

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



DEC 13 2013

Ms. Beverly D. Mackereth, Secretary
Commonwealth of Pennsylvania
Department of Public Welfare
Office of Medical Assistance Programs
PO Box 8046
Harrisburg, PA 17105

RE: State Plan Amendment 13-040

Dear Ms. Mackereth:

We have completed our review of State Plan Amendment (SPA) 13-040. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment establishes reimbursements for certain inpatient supplemental payments to newly enrolled facilities. These reimbursement provisions have already been approved in Pennsylvania's State Plan for existing Medicaid hospitals.

We conducted our review of this SPA according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving state plan amendment 13-040 effective July 14, 2013. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, or require additional information, please call Gary Knight at (304) 347-5723.

Sincerely,


Cindy Mann
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 13-040	2. STATE Pennsylvania
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Title XIX	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE July 14, 2013	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart C	7. FEDERAL BUDGET IMPACT: a. FFY 2013 \$0.00 b. FFY 2014 \$656,552
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Page 1aaaa, 21t, 21tt	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

10. SUBJECT OF AMENDMENT:

New Hospital Disproportionate Share Hospital (DSH) and Supplemental Payments FY 2013-2014

11. 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:
Review and approval authority has
been delegated to the Department of
Public Welfare

12. SIGNATURE OF STATE AGENCY OFFICIAL: 13. TYPED NAME: Beverly D. Mackereth 14. TITLE: Secretary of Public Welfare 15. DATE SUBMITTED: SEP 27 2013	16. RETURN TO: Commonwealth of Pennsylvania Department of Public Welfare Office of Medical Assistance Programs Bureau of Policy, Budget and Planning P.O. Box 8046 Harrisburg, Pennsylvania 17105
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FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: DEC 13 2013
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 14 2013	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: Penny Thompson	22. TITLE: Deputy Director, Policy & Financial Mgt. PMCS
23. REMARKS:	

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

- (c) A new hospital is defined as an in-state hospital that has enrolled in the Pennsylvania (PA) Medical Assistance (MA) Program on or after July 1, 2008. For a new hospital that has enrolled in the MA Program as an inpatient acute care general hospital, the hospital-specific payment rate for periods after July 13, 2013 will be determined as follows:
- (1) For the initial state fiscal year in which the hospital was enrolled, an interim payment rate will be set at the statewide average rate calculated in (b)(1) adjusted by the following:
 - (i) The appropriate labor adjustment for the hospital's service location in accordance with (b)(2),
 - (ii) A medical residency adjustment consistent with (b)(3) will apply for newly enrolled children's hospitals only,
 - (iii) The capital cost adjustment in accordance with (b)(4),
 - (iv) A Medical Assistance dependency adjustment will not apply to newly enrolled hospitals for the initial year interim payment rate.
 - (2) For the newly enrolled hospital's second and subsequent fiscal years of enrollment:
 - A. If the hospital was in operation for less than 180 days in its initial state fiscal year of enrollment,
 - (i) the interim payment rate for the hospital's second fiscal year of enrollment will be determined in the same manner as determined for its initial state fiscal year of operation consistent with (c)(1).
 - (ii) the interim payment rate for the hospital's subsequent fiscal years will be set as described in (c)(2)(B) below.
 - B. If the hospital was in operation in its initial state fiscal year of enrollment for at least 180 days, the Department will determine the hospital's interim payment rate in accordance with (a) and (b) using the following data collected by the Department in a form and manner specified by the Department:
 - (i) a teaching adjustment for the hospital if the hospital has a teaching program; and
 - (ii) a MA dependency adjustment consistent with (b)(5).
 - (3) The hospital's interim payment rate determined in (c)(1) and (c)(2) will remain in effect until the hospital's MA hospital cost report for the first full state fiscal year of enrollment in PA MA is available through the annual cost reporting process. The hospital's final payment rate will be determined in accordance with (a) and (b) using the hospital's actual data relating to its first full state fiscal year of enrollment. Newly enrolled hospitals will be subject to cost settlement for a difference between the interim payment rates determined under (c)(1) and (c)(2) and the final payment rates.

- (C) Except as provided in (D), beginning in SFY 2013-2014, for the second and subsequent full SFY of PA MA enrollment of a new hospital that qualifies for one or more of these payments, the payments will be annualized if the first full SFY payment had been prorated as described in (B)(3) and (B)(4), or the source data will be annualized prior to determining the annual payment allocation if the source data was not annualized as described in (B)(1) and (B)(2).
- (D) For each of the payments listed in (B) for new hospitals, the Department will determine a final payment amount using actual MA data relating to the new hospital's first full SFY of enrollment once that data becomes available. The Department will reconcile payments made to final payments amounts subject to available funding.

For Fiscal Year 2013-2014, the Department will allocate an annualized amount of \$1.227 (~~\$0.570~~ in State General Funds) for these DSH and supplemental payments adjusted to reflect the reconciliation factor described in Part VI.

TN#13-040
Supercedes
TN#NEW

Approval Date: DEC 13 2013

Effective Date: July 14, 2013