

P A C A H

Regulatory & Legislative Update

Spring Meeting | April 2026

Looking Back: October 2025 – April 2026

Looking Ahead: Anticipated Changes Through April 2027

At a Glance

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Objectives and today's landscape

02

Last 6 Months

Key regulatory & legislative developments

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Federal Spotlight

CMS, Medicaid, staffing rule repeal & OBBBA

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State budget, PDPM, staffing compliance

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Anticipated changes & emerging priorities

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Strategic Implications

Board priorities & calls to action

SECTION 01

Setting the Stage

Today's Operating Environment - Pennsylvania Long-Term Care

~700

Licensed Skilled Nursing Facilities
in Pennsylvania

0.82

Medicaid covers approx. .82 cent of
actual care cost per resident

3.2 hrs

Minimum direct care
hours/resident/day (PA, Jul 2024)

\$20-53B

Projected 10-year federal
Medicaid loss for PA

Key Context

- Pennsylvania is one of the fastest-aging states in the nation, accelerating demand for LTC services.
- County-affiliated homes carry a public service mission that makes regulatory & funding stability uniquely critical.
- The intersection of federal retrenchment and state budget pressures has created an unprecedented dual-threat environment.
- Workforce shortages remain the #1 operational challenge — no regulatory relief is forthcoming at the federal level.
- PACAH members must navigate compliance, advocacy, and financial sustainability simultaneously.

SECTION 02

Looking Back: Oct 2025 - Apr 2026

What Happened & What It Means for PACAH Members

Key Regulatory Timeline: October 2025 - April 2026

Oct-Nov
2025

PA PDPM Transition Begins

Nov 1 picture date anchors 2026 Medicaid rates under new PDPM nursing component methodology. ~600 PA facilities affected.

Dec 2025

Federal Staffing Rule Repealed

CMS formally repeals 24/7 RN and minimum HPRD requirements per Public Law 119-21 (signed July 4, 2025).

Jan-Feb
2026

PA State Budget Hearings

DHS Secretary Arkoosh testifies on HR 1 impacts. Long-term care providers left out of initial Shapiro FY 2026-27 proposal.

Feb 2026

Federal Medicaid Cuts Impact Begins

OBBA work requirements and eligibility changes begin rolling out. PA DHS warns of 310,000 Medicaid beneficiaries at risk.

Deep Dive: CMS Minimum Staffing Rule Repeal (December 2025)

WHAT WAS REPEALED ON THE FEDERAL LEVEL

- 24/7 Registered Nurse on-site requirement
- 0.55 RN hours per resident day (HPRD)
- 2.45 Nurse Aide HPRD minimum
- 3.48 total nurse staffing HPRD floor
- Associated information collection & reporting burdens

Estimated \$3.3B/year in compliance savings nationally.

WHAT REMAINS & PA IMPLICATIONS

PA State Mandate Stands

PA's 3.2 HPRD and CNA/LPN ratios (July 2024) remain fully in force. Repeal does NOT relieve PA compliance.

Facility Assessment Required

CMS facility-level assessment requirements under 42 CFR 483.70(e) remain intact.

Medicaid Transparency Stays

Institutional payment transparency reporting under MMIPTR is unaffected.

Quality Risk Rises

Studies confirm higher Medicaid rates correlate with 4–5 star ratings. Budget pressure + staffing gaps = quality risk. *Miller E, Simpson E, Cohen M ...*

The Effects of Medicaid Payment and Payment-to-Cost Ratio on Nursing Home Five-Star Quality Ratings Journal of the American Medical Directors Association, 2025; 27

The 'One Big Beautiful Bill Act' (OBBBA) - Impact on PA Long-Term Care

Signed July 4, 2025 | Most dramatic Medicaid overhaul since program inception | Taking effect 2026–2027

Federal Funding Cuts

~\$1 trillion in federal Medicaid cuts over 10 years. PA projected to lose \$51–53B over the decade. *Federal match cannot be backfilled by the state. This reduction does not directly effect the LTC population. However, threats involving reallocation of state funds to cover this shortfall do pose of future threat towards rate stability.*

Medicaid Work Requirements

Adults under 65 must work 80+ hours/month to maintain Medicaid eligibility. Implementation begins late 2026 — affects caregiver pipeline.

Bi-Annual Eligibility Reviews

Eligibility verification shifts from annual to every 6 months — creating paperwork burden and increased coverage churn for LTC residents.

Loss of Coverage

310,000–340,000 Pennsylvanians projected to lose Medicaid. Nursing homes lose Medicaid revenue for newly uninsured residents.

Rural Hospital Risk

\$50B rural hospital fund included but PA DHS says insufficient to offset cuts. Rural facility closures threaten referral pipelines for county homes.

HCBS & Home Care Collapse Risk

Home and community-based services face largest funding shortfall — 100,000+ unfilled monthly shifts already. Cuts accelerate institutionalization pressure.

Pennsylvania State Regulatory Updates: October 2025 - April 2026

PDPM TRANSITION — MEDICAID REIMBURSEMENT OVERHAUL

PA DHS replacing RUG-IV with PDPM-based nursing component for Medicaid case-mix rates

Nov 1 & May 1, 2025 picture dates anchor the 2026 Medicaid payment rates

All ~700 PA nursing facilities affected regardless of ownership structure

Facilities that fail to adapt clinical documentation risk significant reimbursement losses

Aug 2025 was the critical documentation update deadline — retrospective review essential now

Regulatory guidance under 55 PA Code 1187/1189 not yet fully finalized at time of writing

Certified Medication Aide (CMA) Role

Gov. Shapiro signed CMA legislation (Oct 2024). PA joins 30+ states. New career pathway to address direct caregiver shortages — facilities should begin integration planning.

PA Staffing Ratios — Full Compliance Required

3.2 HPRD + tightened CNA/LPN/RN ratios now fully phased in (as of July 2024). PA DOH enforcement via site visits every 15 months or less. Citations + Plans of Correction for non-compliance.

FY 2025-26 Budget — Long-Term Care Flat

Shapiro's FY 2025-26 proposal includes \$7.13B in LTC but froze Medicaid nursing home reimbursement rates. PACAH advocated for \$139M increase; budget falls well short.

SECTION 03

Federal Spotlight

CMS Policy Shifts · Medicaid Restructuring · Workforce Regulation

CMS Policy Direction: A Clear Pivot in Federal Oversight

TREND: Federal deregulation + reduced mandates + Medicaid financing restructuring = shifting compliance & revenue risk to states and providers

POLICY AREA	STATUS / DIRECTION	IMPACT
24/7 RN + Federal HPRD Minimums	Repealed Dec 2025. Moratorium through 2034.	HIGH
RUG-IV Medicaid Case-Mix	PDPM-based methodology replacing nationwide.	HIGH
Medicaid Expansion Funding	OBBBA cuts \$1T over 10 years; work requirements added.	MEDIUM
Annual Medicaid Eligibility Review	Biannual reviews under OBBBA starting 2026.	MEDIUM
Nursing Home Transparency Rules	Facility assessment & ownership disclosure retained.	LOW
Infection Control & Quality Reporting	No substantive federal rollback announced to date.	STABLE

SECTION 04

Pennsylvania State Focus

Budget · PDPM · Staffing Compliance · Workforce Initiatives

PA Medicaid Reimbursement: The Funding Gap Reality

\$86/day

Estimated Medicaid loss per resident/day at some PA facilities

\$139M

Funding increase PACAH says is needed for FY 2026–27

0.82

Medicaid covers only .82 cent of actual cost of care

\$0

Reimbursement rate increase in Shapiro's initial FY 2026–27 proposal

What's at Stake for County-Affiliated Homes

- Flat Medicaid rates + rising staffing costs = escalating operating deficits
- Budget Adjustment Factor (BAF) is outdated and fails to reflect true cost drivers
- PACAH has called for a floor of .82 for the BAF and a systemic funding overhaul
- Late or incomplete budgets (PA FY 2024-25 enacted 135 days late) create cash flow crises
- Day One Incentive program funding uncertainty affecting high-Medicaid population facilities

PDPM Transition Opportunity

- PDPM shifts payment weight to nursing component documentation
- Facilities with strong clinical documentation stand to maintain or improve rates
- Missed assessment opportunities cannot be retroactively corrected easily
- May 1 and August 1, 2025 picture dates are now locked — focus shifts to Nov 2025 + future
- Engage advisory support for resident-level PDPM review before next picture date

SECTION 05

Looking Ahead: Apr 2026 - Apr 2027

Anticipated Changes, Emerging Risks & Strategic Opportunities

Regulatory Horizon: What to Watch - April 2026 to April 2027

Spring-Summer 2026

HIGH

- PA FY 2026-27 budget negotiations — critical for Medicaid rate outcome
- OBBBA Medicaid work requirement rollout begins (late 2026)
- PA PDPM regulatory guidance expected to be finalized (55 PA Code 1187/1189)

Fall 2026

MEDIUM-HIGH

- Medicaid eligibility changes under OBBBA — does not directly affect LTC residents
- CMS Care Compare quality metrics — potential revision to star ratings criteria
- PA home care reimbursement rate outcome from FY budget — HCBS pipeline impact

Winter 2026-2027

MEDIUM

- Federal Medicaid cuts begin affecting PA DHS budget allocations
- CMS potential new quality initiatives — value-based payment pressure grows
- PA Senate/House: Watch for LTC-specific legislation on reimbursement reform

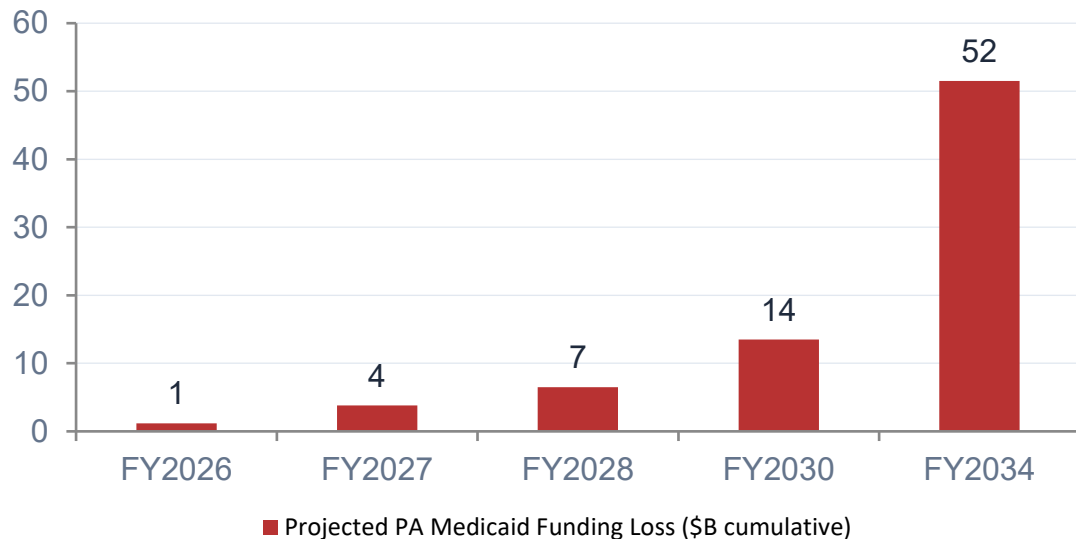
Spring 2027

WATCH

- PA DOH enforcement posture on staffing ratios — increased scrutiny anticipated
- OBBBA 6-month eligibility review cycle fully operational in PA and reduce MA application window from 90 days to 60 days
- Possible federal CMS rulemaking on updated facility assessment standards

Federal Medicaid Cuts: Projected Impact on PA Long-Term Care (2026-2027)

Cumulative Federal Medicaid Loss – Pennsylvania (\$B Estimated)



What This Means for PACAH Members

Coverage at Risk

310,000–340,000 PA Medicaid beneficiaries lose coverage

Rural Facilities

Rural hospitals/NH at greatest risk of closure or service reduction

HCBS Shift

Home care collapse may increase institutionalization — but NH Medicaid rates won't cover increased demand

Workforce Impact

Work requirements for caregivers add administrative friction to an already strained pipeline

County Home Exposure

County facilities serving high-Medicaid populations will need to become more efficient to mitigate financial uncertainty

Workforce Outlook: Caregiver Pipeline Risks & Opportunities (2026-2027)

CHALLENGES & RISKS

Federal staffing mandate repealed but PA state ratios remain — recruitment pressure unchanged

100,000+ unfilled home care shifts monthly in PA — diverting potential LTC workforce

CMA (Certified Medication Aide) role now available in PA — pipeline expansion opportunity

FY 2026-27 budget home care wage proposal (\$21M) — if passed, may shift workers from NH sector

OBBBA work requirements add administrative burden to caregiver eligibility for Medicaid-funded training

AIT (Administrator-in-Training) program expansion — PACAH previously supported, good renewal opportunity

OPPORTUNITIES & ACTIONS

- Leverage CMA legislation to create new internal advancement pathways
- Advocate for BAF reform and adequate staffing mandate funding in PA budget process
- Partner with community colleges and high schools (PA initiative: HS credit for NH work)
- Nurse Shortage Assistance Program (\$5M proposed in FY budget) — access this funding
- Workforce technology investment: scheduling optimization to reduce overtime burden
- Nursing Unions partnership opportunities on retention and training initiatives

SECTION 06

Strategic Implications & Board Priorities

Action Items · Advocacy Priorities · Risk Mitigation

Board Action Priorities: Immediate, Near-Term & Long-Term

IMMEDIATE (0-90 Days)

- Commission resident-level PDPM documentation review — quantify revenue risk before next picture date
- Assess financial exposure from OBBBA Medicaid eligibility changes on current resident census
- Brief facility CFOs on FY 2026-27 budget outcome and cash flow planning
- Ensure all CNA/LPN ratio compliance is documented and audit-ready for PA DOH inspection

NEAR-TERM (3-9 Months)

- Engage PACAH advocacy team: push for BAF reform and adequate Medicaid reimbursement in FY budget
- Develop CMA onboarding framework for interested facilities — coordinate with PA DOH on licensure
- Establish a federal Medicaid tracking dashboard to monitor OBBBA rollout impacts on your census
- Connect with County Commissioners Association of PA (CCAP) on unified advocacy messaging

LONG-TERM (9-18 Months)

- Strategic scenario planning: model financial sustainability under 3 Medicaid funding scenarios
- Explore inter-facility workforce sharing arrangements to address staffing ratio requirements
- Position PACAH as key stakeholder in PA DHS PDPM implementation workgroup
- Evaluate technology investment for PDPM documentation, scheduling, and quality compliance

PACAH Advocacy Priorities: 2026 Legislative Agenda

Full Medicaid Funding for PA Staffing Mandate

CRITICAL

Advocate for \$139M+ increase to cover the unfunded 3.2 HPRD mandate. Partner with PHCA, CCAP, and LeadingAge PA.

Budget Adjustment Factor Reform

CRITICAL

Push for elimination of outdated BAF and replacement with a cost-transparent reimbursement framework that reflects true operational costs.

Oppose Federal Medicaid Per Capita Caps

HIGH

Monitor CMS for further Medicaid restructuring proposals. Coordinate with PA congressional delegation; build coalitions with rural health advocates.

PDPM Implementation Oversight

HIGH

Engage PA DHS to ensure final 55 PA Code 1187/1189 regulations are fair, transparent, and accompanied by adequate technical assistance to providers.

Certified Medication Aide Workforce Expansion

MEDIUM

Support PA DOH in building robust CMA training and licensure pipeline. Advocate for Medicaid billing recognition of CMA role.

AIT Program Renewal & Administrator Pipeline

MEDIUM

Support expansion of Administrator-in-Training program. Critical for succession planning as retirement wave accelerates.

Regulatory Risk Matrix: PACAH Member Exposure Overview

RISK AREA	PROBABILITY	IMPACT	TIMEFRAME	ACTION
OBBBA Medicaid Funding Cuts	HIGH	CRITICAL	2026–2027	Financial scenario modeling; advocacy
PA PDPM Documentation Gaps	HIGH	HIGH	Now–Nov 2026	Resident-level clinical review immediately
Flat/Underfunded Medicaid Rates	HIGH	HIGH	FY 2026-27	Budget advocacy + BAF reform push
PA Staffing Ratio Non-Compliance	MEDIUM	HIGH	Ongoing	Scheduling audit + CMA integration
Medicaid Eligibility Churn (OBBBA)	MEDIUM	MEDIUM	Late 2026	Census monitoring + social work support
Home Care Collapse → Increased NH Demand	MEDIUM	MEDIUM	2026–2027	Capacity planning; HCBS advocacy
CMS Quality Metric Changes	LOW	MEDIUM	2026–2027	Quality committee monitoring
Rural Referral Source Closures	MEDIUM	MEDIUM	2026–2027	Community hospital relationship mgmt

Key Messages to Take Home

1

The federal regulatory environment has fundamentally shifted — less oversight, but greater financial exposure through Medicaid restructuring.

2

Pennsylvania's own staffing mandates are non-negotiable and fully in force. Federal repeal provides no relief. Compliance and adequate funding to meet those mandates remains the #1 state-level advocacy priority.

3

The PDPM transition is underway and documentation practices now determine revenue. Facilities that did not act before the Aug 2025 deadline must act immediately for the November picture date and beyond.

4

The workforce crisis is structural, not cyclical. Every regulatory and funding challenge is amplified by caregiver shortages. The CMA role and AIT expansion are bright spots that deserve broad-level support.

5

PACAH's advocacy voice has never been more critical. BAF reform, adequate Medicaid reimbursement, and PDPM implementation fairness require coordinated, well-resourced, and persistent engagement with Harrisburg.

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Questions & Discussion

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Pennsylvania Coalition of Affiliated Healthcare and Living Communities

Appendix A: Slide Flow Blueprint & Speaker Notes Guidance

#	Slide Title	Speaker Purpose	Est. Time	Section
1	Title Slide	Open with event branding; set the time horizon	N/A	
2	Blueprint Overview	Preview the 6 sections — manage audience expectations	30 sec	
3	Section 01 Divider	Setting the Stage	–	S01
4	Objectives & Audience	Align room on what this update aims to accomplish	2 min	S01
5	Operating Environment	Ground the board in PA LTC landscape realities	3 min	S01
6	Section 02 Divider	Looking Back: Oct 2025–Apr 2026	–	
7	Regulatory Timeline	High-level chronology of major events — set the context	3 min	S02
8	Staffing Rule Repeal	Deep dive: what changed federally vs what PA still requires	4 min	S02
9	OBBBA Impact	The most consequential federal change — needs full time	5 min	S02
10	PA State Updates	PDPM, staffing, CMA, budget — PA-specific compliance picture	4 min	S02
11	Section 03 Divider	Federal Spotlight	–	
12	CMS Policy Direction	Macro federal pivot summary — the 'new normal'	3 min	S03
13	Section 04 Divider	PA State Focus	–	
14	Medicaid Reimbursement	Funding gap, PDPM opportunity, BAF problem	4 min	S04
15	Section 05 Divider	Next 12 Months	–	
16	Regulatory Horizon	4-quadrant forward calendar of key watchpoints	4 min	S05
17	Medicaid Cuts Forecast	Chart-driven: financial impact quantification	3 min	S05
18	Workforce Outlook	Challenges & opportunities side-by-side	3 min	S05
19	Section 06 Divider	Strategic Implications	–	
20	Board Action Priorities	Immediate / near-term / long-term action framework	4 min	S06
21	Advocacy Priorities	PACAH 2026 legislative agenda	3 min	S06
22	Risk Matrix	Board-level risk register: probability × impact × action	3 min	S06
23	Key Messages	5 headline takeaways — drive retention and alignment	2 min	S06
24	Q&A / Closing	Open discussion	10+ min	
25	Appendix A	Reference only — not presented	N/A	