

(gg) For rate setting year 2011-2012 and 2012-2013, 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.

(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 FY 2011-2012, 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 2011-2012 rate year, 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 2011-2012 BAF determination; 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 2011-2012 rate year. Based on this calculation the annual target rate for the 2011-2012 BAF determination equals \$190.85.

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 from the PROMISE data file used to determine disproportionate share payments preceding the rate year used to determine the base rate.

Base rate – For fiscal year 2011-2012, the projected statewide day-weighted average rate for fiscal year 2010-2011 based on the funds appropriated for fiscal year 2010-2011. The base rate for the 2011-2012 BAF determination is \$190.85.

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

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: COMMONWEALTH OF PENNSYLVANIA

ATTACHMENT 4.19D
PART I
Supplement III
Page 4

Weighted-average quarterly rate at 100% - The statewide day-weighted average of the nonpublic nursing facilities' quarterly rates, as applicable, determined in accordance with 55 Pa. Code Chapter 1187 (relating to nursing facility services), calculated using base days, prior to application of a BAF.

TN 11-015
Supersedes
TN NEW

Approval Date: NOV 21 2011

Effective Date: 07-01-11

OS Notification

State/Title/Plan Number: Pennsylvania 11-015
Type of Action: SPA Approval
Required Date for State Notification: December 28, 2011
Federal Fiscal Impact:
FY 2011 \$0
FY 2012 \$0

Number of Potential Newly Eligible People: 0
Eligibility Simplification: No
Provider Payment Increase: No
Delivery System Innovation: No
Number of People Losing Medicaid Eligibility: 0
Reduces Benefits: No

Detail

The Pennsylvania State plan applies a budget adjustment factor (BAF) to control the year-to-year rate of increase in the Statewide per diem rate. PA 11-015 continues the application of a budget adjustment factor (BAF) for day-weighted average rates paid for Medicaid resident days at non-public nursing facilities and updates the BAF for rate year 2011-2012 and 2012-2013. At the request of the nursing facilities, PA 11-015 proposes a transition to quarterly BAFs, rather than the previously used annual BAF. The reimbursement uses a Base BAF (not to exceed 1) calculated using the Target Rate divided by an acuity-adjusted weighted average rate. The budget adjustment factor for non-public NFs varies from quarter to quarter and will be set as follows for 2012 (Apr – Jun 2012 is not yet available):

Jul – Sep 2011	0.88598
Oct – Dec 2011	0.86825
Jan – Mar 2012	0.86829

This means for example, that the per diem rate (not including supplemental payments) for July 2011 will be 0.88598 of what it would have otherwise been if the factor had not been applied. The State plan includes roughly a \$10 add-on which isn't related to any specific costs and is not impacted by the budget factor.

The FFP impact is \$0. The non-Federal share is derived from appropriations, provider taxes, and tobacco funds. PA estimates the total cost of Medicaid plus supplemental payments and payment adjustments to be \$1.047 billion less than Medicare cost for non-public nursing facilities.

Public notice was provided in the Pennsylvania Bulletin on Saturday June 25, 2011. PA provided satisfactory answers to the standard funding questions. No Federally recognized tribes in PA, therefore no consultation necessary.

Other Considerations:

This plan amendment has not generated significant outside interest we are aware of, and we do not recommend the Secretary contact the governor.

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National Institutional Reimbursement Team