

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CAREADDITIONAL PAYMENTS TO CERTAIN ACADEMIC MEDICAL CENTERS

Effective September 30, 2007, the Department will increase payments to certain academic medical centers to assure that the critical services they provide to the Medical Assistance population will continue. These payments are also intended to help offset the Medical Assistance share of the medical education costs incurred by these hospitals to assure the continued availability of professional medical services to the Medical Assistance population.

To qualify for these payments, the academic medical center must meet the following criteria as documented on the hospitals' Fiscal Year (FY) 2002-2003 Medical Assistance cost reports:

1. Have total medical education costs of at least \$25 million.
2. Have Pennsylvania Medical Assistance Education costs of at least \$1.5 million; and
3. Provide over 50,000 Pennsylvania Medical Assistance days of care or have less than 500 set-up and staffed beds.

The Department will distribute payments to qualifying hospitals based on the hospitals' FY 2002-2003 Medical Assistance cost reports as follows:

1. 39.134% of available funding to a large hospital, defined as having 750 set up and staffed beds; and
2. 30.433% of available funding to each of the other qualifying hospitals.
3. To ensure that payments do not exceed available funds, the Department will adjust payments to each hospital using the following formula:
 - a. The calculated total amount of payments for each hospital under steps (1) and (2) in this section is divided by the total calculated amount for all hospitals to obtain a percentage, which is a ratio of each hospital's respective share of the calculated amount.
 - b. The resulting percentage for each hospital in clause (a) is multiplied by the total available funds to obtain a proportional payment for each hospital.

For FY 2012-2013, the fiscal impact as a result of this payment program is \$21.129 million (\$9.618 million in State General Funds and \$11.511 million in Federal Funds upon approval by the Centers for Medicare and Medicaid Services).

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