Table of Contents

State/Territory Name: PA

State Plan Amendment (SPA) #: 26-0021

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS 179 Form/Summary Form (with 179-like data)
3) Approved 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

November 19, 2026

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 26-0021

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 26-0021, which was submitted to CMS on September 29, 2026. This plan amendment relates to nonpublic nursing facility services to provide for the continue use of the budget adjustment factor (BAF) for nonpublic nursing facility payment rates for the 2026-2027 and 2027-2028 rate years.

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 July 1, 2026. 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: 26 — 0021

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
July 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447 .250

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ 0
b. FFY 2027 $ 27,623,317

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19D Part I, Page 8ad
Attachment 4.19D Part I, Supplement III, Page 9

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19D Part I, Page 8ad
Attachment 4.19D Part I, Supplement III, Page 9

9. SUBJECT OF AMENDMENT

Extension of the Budget Adjustment Factor (BAF) and BAF formula for Rate Years 2026-2027 through 2027-2028.

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 Arkoosh, MD, MPH

13. TITLE
Secretary of Human Services

14. DATE SUBMITTED
September 29, 2026

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

FOR CMS USE ONLY

16. DATE RECEIVED
September 29, 2026

17. DATE APPROVED
November 19, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2026

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

(gg) For rate setting years 2011-2012, 2012-2013 through 2015-2016, 2016-2017 through 2018-2019, 2019-2020 through 2021-2022, 2022-2023 through 2025-2026, and 2026-2027 through 2027-2028 the Department will apply a budget adjustment factor to county and non-public nursing facility payment rates for medical assistance nursing facility services. The budget adjustment factor shall limit payment rates for medical assistance nursing facility services for county and non-public nursing facilities so that the statewide day-weighted average payment rate is limited to the amount permitted by the funds appropriated from the Pennsylvania Legislature, except that the Department shall apply a BAF of not less than 0.86 to nonpublic nursing facility rates from January 1, 2027, through June 30, 2028. For the rate setting year 2011-2012, the quarterly budget adjustment factor for non-public nursing facilities will be calculated as specified in Supplement III. For rate setting years 2012-2013 through 2015-2016, and 2016-2017 the base budget adjustment factor for non-public nursing facilities will be calculated as specified in Supplement III. The base budget adjustment factor for rate setting years 2012-2013 through 2015-2016, and 2016-2017 may be adjusted for the April – June calendar quarter and an April BAF computed and applied to nursing facility payment rates for that quarter as specified in Supplement III. For the rate setting years 2017-2018 through 2027-2028 the quarterly budget adjustment factor for non-public nursing facilities will be calculated as specified in Supplement III.

(i) A non-public nursing facility's case-mix per diem rate for an MA resident day will be the sum of the nursing facility's three net operating components and its capital rate component, multiplied by the budget adjustment factor. The non-public nursing facility's payment rate is recalculated on a quarterly basis.

(ii) Rates for new non-public nursing facilities, reorganized facilities and nursing facilities that experience a change of ownership during the rate year are set as specified in § 1187.97 (relating to rates for new nursing facilities, nursing facilities with a change of ownership, reorganized nursing facilities and former prospective payment nursing facilities) of the state regulations, and the sum of the three net operating and capital rate components for any of these facilities, is then multiplied by the same adjustment factor.

For FYs 2017-2018 through 2027-2028, the Department intends to calculate the BAF for nonpublic nursing facilities as set forth below.

Nonpublic Nursing Facilities' BAF Determination

Quarterly BAF Formula - Prior to establishing the MA nonpublic nursing facility quarterly rates for the 2017-2018 through 2027-2028 rate years, the Department will use the following formula to determine the Quarterly BAF:

Annual target rate divided by the weighted average quarterly rate at 100% equals the Quarterly BAF.

If the Quarterly BAF as calculated is greater than 1.0, the Quarterly BAF will equal 1.0.

From January 1, 2027, through June 30, 2028, if the Quarterly BAF as calculated is less than 0.86, the Quarterly BAF will equal 0.86.

Terms Related to the BAF Determination

The following words and terms, when used in the 2017-2018 through 2027-2028 BAF determinations; have the following meaning, unless the context clearly indicates otherwise:

Annual target rate – The base rate multiplied by one plus the percentage rate of change permitted by the funds appropriated from the Pennsylvania Legislature for the applicable rate year.

Base days – The source of days for the day-weighted calculation used in determining the base rate and the weighted-average quarterly rates at 100%. The base days are the sum of each nonpublic nursing facility's paid facility days, therapeutic leave days and 1/3 of the hospital bed reserve days for dates of service for the quarter beginning six months prior to the quarterly rate for which the BAF is being calculated.

Base rate – For FY 2019-2020, the base rate is the prior year's target rate in effect as of January 1, 2019. For FYs 2017-2018, 2018-2019, 2020-2021, 2021-2022, 2022-2023, 2023-2026, and 2026-2028, the base rate is the prior year's annual target rate.

Quarterly BAF – The BAF applied to each nonpublic nursing facility's quarterly rate, as calculated for the quarter.