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State/Territory Name: PA

State Plan Amendment (SPA) #: 25-0020

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850

Financial Management Group

November 13, 2025

Valerie A. Arkoosh, MD, MPH
Secretary of Human Services
Office of Long-Term Living/Forum Place 6th Fl
ATTN: Bureau of Policy Development and Communications Management
PO Box 8025
Harrisburg, Pennsylvania 17105-8025

RE: TN 25-0020

Dear Secretary of Human Services Arkoosh:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Pennsylvania state plan amendment (SPA) to Attachment 4.19-D PA 25-0020, which was submitted to CMS on August 25, 2025. This plan amendment updates Attachment 4.19D Part I Supplement I, to reflect recent changes made due to the Department's amendment of a data element in the Department's case-mix payment system for nursing facilities and county nursing facilities to utilize the Patient Driven Payment Model (PDPM) in place of the Resource Utilization Groups, Version III (RUG-III) classification system to set Medical Assistance payment rates for nursing facilities.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 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 August 2, 2025. 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 Kristina Mack at 617-565-1225 or via email at Kristina.Mack-Webb@cms.hhs.gov.

Sincerely,

[redacted]

Rory Howe
Director
Financial Management Group

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 25-0020

2. STATE: PA

3. 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
August 2, 2025

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447.250

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2025 $ 0
b. FFY 2026 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19D, Part I, Supplement I, pages 1, 3, 4, 9, 10, 15, 45, 46, 48, 49, 49a, 50, 52, 55 and 56

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19D, Part I, Supplement I, pages 1, 3, 4, 9, 10, 15, 45, 46, 48, 49, 50, 52, 55 and 56

9. SUBJECT OF AMENDMENT
Update to excerpts of Title 55 of the Pennsylvania Code, Chapter 1187 due to transition from RUG-III classification system to the PDPM.

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
[redacted]

12. TYPED NAME
Valerie A. Arkoosh, MD, MPH

13. TITLE
Secretary of Human Services

14. DATE SUBMITTED
August 22, 2025

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

FOR CMS USE ONLY

16. DATE RECEIVED
August 25, 2025

17. DATE APPROVED
November 13, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS

Instructions on Back

TITLE 55. HUMAN SERVICES
CHAPTER 1187. NURSING FACILITY SERVICES

SUBCHAPTER A. GENERAL PROVISIONS

SUBCHAPTER B. SCOPE OF BENEFITS

SUBCHAPTER C. NURSING FACILITY PARTICIPATION

SUBCHAPTER D. DATA REQUIREMENTS FOR NURSING FACILITY APPLICANTS AND RESIDENTS

SUBCHAPTER E. ALLOWABLE PROGRAM COSTS AND POLICIES

SUBCHAPTER F. COST REPORTING AND AUDIT REQUIREMENTS

SUBCHAPTER G. RATE SETTING

SUBCHAPTER H. PAYMENT CONDITIONS, LIMITATIONS AND ADJUSTMENTS

SUBCHAPTER I. ENFORCEMENT OF COMPLIANCE FOR NURSING FACILITIES WITH DEFICIENCIES.

SUBCHAPTER J. NURSING FACILITY RIGHT OF APPEAL

SUBCHAPTER K. EXCEPTIONAL PAYMENT FOR NURSING FACILITY SERVICES

Amortization - administrative costs - Costs not directly related to capital formation which are expended over a period greater than 1 year.

Amortization - capital costs - Preopening and ongoing costs directly related to capital formation and development which are expended over a period greater than 1 year. These costs include loan acquisition expenses as well as interest paid during the construction or preopening purchase period on a debt to acquire, build or carry real property.

Appraisal - A determination of the depreciated replacement cost of fixed or movable property, made by qualified personnel of an independent appraisal firm under contract with the Department.

Audited MA-11 cost reports - MA-11 cost reports that have been subjected to desk or field audit procedures by the Commonwealth and issued to providers.

Bed cost limitation - The fixed property cost limited by the amount identified in § 1187.112 (relating to cost per bed limitation adjustment).

Benefits, fringe - Nondiscriminatory employe benefits which are normally provided to nursing facility employes in conjunction with their employment status.

Benefits, nonstandard or nonuniform - Employe benefits provided to selected individuals, which are not provided to all nursing facility employes in conjunction with their employment status, or benefits which are not normally provided to employes.

Case-mix group - A patient classification system that aggregates nursing facility residents by clinical similarities and resource use.

CMI - Case-Mix Index - A number value score that describes the relative resource use for the average resident utilizing the PDPM nursing component classification methodology and associated weights based on the assessed needs of the resident.

CMI Report – A report generated by the Department from submitted resident assessment records and tracking forms and verified by a nursing facility each calendar quarter that identifies the total facility and MA CMI average for the picture date, the residents of the nursing facility on the picture date and the following for each identified resident:

(i) The resident’s payor status.

(ii) The resident’s PDPM nursing component case-mix group and CMI.

(iii) The resident assessment used to determine the resident’s PDPM nursing component case-mix group, PDPM CMI, the date and type of the assessment.

Classifiable data element - A data element on the Federally Approved Pennsylvania Specific Minimum Data Set (PA specific MDS) which is used for the classification of a resident into the PDPM nursing component case-mix group.

Cost centers - The four general categories of costs:

(i) Resident care costs.

(ii) Other resident related costs.

(iii) Administrative costs.

(iv) Capital costs.

County nursing facility -

(i) A long term care nursing facility that is:

(A) Licensed by the Department of Health.

(B) Enrolled in the MA program as a provider of nursing facility services.

(C) Controlled by the county institution district or by county government if no county institution district exists.

(ii) The term does not include intermediate care facilities for the mentally retarded controlled or totally funded by a county institution district or county government.

DME - Durable medical equipment -

(i) Movable property that:

(A) Can withstand repeated use.

(B) Is primarily and customarily used to serve a medical purpose.

(C) Generally is not useful to an individual in the absence of illness or injury.

(ii) Any item of DME is an item of movable property. There are two classes of DME:

NIS - Nursing Information System - The comprehensive automated database of nursing facility, resident and fiscal information needed to operate the Pennsylvania Case-Mix Payment System.

Net operating costs - The following cost centers:

(i) Resident care costs.

(ii) Other resident related costs.

(iii) Administrative costs.

New nursing facility - A newly constructed, licensed and certified nursing facility; or an existing nursing facility that has never participated in the MA Program or an existing nursing facility that has not participated in the MA Program during the past 2 years.

Nursing component - An element of PDPM used to determine a resident's acuity to assign a resident to a case-mix group.

Nursing facility -

(i) A long-term care nursing facility that is:

(A) Licensed by the Department of Health.

(B) Enrolled in the MA Program as a provider of nursing facility services.

(C) Owned by an individual, partnership, association or corporation and operated on a profit or nonprofit basis.

(ii) The term does not include intermediate care facilities for the mentally retarded, Federal or State-owned long-term care nursing facilities, Veteran's homes or county nursing facilities.

PDPM - patient driven payment model - A case-mix classification system for classifying nursing facility residents into payment groups based on their characteristics and clinical needs. The system includes five case-mix adjusted components: Physical Therapy, Occupational Therapy, Speech Language Pathology, Nursing, and Non-Therapy Ancillary.

Peer groups - Groupings of nursing facilities for payment purposes under the case-mix system.

Pennsylvania Case-Mix Payment System - The nursing facility payment system which combines the concepts of resident assessments and prospective payment.

Per diem rate - A comprehensive rate of payment to a nursing facility for covered services for a resident day.

Picture date - The first calendar day of the second month of each calendar quarter.

Preadmission screening and annual resident review - The preadmission screening process that identifies target residents regardless of their payment source; and the annual resident review process that reviews target residents to determine the continued need for nursing facility services and the need for specialized services.

Price - A derivative of the allowable costs of the net operating cost centers which has been adjusted by 117% for resident care costs; 112% for other resident related costs; and 104% for administrative costs.

Private pay rate - The nursing facility's usual and customary charges made to the general public for a semiprivate room inclusive of ancillary charges.

Private pay resident - An individual for whom payment for services is made with the individual's resources, private insurance or funds from liable third parties other than the MA Program.

RNAC - Registered Nurse Assessment Coordinator - An individual licensed as a registered nurse by the State Board of Nursing and employed by a nursing facility, and who is responsible for coordinating and certifying completion of the resident assessment.

Real estate tax cost - The cost of real estate taxes assessed against a nursing facility for a 12-month period, except that, if the nursing facility is contractually or otherwise required to make a payment in lieu of real estate taxes, that nursing facility's "cost of real estate taxes" is deemed to be the amount it is required to pay for a 12-month period.

Reappraisal - An appraisal of the fixed property of a nursing facility, made for the purpose of computing the fixed property component of that nursing facility's capital rate. A reappraisal will be based, in part, upon an onsite inspection of the nursing facility's fixed property conducted by qualified personnel of an independent appraisal firm under contract with the Department.

Rebasing - The process of updating cost data for subsequent rate years.

Related party - A person or entity that is associated or affiliated with or has control of or is controlled by the nursing facility or has an ownership or equity interest in the nursing facility. The term "control," as used in this definition, means the direct or indirect power to influence or direct the actions or policies of an organization, institution or person.

(i) A resident shall be included in the census of the nursing facility on the picture date if all of the following apply:

(A) The resident was admitted to the nursing facility prior to or on the picture date.

(B) The resident was not discharged with return not anticipated prior to or on the picture date.

(C) Any resident assessment is available for the resident from which data may be obtained to calculate the resident's CMI.

(ii) A resident who, on the picture date, is temporarily discharged from the nursing facility with a return anticipated shall be included in the census of the nursing facility on the picture date as a non-MA resident.

(iii) A resident who, on the picture date, is on therapeutic leave shall be included in the census of the nursing facility on the picture date as an MA resident if the conditions of § 1187.104(2) (relating to limitations on payment for reserved beds) are met on the picture date. If the conditions of § 1187.104(2) are not met, the resident shall be included in the census of the nursing facility as a non-MA resident.

(b) *Failure to comply with the submission of resident assessment data.*

(1) If a valid assessment is not received within the acceptable time frame for an individual resident, the resident will be assigned the lowest individual PDPM CMI value for the computation of the facility MA CMI and the highest PDPM CMI value for the computation of the total facility CMI.

(2) If an error on a classifiable data element on a resident assessment is not corrected by the nursing facility within the specified time frame, the assumed answer for purposes of CMI computations will be "no/not present."

(3) If a valid CMI report is not received in the time frame outlined in subsection (a)(5), the facility will be assigned the lowest individual PDPM CMI value for the computation of the facility MA CMI and the highest PDPM CMI value for the computation of the total facility CMI.

§ 1187.34. Requirements related to notices and payments pending resident appeals.

(a) The requirements relating to notices authorizing and discontinuing MA payments for nursing facility services are as follows:

(ii) *Movable property component*.

(A) When the nursing facility's most recent audited MA-11 cost report available in the NIS database for rate setting is for a cost report period beginning prior to January 1, 2001, the movable property component of a nursing facility's capital rate will be based upon the fair rental value of the nursing facility's major and minor movable property.

(B) When the nursing facility's most recent audited MA-11 cost report available in the NIS database for rate setting is for a cost report period beginning on or after January 1, 2001, the movable property component of a nursing facility's capital rate will be based upon the audited costs of the nursing facility's major movable property as set forth in the nursing facility's most recent audited MA-11 cost report available in the NIS database.

(iii) *Real estate tax cost component*. The real estate tax component of a nursing facility's capital rate will be based upon the nursing facility's actual audited real estate tax costs as set forth in the nursing facility's most recent audited MA-11 cost report available in the NIS database.

§ 1187.92. Resident classification system.

(a) The Department will use the PDPM nursing component to adjust payment for resident care services based on the case-mix classification of nursing facility residents.

(b) Each resident shall be included in the PDPM nursing component and assigned into the first case-mix group for which the resident meets the criteria. Each resident will qualify for only one case-mix group.

(c) Reserved.

(d) The Department will announce, by notice submitted for recommended publication in the *Pennsylvania Bulletin* and suggested codification in the *Pennsylvania Code* as Appendix D, the PDPM nursing component case-mix group and PDPM CMI scores.

(e) The PDPM CMI scores will remain in effect until a subsequent notice is published in the *Pennsylvania Bulletin.*

(f) Resident data for PDPM nursing component classification purposes shall be reported by each nursing facility under § 1187.33 (relating to resident data reporting requirements).

§ 1187.93. CMI calculations.

The Pennsylvania Case-Mix Payment System uses the following three CMI calculations:

(1) An individual resident's CMI shall be assigned to the resident according to the PDPM nursing component classification system.

(2) The facility MA CMI shall be the arithmetic mean of the individual CMIs for MA residents identified on the nursing facility's CMI report for the picture date. The facility MA CMI shall be used for rate determination under § 1187.96(a)(5) (relating to price and rate setting computations.) If there are no MA residents identified on the CMI report for a picture date, the Statewide average MA CMI shall be substituted for rate determination under § 1187.96(a)(5).

(3) The total facility CMI is the arithmetic mean of the individual resident CMIs for all residents, regardless of payor, identified on the nursing facility's CMI report for the picture date. The total facility CMI for the February 1 picture date shall be used for price and rate setting computations as specified in § 1187.96(a)(1)(i).

(4) Picture dates that are used for rate setting beginning April 1, 2026, and thereafter will be calculated based on the PDPM CMIs in Appendix D.

§ 1187.94. Peer grouping for price setting.

To set net operating prices under the case-mix payment system, the Department will classify the nursing facilities participating in the MA Program into 14 mutually exclusive groups as follows:

(1) Nursing facilities participating in the MA Program, except those nursing facilities that meet the definition of a special rehabilitation facility or hospital-based nursing facility, will be classified into 12 mutually exclusive groups based on MSA group classification and nursing facility certified bed complement.

(i) Effective for rate setting periods commencing July 1, 2004, the Department will use the MSA group classification published by the Federal Office of Management and Budget in the OMB Bulletin No. 99-04 (relating to revised definitions of Metropolitan Areas and guidance on uses of Metropolitan Area definitions), to classify each nursing facility into one of three MSA groups or one non-MSA group.

(ii) The Department will use the bed complement of the nursing facility on the final day of the reporting period of the most recent audited MA-11 used in the NIS database to classify nursing facilities into one of three bed complement groups.

(5) Paragraph (3) sunsets on the date that amendments are effective in Chapter 1163 (relating to inpatient hospital services), to allow for the inclusion of costs previously allocated to hospital-based nursing facilities. Subsequent to the effective date of the amendments to Chapter 1163, the Department will classify hospital-based nursing facilities in accordance with paragraph (1).

§ 1187.95. General principles for rate and price setting.

(a) Prices will be set prospectively on an annual basis during the second quarter of each calendar year and be in effect for the subsequent July 1 through June 30 period.

(1) Peer group prices will be established for resident care costs, other resident related costs and administrative costs.

(2) If a peer group has an even number of nursing facilities, the median peer group price determined will be the arithmetic mean of the costs of the two nursing facilities holding the middle position in the peer group array.

(3) If a nursing facility changes bed size or MSA group, the nursing facility will be reassigned from the peer group used for price setting to a peer group based on bed certification and MSA group as of April 1, for rate setting.

(4) The Department will announce, by notice submitted for recommended publication in the *Pennsylvania Bulletin* and suggested codification in the *Pennsylvania Code* as Appendix B, the peer group prices for each peer group.

(b) Rates will be set prospectively each quarter of the calendar year and will be in effect for 1 full quarter. Net operating rates will be based on peer group prices as limited by § 1187.107 (relating to limitations on resident care and other resident related cost centers). The nursing facility per diem rate will be computed as defined in § 1187.96(e) (relating to price- and rate-setting computations).

Resident care peer group prices will be adjusted for the MA CMI of the nursing facility each quarter and be effective on the first day of the following calendar quarter.

§ 1187.96. Price-setting and rate-setting computations.

(a) Using the NIS database in accordance with this subsection and § 1187.91 (relating to database), the Department will set prices for the resident care cost category.

(1) The Department will use each nursing facility's cost reports in the NIS database to make the following computations:

(i) The total resident care cost for each cost report will be divided by the total facility CMI from the available February 1 picture date closest to the midpoint of the cost report period to obtain case-mix neutral total resident care cost for the cost report year.

(ii) The case-mix neutral total resident care cost for each cost report will be divided by the total actual resident days for the cost report year to obtain the case-mix neutral resident care cost per diem for the cost report year.

(iii) The Department will calculate the 3-year arithmetic mean of the case-mix neutral resident care cost per diem for each nursing facility to obtain the average case-mix neutral resident care cost per diem of each nursing facility.

(2) The average case-mix neutral resident care cost per diem for each nursing facility will be arrayed within the respective peer groups, and a median determined for each peer group.

(3) Reserved.

(4) The median of each peer group will be multiplied by 1.17, and the resultant peer group price assigned to each nursing facility in the peer group.

(5) The price derived in paragraph (4) for each nursing facility will be limited by § 1187.107 (relating to limitations on resident care and other resident related cost centers) and the amount will be multiplied each quarter by the respective nursing facility MA CMI to determine the nursing facility resident care rate. The MA CMI picture date data used in the rate determination are as follows: July 1 rate - February 1 picture date; October 1 rate - May 1 picture date; January 1 rate - August 1 picture date; and April 1 rate - November 1 picture date.

(6) Except for a new nursing facility, the resident care rate used to establish the nursing facility case-mix per diem rate will be a blended rate for the following rate quarters:

(I) Rate quarter April 1, 2026, through June 30, 2026.

(II) Rate quarter July 1, 2026, through September 30, 2026.

(III) Rate quarter October 1, 2026, through December 31, 2026.

(6.1) The blended rates under paragraph (6) shall be determined as follows:

(I) For rate quarter April 1, 2026, through June 30, 2026, the nursing facility’s blended rate will equal 75% of the nursing facility’s RUG-III resident care rate plus 25% of the nursing facility’s PDPM resident care rate.

(II) For rate quarter July 1, 2026, through September 30, 2026, the nursing facility's blended rate will equal 50% of the nursing facility's RUG-III resident care rate plus 50% of the nursing facility's PDPM resident care rate.

(III) For rate quarter October 1, 2026, through December 31, 2026, the nursing facility's blended rate will equal 25% of the nursing facility's RUG-III resident care rate plus 75% of the nursing facility's PDPM resident care rate.

(IV) For the purposes of this paragraph, the following applies:

(A) The RUG-III resident care rate is the average of the October 1, 2025, through December 31, 2025, quarter rate and the January 1, 2026, through March 31, 2026, quarter rate.

(B) The Department will calculate a nursing facility's PDPM resident care rate under this paragraph in accordance with paragraphs (1) – (5). The CMI values the Department will use to determine each nursing facility's total facility CMI and facility MA CMI, computed in accordance with § 1187.93 (relating to CMI calculations), will be the PDPM nursing component case-mix group values as set forth in Appendix D. The resident assessment that will be used for each resident will be the most recent comprehensive resident assessment.

(7) Beginning with rate quarter January 1, 2027 through March 31, 2027, and thereafter, the Department will calculate each nursing facility's resident care rate in accordance with the PDPM. The CMI values used to determine each nursing facility's total facility CMI and facility MA CMI, computed in accordance with § 1187.93, will be the PDPM nursing component case-mix group values as set forth in Appendix D. The resident assessment that will be used for each resident will be the most recent classifiable resident assessment of any type.

(b) Using the NIS database in accordance with this subsection and § 1187.91, the Department will set prices for the other resident related cost category.

(1) The Department will use each nursing facility's cost reports in the NIS database to make the following computations:

(i) The total other resident related cost for each cost report will be divided by the total actual resident days for the cost report year to obtain the other resident related cost per diem for the cost report year.

(ii) The Department will calculate the 3-year arithmetic mean of the other resident related cost for each nursing facility to obtain the average other resident related cost per diem of each nursing facility.

(2) The average other resident related cost per diem for each nursing facility will be arrayed within the respective peer groups and a median determined for each peer group.

(3) Reserved.

(4) The median of each peer group will be multiplied by 1.12, and the resultant peer group price assigned to each nursing facility in the peer group. This price for each nursing facility will be limited by § 1187.107 to determine the nursing facility other resident related rate.

(c) Using the NIS database in accordance with this subsection and § 1187.91, the Department will set prices for the administrative cost category.

(1) The Department will use each nursing facility's cost reports in the NIS database to make the following computations:

(i) The total actual resident days for each cost report will be adjusted to a minimum 90% occupancy, if applicable, in accordance with § 1187.23 (relating to nursing facility incentives and adjustments).

(ii) The total allowable administrative cost for each cost report will be divided by the total actual resident days, adjusted to 90% occupancy, if applicable, to obtain the administrative cost per diem for the cost report year.

(iii) The Department will calculate the 3-year arithmetic mean of the administrative cost for each nursing facility to obtain the average administrative cost per diem of each nursing facility.

(2) The average administrative cost per diem for each nursing facility will be arrayed within the respective peer groups and a median determined for each peer group.

(3) Reserved.

(4) The median of each peer group will be multiplied by 1.04, and the resultant peer group price will be assigned to each nursing facility in the peer group to determine the nursing facility's administrative rate.

(3) The Department will determine the real estate tax cost component of each nursing facility's capital rate based on the audited actual real estate tax cost as set forth in the most recent audited MA-11 cost report available in the NIS database.

(e) The following applies to the computation of nursing facilities' per diem rates:

(1) The nursing facility per diem rate will be computed by adding the resident care rate, the other resident related rate, the administrative rate and the capital rate for the nursing facility.

(2) Reserved.

(3) Reserved.

(2) *Nursing facilities with a change of ownership and reorganized nursing facilities.*

(i) *New provider.* The new nursing facility provider will be paid exactly as the old nursing facility provider, except that, if a county nursing facility becomes a nursing facility between July 1, 2006 and June 30 2008, the per diem rate for the nursing facility will be computed in accordance with § 1187.96, using the data contained in the NIS database. Net operating and capital rates for the old nursing facility provider will be assigned to the new nursing facility provider.

(ii) *Transfer of data.* Resident assessment data will be transferred from the old nursing facility provider number to the new nursing facility provider number. The old nursing facility's MA CMI will be transferred to the new nursing facility provider.

(iii) *Movable property cost policies.*

(A) The acquisition costs of items acquired by the old nursing facility provider on or before the date of sale are costs of the old nursing facility provider, and not the new nursing facility provider.

(B) Regardless of the provisions of any contract of sale, the amount paid by the new nursing facility provider to acquire or obtain any rights to items in the possession of the old nursing facility provider is not an allowable cost.

(C) If the new nursing facility provider purchases an item from the old nursing facility provider, the cost of that item is not an allowable cost for cost reporting or rate setting purposes.

(D) If the new nursing facility provider rents or leases an item from the old nursing facility provider, the cost of renting or leasing that item is not an allowable cost for cost reporting or rate setting purposes.

(3) *Former prospective payment nursing facilities.* A nursing facility that received a prospective rate prior to the implementation of the case-mix payment system will be treated as a new nursing facility under paragraph (1) for the purpose of establishing a per diem rate.

§1187.98 Reserved.

Subchapter H.
PAYMENT CONDITIONS, LIMITATIONS AND ADJUSTMENTS

§ 1187.101. General payment policy.

(a) Payment for nursing facility services will be subject to the following conditions and limitations:

(1) This chapter and Chapter 1101 (relating to general provisions).

(2) Applicable State statutes.

(3) Applicable Federal statutes and regulations and the Commonwealth's approved State Plan.

(b) Payment will not be made for nursing facility services at the MA per diem rate if full payment is available from another public agency, another insurance or health program or the resident's resources.

(c) Payment will not be made in whole or in part for nursing facility services provided during a period in which the nursing facility's participation in the MA Program is terminated.

(d) Claims submitted for payment under the MA Program are subject to the utilization review procedures established in Chapter 1101. In addition, the Department will perform the reviews specified in this chapter for controlling the utilization of nursing facility services.