

Background for Nonpublic Nursing Facilities

***Note: The following information only applies to Nonpublic Nursing Facility (NF) providers. Information related to County NF providers is available in the [Overview for County Nursing Facilities](#).**

As required by CMS, monthly Access to Care payments made to NF providers from the CHC-MCOs through the Appendix 4 process moved to a State Directed Payment (SDP) effective January 1, 2023. Under the SDP methodology, NF providers receive payments funded by the NF Assessment Program as part of the daily rate paid for NF services (See Rate Components 2 and 3 below). A fee schedule for the CHC Minimum Payment Rate (CHC-MPR) for Non-Public NF services has been developed and contains a provider-specific minimum daily rate which consists of 3 components outlined as follows:

- Rate Component 1*: Nonpublic NF Fee For Service (FFS) Per Diem
- Rate Component 2**: Nonpublic NF Uniform Per Diem
- Rate Component 3***: Medicaid Allowable NF Assessment Cost Per Diem

Educational Material

The following link is to recommended reading for Nonpublic providers containing detail about the SDP. [Overview for Nonpublic Nursing Facilities](#).

Frequently Asked Questions

The PA Department of Human Services (DHS) has compiled a list of FAQs related to the SDP and provided responses below.

Q: How is the Nonpublic Rate Component 2 determined?**

A: The Nonpublic NF Rate Component 2** is determined by dividing the aggregate funds available for the uniform component in the annual assessment model agreed upon by the NF associations by all Non-Public CHC NF days.

Q: How is Nonpublic Rate Component 3* for each provider calculated?**

A: Nonpublic Rate Component 3*** is determined by dividing the NF MA Allowable Cost of the assessment by the provider's CHC days.

Q: What is the data source used to obtain the provider's CHC days used in the calculations of Rate Components 2 and 3***?**

A: CY 2021 encounter data files transmitted to the Department by the CHC-MCOs.

Q: Why do my rate letters show only the FFS rates and not Rate Components 2 and 3?

A: Final rate letters mailed by the Department pertain to each facility's case mix FFS rates calculated in accordance with 55 Pa. Code §1187 (for nonpublic NFs) or 55 Pa. Code §1189 (for county NFs). Rate components 2 and 3 apply only in CHC to set a minimum for the per diem rates negotiated between the NFs and CHC MCOs for reimbursement under the managed care program. As a result, rate components 2 and 3 will not appear in the final rate letters.

Q: Will the NF's CHC-MPR be applied to the resident's patient pay, Medicare coinsurance calculation, and payment for hospital reserve bed days?

A: The CHC-MPR will be the NF provider's daily rate and should be used when calculating the amount due from the CHC-MCO, including Medicare Coinsurance days, Hospital Bed Hold days, and application of patient pay consistent with current calculations. The Department will develop a reporting process with the CHC MCOs to monitor the payments made related to components 2 and 3 of the new minimum rates.

Q: Are Rate Components 2 and 3*** to be paid for Medicare A full days (i.e., first 20 days of a Medicare benefit period)?**

A: No. There is no Medicaid payment made during this period; therefore, Rate Components 2** and 3*** are not applicable.

Q: Is a NF able to continue to negotiate payment rates with the CHC-MCO plans?

A: Providers may continue to work with the CHC-MCO plans to negotiate higher rates. The CHC-MPR is the *minimum* amount the CHC-MCO is required to pay the NF provider.

Q: How will Value Based Payment Arrangements between the CHC-MCOs and the NF providers be affected by the new payment methodology for the CHC-MPR?

A: NFs can negotiate a Value Based Payment Arrangement in accordance with the 2023 CHC agreement that provides an alternative payment for services that is at a payment rate equal to or greater than the facility-specific minimum payment rate. An incentive payment earned under the Nursing Facility Quality Incentive Program shall be in addition to the CHC-MPR.

Q: Is the 17.5% increase in funding as described in ACT 54 of 2022 included in the NF CHC-MPR?

A: Rate Component 1* of the NF provider's rate effective 1/1/23 includes the appropriated increase in funding of 17.5% to be used for increased direct resident care requirements and resident care and related costs in accordance with Act 54 of 2022.

Q: Will the CHC-MPR be adjusted quarterly?

A: Rate Component 1* of the nonpublic NF provider's rate will continue to follow the current process of adjusting quarterly based on the nonpublic NF provider's MA CMI. Rate Components 2** and 3*** will not be affected by the quarterly MA CMI adjustment and will be updated annually. Please note that consistent with the 55 Pa. Code § 1189 regulations, County NFs rates will not be adjusted quarterly unless the County NF negotiates an adjustment with the CHC-MCOs.

Q: When will Nonpublic NFs begin to receive payments made under the SDP methodology?

A: Payments under the SDP methodology will be effective with the payment for January 2023 services. Timely requirements related to billing and payments will not change with the new methodology.

Q: How will NFs receive payment for the new CHC-MPR rates?

A: MCOs will pay the CHC-MPR based on the number of billed days for CHC participants in the billing period. The payment will include Rate Components 1*, 2**, and 3*** and will be processed in the same manner as nursing facility claims paid in prior years. If a provider follows practices that result in delayed billing, payments to the providers will also be delayed. It will be important for providers to ensure claim submissions are timely and accurate to receive appropriate payments.

Q: Will the Department continue to provide the monthly payment summary for the Access to Care payments to the CHC-MCOs and the NF Associations?

A: A process to track and monitor Access to Care payments made to the providers through the SDP methodology is being developed. Additional information will be shared with the NF Associations and CHC-MCOs at a future date.

Q: How will the rate be impacted if a Nonpublic NF changes ownership?

A: A nonpublic NF provider who has a change in ownership will be paid in accordance with 55 Pa. Code § 1187.97 and the new owner will be paid the same CHC-MPR as the previous nonpublic NF provider.

Note: If a County NF has a change of ownership and becomes a nonpublic NF, a new rate will apply.