

Community HealthChoices

Pennsylvania Minimum Payment Rates in CHC in 2023

Nonpublic Nursing Facility Overview



pennsylvania
DEPARTMENT OF HUMAN SERVICES

Overview

- Managed Care Payment General Rules
- Process Prior to January 2023 - Appendix 4 Access to Care
- CMS Requiring Transition of Payments for Nonpublic NFs*
 - State Directed Minimum Payment Rates
 - Methodology and Process
 - Example
 - CMS Approvals

**County NF Minimum Payment Rate information provided in a separate document.*

Managed Care Payment Changes

Medicaid Payments in Managed Care

Review of General Rules

- CHC became Pennsylvania's Medicaid managed care program for LTSS and has been operating statewide since 2020. Since implementation, payments to nursing facilities have been made through managed care in compliance with federal regulations and guidance.
- Federal regulations prohibit states from making supplemental payments for services provided through Managed Care, which were previously allowed in FFS.
- CMS must approve this payment methodology and MCOs must make the payment to NFs.
- **From January 2018 through December 2022, nursing facility assessment funds have supported the approved special payment provisions, known as the Nursing Facility Access to Care Payments (Appendix 4).**

Appendix 4 Payment Process

	Appendix 4 Access to Care
Purpose	Help ensure quality and access to NF services
Time Period	CYs 2018, 2019, 2020, 2021 and 2022
CMS Approval Required	CHC-MCO Agreements and rates, including Appendix 4
NF Payment Methodology	The MCOs and NFs negotiate NF-specific amounts
NF Payment Frequency	Monthly
NF Payment Process	Appendix 4 amounts are paid by MCOs separately from the normal base rate payments claims process
DHS Involvement	No involvement in NF-specific Appendix 4 payment amounts; CHC Agreement requires MCOs pay out Zone Level totals

CMS is now requiring Pennsylvania to transition Appendix 4 Nursing Facility Access to Care Payments to a new payment methodology effective with the CY 2023 Rates and Agreements

Phase Out of the NF Access to Care Program

Transition to State Directed Payment (SDP)

- CMS is required Pennsylvania to transition NF Access to Care (Appendix 4) Payments to a new “State Directed Payment” methodology by January of 2023. The new payment method must meet federal requirements under 42 CFR 438.6(c). Some of the key requirements include:
 - Must be tied to utilization and delivery of services under the managed care contract
 - State oversight to ensure additional payments are linked to specific service or benefit provided to specific participant
 - Must use the same methodology for each provider within a class of providers
 - Must advance at least one goal in the state’s managed care quality strategy

The SDP approved by CMS is a minimum per diem payment rate that consists of the FFS base rate including budgeted increase effective in 2023 PLUS the payments previously made through the Appendix 4 Access to Care

Comparison of Payment Change

	Appendix 4 Access to Care (Negotiated)	Minimum Payment Rate State Directed Payment (SDP)
Purpose	Help ensure quality and access to NF services	Help ensure quality and access to NF services
Time Period	CYs 2018, 2019, 2020, 2021 and 2022	Begins CY 2023
CMS Approval Required	CHC-MCO Agreements and rates, including Appendix 4	CHC-MCO Agreements and rates, SDP Preprint
NF Payment Methodology	The MCOs and NFs negotiate NF-specific amounts	Minimum Per Diem that consists of the FFS Rate PLUS Amounts prior Appendix 4 amounts converted to per diems
NF Payment Frequency	Monthly	NF's standard claims billing cycle
NF Payment Process	Appendix 4 amounts are paid by MCOs separately from the normal base rate payments claims process	Paid on covered CHC MA days as part of regular claims process
DHS Involvement	No involvement in NF-specific Appendix 4 payment amounts; CHC Agreement requires MCOs pay out Zone Level totals	Requires MCOs to reimburse for NF services in CHC at or above this minimum rate

State Directed Payment Example - Nonpublic

Nonpublic Nursing Facility State Directed Payment Rate 2023

- Methodology for Nonpublic Nursing Facility per diem minimum payment rate is the sum of:
 1. Approved State Plan rate per diem as determined in accordance with State Plan Attachment 4.19 D; **\$234.95, for example. Adjusted quarterly.**
 2. A Nonpublic NF uniform per diem of **\$24.13** per day;
 3. Nonpublic NF facility-specific Medicaid Allowable Assessment Cost Component per diem calculated by multiplying the NF's total cost of the assessment by the NF's Medicaid occupancy rate. The result is divided by the NF's CHC days; **\$25.00, for example**
- **Minimum per diem payment rate for this hypothetical Nonpublic NF is \$284.08**

This per diem rate will be the minimum the CHC-MCOs must pay for nursing facility services for CHC participants. Higher rates may be negotiated.

Example Calculation of Assessment-funded Access to Care Payments to Nonpublic NF

- Access to Care Portion of NF reimbursement will be included in the payment received from the CHC-MCO plans for covered services billed by NFs
- Nonpublic NF hypothetical Minimum Payment Rate: **\$284.08**
 - Rate Component 1: **\$234.95**
 - Rate Component 2: **24.13**
 - Rate Component 3: **25.00**

Total Rate: **\$284.08**

\$49.13
- Number of CHC MA Covered Inpatient Days billed by hypothetical Nonpublic NF for January 2023 services: **2,325**
 - Services will be billed according to normal monthly billing procedures
- Hypothetical Nonpublic NF Total Reimbursement Due for January 2023 CHC-MA Covered Inpatient Days:
\$284.08 * 2,325 = \$660,486 (Total Reimbursement)
- **Hypothetical Nonpublic NF Access to Care Portion of the Total Reimbursement Due for January 2023 CHC-MA Covered Inpatient Days: **\$49.13** * 2,235 = \$109,805.55 (Access to Care Reimbursement)**
 - **\$49.13** is the total of Rate Components 2 and 3 which are the Assessment-funded Access to Care components of the daily rate

CMS Approvals

- **CMS review and approval of the SDP minimum payment rates**
 - ***State Directed Payment Minimum Per Diem Rate from CHC MCOs for the period covering January – December 2023***
 - ✓ CMS approval received for CY 2023 SDP Preprint
 - ✓ CMS approval needed for CY 2023 CHC MCO Agreements and rates.
 - ✓ CHC MCOs are required to pay nursing facilities no less than minimum payment rate for services beginning Jan 1, 2023.
 - ✓ Rate Components 2 and 3 of the Fee Schedules differ between Nonpublic and County NFs.
 - ✓ Rate Components for the Nonpublic NFs use funding supported by supported by the NF assessment.
 - ✓ Rate Components for the County NFs use funding supported by the Intergovernmental Transfer (IGT) Program as well as the NF assessment.