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State/Territory Name: Pennsylvania

State Plan Amendment (SPA) #: PA-14-026

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

SEP 03 2014

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 14-026

Dear Ms. Mackereth:

We have completed our review of State Plan Amendment (SPA) 14-026. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the SPA increases 2014 funding for disproportionate share hospital payments to certain acute care hospitals that further Pennsylvania's goal of enhanced access in economically distressed areas.

We conducted our review of this SPA according to the statutory requirements at sections 1902(a)(3), 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 14-026 effective June 15, 2014. 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

/s/

Cindy Mann
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 14-026	2. STATE Pennsylvania
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Title XIX	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE June 15, 2014	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> 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 2014 \$23,726,217 b. FFY 2015 \$14,820,520	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Page 21a		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, Page 21a	
10. SUBJECT OF AMENDMENT: Additional Class of Disproportionate Share Payments			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Review and approval authority has been delegated to the Department of Public Welfare			
12. SIGNATURE OF STATE AGENCY OFFICIAL: /s/		16. RETURN TO: Commonwealth of Pennsylvania Department of Public Welfare Office of Medical Assistance Programs Bureau of Policy, Budget and Planning P.O. Box 2675 Harrisburg, Pennsylvania 17110	
13. TYPED NAME: Beverly D. Mackereth			
14. TITLE: Secretary of Public Welfare			
15. DATE SUBMITTED: JUN 16 2014			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: SEP 03 2014	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUN 15 2014		20. SIGNATURE OF REGIONAL OFFICIAL: /s/	
21. TYPED NAME: Penny Thompson		22. TITLE: Deputy Director, Policy & Financial Mgt. CMCS	
23. REMARKS:			

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS

Effective October 1, 2000, the Department established an additional class of disproportionate share (DSH) payments to certain qualifying hospitals, which the Department determined advanced the Department's goal of enhanced access to multiple types of medical care in economically distressed areas of the Commonwealth.

The Department intends to consider a hospital eligible, provided it is an acute care general hospital that meets all of the following criteria:

- (a) The hospital provides in excess of 100,000 inpatient days to Medical Assistance (MA) eligible individuals as reported on its Fiscal Year 2004-2005 MA Hospital Cost Report (MA 336);
- (b) The hospital has a Low-Income Utilization Rate in excess of the 95th percentile of the Low-Income Utilization Rate for all enrolled acute care general hospitals as reported on its Fiscal Year 2004-2005 MA Hospital Cost Report (MA 336);
- (c) The hospital's ratio of MA revenue to net patient revenue exceeds the 98th percentile for all Commonwealth acute care general hospitals as reported in the Pennsylvania Health Care Cost Containment Council's 2006 Financial Analysis, Volume One;
- (d) The dollar value of the hospital's uncompensated care equals or exceeds the 94th percentile of the value to uncompensated care for all acute care general hospitals as reported in the Pennsylvania Health Care Cost Containment Council's 2006 Financial Analysis, Volume One;
- (e) The hospital is located in a Census tract designated by the Bureau of Primary Health Care of the Health Resource and Services Administration as a Medically Underserved Area.

For Fiscal Year 2013-2014, the fiscal impact as a result of these payments is \$44.331 million in total funds (\$20.605 million in State General Funds).

Payments will be divided proportionally among qualifying hospitals based on the percentage of each qualifying hospital's MA inpatient days to the total MA inpatient days of all qualifying facilities.

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit.