

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: **Revised January 19, 2024:** Nonpublic Rate Component 3*** is determined by dividing the NF MA Allowable Cost of the assessment by the provider's CHC days.

For example, the NF's CY 2024 MA Allowable Cost of the assessment was calculated using the FY 2023-24 assessment model prepared April 15, 2023. Nursing facility days of care reported as of April 5, 2023 into the resident day reporting (RDR) system for calendar year (CY) 2022 were used in this model to estimate assessment costs. The total annual assessment cost estimated for each NF was multiplied by the NF's Medicaid Occupancy Rate from the same time period to project the NF's MA Allowable Cost of the assessment for CY 2024. See Description of calculation steps below:

[A] NF's Total annual assessment cost = [NF's CY 2022 Non-Medicare days of care] x [NF's per diem assessment fee]

[B] NF's Medicaid Occupancy Rate = [NFs CY 2022 Total MA days of care] ÷ [NF's CY 2022 Total days of care], rounded to two decimals (nearest whole percent)

[C] NF's Medicaid Allowable Assessment Cost projection for 2024 = [A] x [B]

[D] NF's Rate Component 3 in CHC Minimum Payment Rate = [C] ÷ [NF's CY 2022 CHC MA Days from Encounter Data]

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: Revised January 19, 2024: CY 2021 encounter data files transmitted to the Department by the CHC-MCOs were used for CY2023 Rate Components 2** and 3***. This will be updated on an annual basis.

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: Revised January 19, 2024: 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.

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: Revised January 19, 2024: NFs can negotiate a Value Based Payment Arrangement in accordance with the effective 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: Revised January 19, 2024: When an increase in NF rates is included in the annual State budget, is that increase included in the NF CHC-MPR?

A: Under the currently approved CHC MPR methodology, any appropriated increases in funding will be included in the calculation of Rate Component 1*.

Q: Will the CHC-MPR be adjusted quarterly?

A: Revised January 19, 2024: 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. The April 1 rates will not be adjusted in the CHC-MPR for nonpublic NFs until final approvals are received for the next fiscal year FFS rates. At that time, CMC-MCOs will process claim adjustments back to July 1.

Note: the actual payment rates may differ for some facilities who have failed to file a timely cost report according to § 1187.80.

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: Revised January 19, 2024: A process to track and monitor Access to Care payment related data made to the providers through the SDP methodology has been developed. This data will be shared with the Associations periodically on a frequency agreed upon with the Associations and The Department.

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.

Q: Added January 19, 2024: Are there situations when a NFs Rate Component 2 and 3*** would be adjusted outside the CHC-MPR standard timeframes described in other FAQs?**

A: Yes this could include the following situations:

- A county to nonpublic change of ownership (CHOW)
- New Nursing Facilities
- A NF Assessment Fee Tier changes effective July 1

Note: Please contact OLTL at RA-NH_Assessments@pa.gov with provider-specific questions in these circumstances.