Office of Long-Term Living (OLTL) Updates

Long-Term Services and Supports (LTSS) Subcommittee Meeting

August 5, 2026

Presenter: Juliet Marsala, Deputy Secretary

Pennsylvania
Department of Human Services

Governor's Advisory Commission People With Disabilities

- The Commission was established by **Governor Shapiro** through Executive Order 2026-02 in April 2026.

- The purpose of the Commission is to gather information regarding the experiences and needs of people with disabilities in Pennsylvania; review, evaluate, and assess programs affecting them; provide the Governor with information and recommendations regarding how best to meet their needs; and provide information about programs and services that may be relevant to needs of people with disabilities in Pennsylvania. The Governor's Advisory Commission on People with Disabilities consists of up to 30 volunteer members and is responsible for advising on and advocating for programs, policies and legislation that benefit Pennsylvanians with disabilities.

Welcome Dr. Josie Badger DHCE, CRC

- Dr. Josie Badger, DHCE, CRC serves as the Executive Director of the Governor's Advisory Commission for People with Disabilities, where she leads the Commission's efforts to advise the Governor on policies, programs, and initiatives that improve the lives of Pennsylvanians with disabilities. In partnership with Commissioners, state agencies, community organizations, and disability leaders across the Commonwealth, she works to advance accessibility, increase representation, and ensure disability perspectives are meaningfully included in state government.

Agenda

- Office of Long-Term Living (OLTL) Updates
  - Procurement Updates
  - Community HealthChoices Request for Information
  - Provider Revalidation
  - Fiscal Year 2026-2027 Budget
  - Direct Care Worker Compensation Reporting
  - Proposed Rule Revising Standards on Indirect Hold Harmless Arrangements
  - Pennsylvania Tech Accelerator

Office of Long-Term Living Procurement Updates

- Community HealthChoices (CHC) Request for Applications (RFA)
  - On June 1, 2026, the Department of Human Services (DHS) cancelled the RFA for the re-procurement of the CHC Program.
  - Additionally, on June 1, 2026, a Request for Information (RFI) was released on PA – eMarketplace seeking information to assist DHS with suggested input and information concerning the current CHC agreement for the anticipated re-procurement of the CHC Managed Care Organizations (MCOs).
  - The public comment period for the RFI closed on July 15, 2026.
  - The CHC program will continue to operate under the current CHC-MCOs and agreements until further notice.
  - All questions regarding the RFA and its content should be directed to Procurement at RA-pwrfaquestions@pa.gov. All questions regarding the RFI should be directed to Procurement at RA-PWRFICOMMENTS@PA.GOV .

Community HealthChoices (CHC) Request for Information (RFI)

- The Public Comment period for the CHC RFI closed at noon on July 15, 2026.
  - The Office of Long-Term Living (OLTL) received over 200 comments from 61 commenters and is currently in the process of reviewing the comments.
  - After evaluating each comment, OLTL intends to publish a high-level summary of the comments received in a process similar to what has been done in the past.

Provider Revalidation

- On April 23, 2026, The Department of Human Services (DHS) received a State Medicaid Director's letter from Dr. Oz requesting:
  - The state to acknowledge receipt of the letter and that Pennsylvania would undertake a swift revalidation of high-risk providers within 10 days and;
  - Pennsylvania DHS would submit a comprehensive provider revalidation strategy within 30 days of the issuance of the State Medicaid Director's letter.

- DHS has satisfied both requirements and submitted the 30-day provider revalidation strategy on June 5th. The revalidation strategy is currently with Centers for Medicare & Medicaid Services (CMS) for review.

- DHS is actively working internally on getting ready to implement the strategy and preparing policy documents and provider communications. DHS plans to issue more information in the coming months.

State Fiscal Year 2026-2027 Budget

- Budget Adjustment Factor (BAF)
  - Reauthorized to June 30, 2028
  - Beginning January 1, 2027, Office of Long-Term Living will utilize a BAF not less than .86 to nonpublic nursing facilities.

- Resident Care and Related Costs
  - The county or nonpublic nursing facilities shall demonstrate on its submitted MA-11 that 70% of its total costs, as reported by the facility, are resident care costs or other resident-related costs under 55 Pa. Code 1187.51 € (1) and (2).
  - Reauthorized to December 31, 2031
  - Language modified in Section 1603-T to the methodology in determining a facility's compliance with the requirement to make the methodology more clear.

State Fiscal Year 2026-2027 Budget (cont.)

- Capitation Delay
  - Enacted two-month payment delay starting in State Fiscal Year 26-27
  - Capitation is typically paid in the in the month following the service month (ex. for the service month of March, capitation is paid to a Managed Care Organization (MCO) in April)
  - During a capitation delay, the service months of April and May will be pushed back and paid in July of the next fiscal year along with the June service month payment.
  - In the first fiscal year enacted, MCOs will receive payment for only 10 service months

- Living Independence for the Elderly (LIFE) Program
  - Changes to the Human Services Code
  - $3.588M to serve 300 additional participants in LIFE program

Centers for Medicare & Medicaid Services (CMS) Access Rule- Home and Community-Based Services (HCBS) Payment Adequacy & Reporting — 441.302(k), 441.311(e)

Direct Care Worker (DCW) Compensation Reporting

Access Rule-Direct Care Worker Payment Adequacy Reporting

Under the **Centers for Medicare & Medicaid Services (CMS) Ensuring Access to Medicaid Services (Access) Final Rule** (April 2024), Home and Community-Based Services (HCBS) Payment Adequacy & Reporting — 441.302(k), 441.311(e) states must strengthen oversight of Medicaid and Children's Health Insurance Program (CHIP) HCBS programs, including **direct care worker (DCW) compensation**.

Core reporting requirement

- Beginning in 2028, States must **report annually** on the percentage of payments for certain HCBS that are spent on **compensation for direct care workers**.
- This applies to homemaker, home health aide, habilitation, and personal care services, even if the states uses different names for these services.
  - ***Applies to 1915(c) waiver and other HCBS authorities where services are covered by Medicaid.***
  - ***Applies to both fee-for-service and managed care delivery models.***

Access Rule-Direct Care Worker Payment Adequacy Reporting II

- **Office of Long-Term Living Affected Services**
  - Adult Daily Living
    - Basic and Enhanced
    - Half and full day
  - Employment Skills Development
  - Personal Assistance Services
  - Residential Habilitation
  - Respite
  - Structured Day Habilitation
  - Home Health Aide Services- Community HealthChoices Only
  - Home Health-Nursing

***NOTE: Treatment of certain payment data under self-directed services delivery models.** If the State provides that homemaker, home health aide, habilitation, or personal care services may be furnished under a self-directed services delivery model in which the beneficiary directing the services sets the direct care worker's payment rate, then that direct care worker's compensation does not need to be reported and the State does not include such payment data in its calculation of the State's compliance with the minimum performance levels.

Access Rule-Direct Care Worker Payment Adequacy Reporting III

- ***Direct Care Worker*** means any of the following individuals who may be employed by a Medicaid provider, State agency, or third party; contracted with a Medicaid provider, State agency, or third party; or delivering services under a self-directed services delivery model:
  - A registered nurse, licensed practical nurse, nurse practitioner, or clinical nurse specialist who provides nursing services to Medicaid beneficiaries receiving Home and Community-Based Services (HCBS) available under this subpart;
  - A licensed or certified nursing assistant who provides such services under the supervision of a registered nurse, licensed practical nurse, nurse practitioner, or clinical nurse specialist;
  - A direct support professional;
  - A personal care attendant;
  - A home health aide; or
  - Other individuals who are paid to provide services to address activities of daily living or instrumental activities of daily living, behavioral supports, employment supports, or other services to promote community integration directly to Medicaid beneficiaries receiving HCBS available under this subpart, including nurses and other staff providing clinical supervision.

Access Rule-Direct Care Worker Payment Adequacy Reporting IV

- ***Compensation*** means:
  - Salary, wages, and other compensation as defined by the Fair Labor Standards Act.
  - Benefits (such as health and dental benefits, life and disability insurance, paid leave, retirement, and tuition reimbursement); and
  - The employer share of payroll taxes for direct care workers delivering services authorized under section 1915(c) of the Act.

- ***Excluded costs*** means costs that are not included in the calculation of the percentage of Medicaid payments to providers that are spent on compensation for DCWs. Such costs are limited to:
  - Costs of required trainings for DCWs (such as costs for qualified trainers and training materials);
  - Travel costs for DCWs (such as mileage reimbursement or public transportation subsidies); and
  - Cost of personal protective equipment for DCWs.

- ***Minimum performance at the provider level***
  - The State must ensure that each provider spends 80 percent of total payments the provider receives for services it furnishes on total compensation for direct care workers who furnish those services.
  - At their discretion, States may identify providers determined by the State to meet its State-defined small provider criteria.

Access Rule-Direct Care Worker Payment Adequacy Reporting-Timeline

July 2027

- One-year before the reporting requirement begins, states must report on their readiness to collect and report on the Direct Care Worker (DCW) compensation data related to certain Medicaid payments.

July 2028

- States must annually report the percentage of certain Medicaid payments spent on compensation to DCWs.

January 2029

- States are required to establish an Interested Parties Advisory Group to “advise and consult on provider rates …where payments are made …to direct care workers”

July 2030

- States must ensure a minimum of 80% of certain Medicaid payments be spent on DCW compensation.

National Core Indicator (NCI) State of the Workforce (SoTW) Survey

The National Core Indicators (NCI) State of the Workforce Survey (SoTW) collects data every year, offering a detailed snapshot of workforce conditions at the state level.

The survey is completed by providers and captures key workforce indicators, including information on:

- Turnover ratios and vacancy rates;
- Wages, benefits, and compensation;
- Recruitment and retention; and
- Demographics and training.

Access Rule-Direct Care Worker Payment Adequacy Reporting-Data Collection (cont.)

- The current National Core Indicator (NCI) State of the Workforce (SoTW) is being combined for aging and physical disabilities as well as intellectual and developmental disabilities providers.
- The current NCI SoTW is also being revised (by ADvancing States, National Association of State Directors of Developmental Disabilities Services (NASDDDS), and Human Services Research Institute (HSRI) to collect the required Direct Care Worker (DCW) Payment Adequacy Reporting under the Access Rule.
- Office of Developmental Programs (ODP) presently uses the NCI SoTW and will be using it for required reporting under this DCW Payment Adequacy Reporting requirement of the Access Rule.
- The Office of Long-Term Living (OLTL) intends to use the revised NCI SoTW for required reporting under this DCW Payment Adequacy Reporting requirement of the Access Rule in 2028.
- All providers who provide “affected services” will have to annually complete the NCI SoTW.

Next Steps

- We will provide an opportunity for advance recommendations or feedback on outreach, education, and training of providers as we begin to think through these steps.
- We will provide an opportunity for advance recommendations or feedback on the Office of Long-Term Living's (OLTL's) oversight and monitoring of submission, accuracy, and appropriateness of data reporting as we begin to think through these processes and activities.

CMS Proposes Rule on Revising Standards on Indirect Hold Harmless Arrangements

- On July 21, 2026, the Centers for Medicare & Medicaid Services (CMS) released the proposed rule "Medicaid Program: Amending the Indirect Hold Harmless Threshold of Health Care-Related Taxes". The rule is proposing to replace the current 6% indirect hold harmless threshold with state-specific thresholds based on tax structures enacted and imposed as of July 4, 2025.

- The proposed rule also includes:
  - Formally implement section 71115 of H.R.1, which CMS refers to as the Working Families Tax Cut (WFTC) legislation;
  - Establish a phasedown for expansion states beginning in Federal Fiscal Year 2028;
  - Discontinue the 75/75 test;
  - Add "services of health insurers" as a new permissible tax class that is subject to comply with HR1 restrictions; and
  - Create new one-time and ongoing reporting requirements.

CMS Proposes Rule on Revising Standards on Indirect Hold Harmless Arrangements (cont.)

- A fact sheet on the Medicaid Program: Amending the Indirect Hold Harmless Threshold of Health Care Related Taxes can be found here: Amending the Indirect Hold Harmless Threshold of Health Care-Related Taxes Proposed Rule (CMS-2452-P) | CMS.

Public Comments are due by September 21, 2026

Interested parties can submit comments at Federal Register: Rule-Making Docket ***Amending the Indirect Hold Harmless Threshold of Health Care-Related Taxes. CMS-2452-P***

Pennsylvania Tech Accelerator

- This project was made possible by the Pennsylvania Department of Human Services (DHS) through funding from the American Resue Plan Act of 2021.
- As a result of the initiative several resources and trainings are available online. These resources are designed to enhance the knowledge and understanding of how the use of Assistive Technology (AT) by our participants can improve their independence and overall quality of life.
- The Office of Long-Term Living (OLTL) strongly encourages Community HealthChoices Managed Care Organizations, Service Coordinators, and all Home and Community Based Services provider to take the trainings which are accessible on our website:
  - https://www.pa.gov/agencies/dhs/resources/aging-physical-disabilities/assistive-technology/pa-tech-accelerator

Questions/Public Comments