretary of Human Services

14. DATE SUBMITTED

March 18, 2024

15. 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, PA 17105-2675

FOR CMS USE ONLY

16. DATE RECEIVED

3/18/24

17. DATE APPROVED

June 14, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

3/31/24

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Todd McMillion

21. TITLE OF APPROVING OFFICIAL

Director, DRR

22. REMARKS

6/13/24: State authorizes pen n ink change for effective date of 4/1/24.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE

Alternative Payment Methodologies for FQHCs

SERVICE	LIMITATIONS
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c. Public FQHCs Located in a City of the First Class

Effective with dates of service on and after April 1, 2019, through March 31, 2029, the Department pays FQHCs that are located in and operated by a city of the first class and agree to this APM, a Medical Assistance Encounter Rate (MAER) for medical services as determined by the Department as follows. State fiscal year 2016-2017 data is utilized unless otherwise noted. The MAER is determined by dividing the Medicaid portion of the FQHC's total medical costs applicable to FQHC services by the FQHC's number of Medicaid visits. The FQHC's medical costs applicable to FQHC services are identified in the FQHC's Medicaid cost report most recently reviewed and accepted by the Department. The Medicaid portion of costs is determined by applying the FQHC's Medicaid patient percentage to the FQHC's total medical costs applicable to FQHC services. The FQHC's Medicaid patient percentage is calculated as a patient-weighted average Medicaid patient percent for the combined FQHC and FQHC look-alike as identified in the Health Resources & Services Administration (HRSA) 2017 Health Center Profile. The number of Medicaid visits are identified in the Department's MMIS data. A city of the first class is a city with more than one million residents.

The MAER is a rate that is at least equal to the FQHC's provider-specific PPS rate on an encounter basis. For those FQHCs contracting with a Medicaid Managed Care Organization (MCO), the Department will determine whether each Medicaid MCO, at a minimum, reimbursed the FQHC at least 100% of the Medical Assistance Encounter Rate (MAER) on a quarterly basis. The Department will provide supplemental payments (wrap payments) to a FQHC in an amount equal to the difference between the MCO's payment and 100% of the MAER multiplied by the number of visits. The Department will make wrap payments on a quarterly basis.

Effective April 1, 2029, the FQHC's payment rate will revert to the PPS rate effective on March 31, 2019, as adjusted annually by the Medicare Economic Index.