

## **Table of Contents**

**State/Territory Name: PA**

**State Plan Amendment (SPA) #: 22-0023**

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 S3-14-28  
Baltimore, Maryland 21244-1850



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**Financial Management Group**

November 23, 2022

M. Snead  
Acting Secretary of Human Services  
PA Department of Human Services  
Attn: Bureau of Policy Development and Communications Management  
P.O. Box 8025  
Harrisburg, PA 17105-8025

Reference: TN 22-0023

Dear Acting Secretary of Human Services:

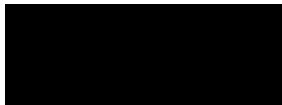
We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 22-0023. This amendment proposes the continued use of the budget adjustment factor (BAF) for nonpublic nursing facility payment rates for the 2022-2023 through 2025-2026 rate years.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

This is to inform you that Medicaid State plan amendment PA-22-0023 is approved effective July 1, 2022. The CMS-179 and the amended plan page(s) are attached.

If you have any additional questions or need further assistance, please contact Kristina Mack-Webb at 617-565-1225 or [Kristina.Mack-Webb@cms.hhs.gov](mailto:Kristina.Mack-Webb@cms.hhs.gov).

Sincerely,



Rory Howe  
Director

Enclosures

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

1. TRANSMITTAL NUMBER  
2 2 — 0 0 2 3

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, 2022

5. FEDERAL STATUTE/REGULATION CITATION  
42 CFR 447.250

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2022 \$ 0  
b. FFY 2023 \$ 0

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) for Rate Years 2022-2023 through 2025-2026 and BAF Formula for Nonpublic N

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 Signature]

12. TYPED NAME  
M. Snead

13. TITLE  
Acting Secretary of Human Services

14. DATE SUBMITTED  
September 12, 2022

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 16, 2022

17. DATE APPROVED  
November 23, 2022

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL  
Rory Howe

21. TITLE OF APPROVING OFFICIAL  
Director, Financial Management Group

22. REMARKS

11/14/22 - Pen and ink change to amounts in box 6a and 6b.

(gg) For rate setting years 2011-2012, 2012-2013 through 2015-2016, 2016-2017 through 2018-2019, 2019-2020 through 2021-2022, and 2022-2023 through 2025-2026, 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 by the General Appropriations Acts. 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 2025-2026 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 2022-2023, 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 2022-2023 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.

*Terms Related to the BAF Determination*

The following words and terms, when used in the 2017-2018 through 2022-2023 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 by the General Appropriations Act 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 and 2022-2023, 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.