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**State Name:** Pennsylvania

**State Plan Amendment (SPA)#:** 19-0017

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



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**Financial Management Group**

October 28, 2019

Ms. Teresa D. Miller, Secretary  
Commonwealth of Pennsylvania  
Department of Human Services  
Office of Medical Assistance Programs  
PO Box 2675  
Harrisburg, PA 17110

RE: State Plan Amendment 19-0017

Dear Ms. Miller:

We have completed our review of State Plan Amendment (SPA) 19-0017. This SPA modifies Attachment 4.19-D of Pennsylvania's Title XIX State Plan. Specifically, this SPA continues the application of a budget adjustment factor (BAF) to the rates paid for Medicaid services at non-public nursing facilities.

We conducted our review of this SPA according to the statutory requirements at sections 1902(a)(3), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving state plan amendment 19-0017 effective July 1, 2019. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, or require additional information, please call Gary Knight at (304) 347-5723.

Sincerely,

/S/

Kristin Fan  
Director

cc:  
Lisa Carroll  
Gary Knight

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER 19-0017	2. STATE Pennsylvania
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
	4. PROPOSED EFFECTIVE DATE July 1, 2019	

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):  
 NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447.250	7. FEDERAL BUDGET IMPACT a. FFY 2019      \$ 0 b. FFY 2020      \$ 0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  Attachment 4.19D Part I, Page 8ad Attachment 4.19D Part I, Supplement III, Page 9	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  Attachment 4.19D Part I, Page 8ad Attachment 4.19D Part I, Supplement III, Page 9

10. SUBJECT OF AMENDMENT: Extension of the Budget Adjustment Factor (BAF) for Rate Years 2019-2020, 2020-2021 and 2021-2022 and BAF Formula for Nonpublic Nursing Facilities for Rate Year 2019-2020.

11. GOVERNOR'S REVIEW (Check One)  
 GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL <i>/S/</i>	16. RETURN TO PA Department of Human Services Office of Long-Term Living/Forum Place 6 <sup>th</sup> Fl. Attention: Bureau of Policy Development and Communications Management P.O. Box 8025 Harrisburg, Pennsylvania 17105-8025
13. TYPED NAME Teresa D. Miller	
14. TITLE Secretary of Human Services	
15. DATE SUBMITTED <b>SEP 17 2019</b>	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED	18. DATE APPROVED <b>OCT 28 2019</b>
<b>PLAN APPROVED – ONE COPY ATTACHED</b>	
19. EFFECTIVE DATE OF APPROVED MATERIAL <b>JUL 01 2019</b>	20. SIGNATURE OF REGIONAL OFFICIAL <i>/S/</i>
21. TYPED NAME <i>Kristin Fan</i>	22. TITLE <i>Director, FMG</i>

23. REMARKS



(gg) For rate setting years 2011-2012, 2012-2013 through 2015-2016, 2016-2017 through 2018-2019, and 2019-2020 through 2021-2022, 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 2018-2019, and 2019-2020 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.

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For FYs 2017-2018 through 2018-2019, and 2019-2020, 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 2018-2019, and 2019-2020 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 2018-2019, and 2019-2020 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 FYs 2017-2018 and 2018-2019, the base rate is the prior year's annual target rate. For FY 2019-2020, the base rate is the prior year's target rate in effect as of January 1, 2019.

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