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State/Territory Name: Pennsylvania

State Plan Amendment (SPA) #: 26-0001

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Medicaid and CHIP Operations Group

April 8, 2026

Valerie A. Arkoosh, MD, MPH
Secretary, Department of Human Services
P.O. Box 2675
Harrisburg, PA 17105-2675

Re: Pennsylvania State Plan Amendment (SPA) – 26-0001

Dear Secretary Arkoosh:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 26-0001. This amendment updates the State Plan to connect Targeted Support Management to a 1915(b)(4) Selective Contracting Waiver. This includes changes to qualifications of providers to include a signed agreement which requires compliance with performance measures and changes to the payment rates from 15-minute units to monthly case rates and a flat rate for initial plan development.

We conducted our review of your submittal according to the statutory requirements in Title XIX of the Social Security Act and implementing regulations. This letter informs you that Pennsylvania's Medicaid SPA TN 26-0001 was approved on April 8, 2026, with an effective date of January 1, 2026.

Enclosed are copies of Form CMS-179 and approved SPA pages to be incorporated into the Pennsylvania State Plan.

If you have any questions, please contact Margaret Kosherzenko at (215) 861-4288 or via email at Margaret.Kosherzenko@cms.hhs.gov.

Sincerely,

Nicole M. Mcknight -S
Digitally signed by Nicole M. Mcknight -S
Date: 2026.04.08 16:58:58 -04'00'

Nicole McKnight
Acting Director, Division of Program Operations

Enclosures

cc: Eve Lickers

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 26 — 0001

2. STATE: PA

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
Sections 1905(a)(19) and 1915(g)(2) of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ 102,123
b. FFY 2027 $ 374,451

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Enclosure A to Attachment 3.1A/3.1B, Pages 3,4,5,6, 7
Attachment 4.19B, Pages 8, 8a

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Enclosure A to Attachment 3.1A/3.1B, Pages 3,4,5,6, 7,8
Attachment 4.19B, Page 8

9. SUBJECT OF AMENDMENT
Update the State Plan to connect Targeted Support Management to a 1915(b)(4) Selective Contracting Waiver. This includes changes to qualifications of providers to include a signed agreement which requires compliance with performance measures and changes to the payment rates from 15 minute units to monthly case rates and flat rate for initial plan development.

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

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Valerie A. Arkoosh, MD, MPH

13. TITLE
Secretary of Human Services

14. DATE SUBMITTED
08/25/2025

15. RETURN TO
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
Bureau of Policy, Analysis and Planning
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675

FOR CMS USE ONLY

16. DATE RECEIVED
08/25/2025

17. DATE APPROVED
04/08/2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
01/01/2026

19. SIGNATURE OF APPROVING OFFICIAL
Nicole M. Mcknight -S Digitally signed by Nicole M. Mcknight -S Date: 2026.04.08 16:59:30 -04'00'

20. TYPED NAME OF APPROVING OFFICIAL
Nicole McKnight

21. TITLE OF APPROVING OFFICIAL
Acting Director, Division of Program Operations

22. REMARKS

Instructions on Back

❖ Monitoring and follow-up activities:
- Activities and contacts that are necessary to ensure the individual plan is implemented and adequately addresses the eligible individual's needs, including ensuring the individual's health and safety, and which may be with the individual, family members, service providers, or other entities or individuals and conducted as frequently as necessary, and including at least one annual monitoring meeting, to determine whether the following conditions are met:
    - Services are being furnished in accordance with the individual plan;
    - Services in the individual plan are adequate; and
    - Changes in the needs or status of the individual are reflected in the individual plan. Monitoring and follow-up activities include making necessary adjustments in the individual plan and service arrangements with providers.

Face-to-face monitoring shall occur at least once a year that is separate from the annual service plan meeting. Monitoring shall occur more frequently as needed to ensure the individual's needs are met; as well as to maintain a continuing relationship between the individual, family members, and any providers responsible for services.

X Case management includes contacts with non-eligible individuals that are directly related to identifying the eligible individual's needs and care, for the purposes of helping the eligible individual access services; identifying needs and supports to assist the eligible individual in obtaining services; providing case managers with useful feedback; and alerting case managers to changes in the eligible individual's needs.
(42 CFR 440.169(e))

Qualifications of providers (42 CFR 441.18(a)(8)(v) and 42 CFR 441.18(b)):

Supports Coordination Organizations (SCOs) must meet the following standards during the initial and ongoing qualification process or whenever a new Executive Director is hired:
1. The Executive Director must have five years of professional level experience in the field of disability services, including three years of administrative, supervisory, or consultative work; and a bachelor's degree.
2. The Executive Director must have knowledge of ODP's intellectual disability, autism and developmental disability service system and successfully complete ODP's Applicant Orientation to Enrollment and Provision of Quality Services.

SCOs must meet the following standards during the initial and ongoing qualification process:
1. Have a service location in Pennsylvania.
2. Function as a conflict-free entity. A conflict-free organization, for purposes of rendering this service, is an independent, separate, or self-contained agency that does not have a fiduciary relationship with an agency providing direct services and is not part of a larger corporation that provides direct services. To be conflict free, an organization may not provide direct or indirect services funded by ODP to individuals with an intellectual disability, autism, developmental disability, or complex medical condition.

3. Be enrolled and qualified to provide Supports Coordination services in the Consolidated, Community Living, and Person/Family Directed Support Waivers.
4. Have a signed ODP Agreement for Supports Coordination Organizations on the most current template available from ODP. The agreement requires the SCO to comply with all applicable federal and state statutes, regulations, and policies, including but not limited to performance standards, confidentiality, and HIPAA requirements.
5. Comply with applicable performance standards and reporting requirements outlined in the Agreement for Supports Coordination Organizations and ODP policy. The performance standards are designed to improve quality of services and outcomes for individuals. Performance standards are focused on the following performance areas: access, administration, continuum of least restrictive service options, employment, person-centered practices, wellness, resource navigation, risk management, technology, workforce, and quality, including data integrity.
6. Ensure that Support Manager Supervisors, Support Managers, and Associate Supports Coordinators have a Pennsylvania State Police criminal history record check prior to the date of hire. If the prospective employee is not a resident of Pennsylvania or has not been a resident of Pennsylvania for at least 2 years prior to the date of employment, a Federal Bureau of Investigation criminal history record check must be obtained prior to the date of hire. If a criminal history clearance and/or the criminal history record check identifies a criminal record, SCOs must make a case-by-case decision about whether to hire the person that includes consideration of the following factors:
   - The nature of the crime;
   - Facts surrounding the conviction;
   - Time elapsed since the conviction;
   - The evidence of the individual's rehabilitation; and
   - The nature and requirements of the job.

   Documentation of completion of the bullets above must be maintained for any staff that were hired whose criminal history clearance results or criminal history check identified a criminal record.

Minimum Support Manager Supervisors Qualifications:

1. Must have knowledge of Pennsylvania's intellectual disability, autism service and developmental disability system which includes successful completion of:
   - Person-Centered Thinking training
   - Person-Centered Planning training
2. Must meet the following educational and experience requirements:
   - A bachelor's degree with a major coursework in sociology, social welfare, psychology, gerontology, criminal justice or other related social science; and two years of experience as a Support Manager; or
   - Have a combination of experience and education equaling at least six years of experience in public or private social work including at least 24 college-level credit hours in sociology, social work, psychology, gerontology criminal justice or other related social science.

3. Have child abuse clearance (when the participant is under age 18) in accordance with state law.
4. Have a valid driver's license if the operation of a vehicle is necessary to provide targeted support management.
5. Complete a minimum of 24 hours of training each year.

Minimum Support Manager Qualifications:

1. Meet the following minimum educational and experience requirements:
   - A bachelor's degree, which includes or is supplemented by at least 12 college credits in sociology, social welfare, psychology, gerontology, criminal justice, or other related social science; or
   - Two years' experience as a County Social Service Aide 3 and two years of college level course work, which includes at least 12 college credits in sociology, social welfare, psychology, gerontology, criminal justice, or other related social science; or
   - Any equivalent combination of experience and training which includes 12 college credits in sociology, social welfare, psychology, gerontology, criminal justice, or other related social science and one year of experience as a County Social Services Aide 3 or similar position performing paraprofessional case management functions.
2. Have child abuse clearance (when the participant is under age 18) in accordance with state law.
3. Have a valid driver's license if the operation of a vehicle is necessary to provide targeted support management.
4. Newly hired Support Managers will successfully complete ODP required Orientation Curriculum.
5. Complete a minimum of 24 hours of training a year.

Minimum Associate Supports Coordinators Qualifications:

1. Be at least 18 years of age.
2. Have a high school diploma or equivalent.
3. Have child abuse clearance in accordance with state law.
4. Have a valid driver's license if the operation of a vehicle is necessary to provide tasks an Associate Supports Coordinator may perform.
5. Completion of Supports Coordination Orientation and First Year Training.
6. If facilitating the use of LifeCourse Tools, have at least one year of personal or professional experience with people with an intellectual disability, autism, or developmental disability and have successfully completed a Charting the LifeCourse Learner Pathways (Professional) Practitioner level course.

Associate Supports Coordinators are only permitted to perform tasks in accordance with ODP policy.

State Plan under Title XIX of the Social Security Act
State/Territory: PA

TARGETED SUPPORT MANAGEMENT
Individuals with an Intellectual Disability, Autism, Developmental Disability, or Medically Complex Condition

Freedom of choice (42 CFR 441.18(a)(1)):

The state assures that the provision of case management services will not restrict an individual's free choice of providers in violation of section 1902(a)(23) of the Act.

1. Eligible individuals will have free choice of any qualified Medicaid provider within the specified geographic area identified in this plan.
2. Eligible individuals will have free choice of any qualified Medicaid providers of other medical care under the plan.

Freedom of Choice Exception (§1915(g)(1) and 42 CFR 441.18(b)):

Target group consists of eligible individuals with an intellectual disability, autism, developmental disability or medically complex condition. Providers are limited to qualified Medicaid providers of case management services capable of ensuring that individuals with an intellectual disability, autism, developmental disability, or medically complex condition receive needed services.

Individuals deemed eligible for targeted support management will be offered the choice of any provider who meets the qualification criteria specified above for this service as well as the 1915(b)(4) performance-based contracting requirements for this service and that are enrolled to provide this service. The education and training qualification criteria ensure that support managers who provide this service have the skills, knowledge and experience to meet the needs of individuals with an intellectual disability, autism, developmental disability or medically complex condition.

Access to Services (42 CFR 441.18(a)(2), 42 CFR 441.18(a)(3), 42 CFR 441.18(a)(6)):
The State assures the following:

- Case management (including targeted case management) services will not be used to restrict an individual's access to other services under the plan.
- Individuals will not be compelled to receive case management services, condition receipt of case management (or targeted case management) services on the receipt of other Medicaid services, or condition receipt of other Medicaid services on receipt of case management (or targeted case management) services; and
- Providers of case management services do not exercise the agency's authority to authorize or deny the provision of other services under the plan.

Payment (42 CFR 441.18(a)(4)):
Payment for case management or targeted case management services under the plan does not duplicate payments made to public agencies or private entities under other program authorities for this same purpose.

State Plan under Title XIX of the Social Security Act
State/Territory: PA

TARGETED SUPPORT MANAGEMENT
Individuals with an Intellectual Disability, Autism, Developmental Disability, or Medically Complex Condition

Case Records (42 CFR 441.18(a)(7)):
Providers maintain case records that document for all individuals receiving case management as follows: (i) The name of the individual; (ii) The dates of the case management services; (iii) The name of the provider agency (if relevant) and the person providing the case management services; (iv) The nature, content, units of the case management services received and whether goals specified in the individual plan have been achieved; (v) Whether the individual has declined services in the individual plan; (vi) The need for, and occurrences of, coordination with other case managers; (vii) A timeline for obtaining needed services; (viii) A timeline for reevaluation of the plan.

Limitations:

Case management does not include, and Federal Financial Participation (FFP) is not available in expenditures for, services defined in § 440.169 when the case management activities are an integral and inseparable component of another covered Medicaid service (State Medicaid Manual (SMM) 4302.F).

Case management does not include, and FFP is not available in expenditures for, services defined in §440.169 when the case management activities constitute the direct delivery of underlying medical, educational, social, or other services to which an eligible individual has been referred, including for foster care programs, services such as, but not limited to, the following: research gathering and completion of documentation required by the foster care program; assessing adoption placements; recruiting or interviewing potential foster care parents; serving legal papers; home investigations; providing transportation; administering foster care subsidies; making placement arrangements. (42 CFR 441.18(c))

FFP is only available for Targeted Support Management if there are no other third parties liable to pay for such services, including as reimbursement under a medical, social, educational, or other program except for case management that is included in an individualized education program or individualized family service plan consistent with §1903(c) of the Act. (§§ 1902(a)(25) and 1905(c))

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE

TARGETED SUPPORT MANAGEMENT FOR PERSONS WITH AN INTELLECTUAL DISABILITIY, AUTISM, DEVELOPMENTAL DISABILITY, OR MEDICALLY COMPLEX CONDITION

Targeted support management services for individuals with an intellectual disability, autism, developmental disability or medically complex condition shall be paid based on a fee-for-service basis.
Medical Assistance (MA) Fee Schedule rates are developed using a market-based approach. This process includes a review of the service definition and a determination of allowable cost components which reflect costs that are reasonable, necessary and related to the delivery of the service, as defined in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Fee Schedule rate represents the statewide rate that DHS will pay for the service. In developing rates for targeted support management, the following occurs:

- DHS evaluated and used various independent data sources, such as a Pennsylvania-specific compensation study, and considered the expected expenses for the delivery of the services for the major allowable cost categories listed below:
    - Staff wages.
    - Staff-related expenses.
    - Productivity.
    - Program Overhead-The program expenses and administration related expenses that were used in developing the Fee Schedule rate for targeted support management are enumerated in the Non-Residential assumption log under Supports Coordination. This document is available at https://www.pa.gov/content/dam/copapwp-pagov/en/dhs/documents/providers/providers/documents/odp/Select%20Community-Based%20Services%20Assumptions%20Log.pdf.
      The expenses include:
        - Wages for supervisors and directors.
        - The costs associated with providing employee related expenses such as health insurance, life insurance and workers compensation to targeted support management staff.
        - Paid time off for staff.
        - Costs for staff time to travel and mileage reimbursement.
        - Office occupancy costs.
        - Supply costs.
        - Employee training costs.
        - A review of the approved service definition and determinations made about cost components that reflect costs necessary and related to the delivery of targeted support management.
        - A review of the cost of implementing Federal, State and local statutes, regulations and ordinances.
    - Administration.
    - Productivity.

Effective July 1, 2026, SCOs will receive monthly case rates and flat fee schedule rates developed using a market-based approach. DHS developed a monthly case rate for individuals who receive Intensive Targeted Support Management and a standard case rate for individuals who receive Targeted Support Management paid upon completion of an Individual Support Plan and upon completion of required midyear monitoring. DHS also developed one flat fee for service rate which covers each individual's initial person-centered planning and initial Individual Support Plan development.

To support the change from 15-minute fee schedule rates to monthly case rates and flat fee schedule rates in fiscal years 2026-27 through 2028-29, DHS may make additional stabilization payments to SCOs when the aggregated average revenue per individual served results in a loss of 3% or greater of the prior year's aggregated

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE

TARGETED SUPPORT MANAGEMENT FOR PERSONS WITH AN INTELLECTUAL DISABILITIY, AUTISM, DEVELOPMENTAL DISABILITY, OR MEDICALLY COMPLEX CONDITION

reports. The Department established the criteria, 3% loss and 10% gain thresholds, based on modeling of historical utilization and the anticipated utilization changes with the transition to a new payment system.

The stabilization payments and adjustments are retrospective. At the close of state fiscal years 2026-2027 and 2027-2028, when SCO utilization data for the current period is available, the Department will evaluate the aggregated average revenue per individual for each SCO in the current state fiscal year compared to the aggregated average revenue per individual in the prior state fiscal year, to determine if the criteria has been met for a retrospective adjustment. Prior year aggregated average revenue per individual by SCO will be calculated by dividing the total months of service per individual served by the total revenue received. Stabilization transactions will be processed as a gross adjustment in PROMISe.

Performance-Based Contracting includes Pay-for-Performance for TSM. Effective 1/1/26, SCOs that meet or exceed the corresponding performance targets will be eligible to receive supplemental payments. Each performance target has unique rationale and criteria for an SCO to be eligible for a Pay-for-Performance supplemental payment.

All qualified SCOs are eligible to receive supplemental payments. Supplemental payments will be made to a SCO that meets or exceeds the performance targets in various areas, including but not limited to person-centered planning, employment of individuals served, continuum of services, community integration, and use of technology. The Department identified the amount needed for supplemental payments commensurate with budgetary projections based on prior year claims for TSM. Based on the amount appropriated and number of SCOs eligible, SCOs will be able to earn up to 3% of total ODP-eligible Medicaid SCO revenue (Adult Autism Waiver revenue excluded) in supplemental payments from the applicable review period or established payment amount per qualifying event.

Effective 1/1/26, Performance-Based Contracting will be implemented for TSM. Additional information about Performance-Based Contracting is available at PBC SCO Services – MyODP. The criteria and payment amounts for Pay-for-Performance are available at PBC SCO P4P – MyODP.

The most recently established rates effective 7/1/24 as well as historic rate information are published on the agency's website at: ODP Rates | Department of Human Services | Commonwealth of Pennsylvania. Except as otherwise noted in the Plan, State developed Fee Schedule rates are the same for both governmental and private individual providers. Providers are only reimbursed for allowable TSM services as reflected in the individual's plan.

Only providers that meet qualification criteria as outlined per Enclosure A to Attachment 3.1A/3.1B, pages 3 through 5, can provide TSM services for individuals with an intellectual disability, autism, developmental disability or complex medical condition.