

Table of Contents

State Name: Pennsylvania

State Plan Amendment (SPA)#: 14-035

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 Page

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



Financial Management Group

DEC 18 2014

Ms. Beverly Mackereth, Secretary
Commonwealth of Pennsylvania
Department of Public Welfare
Office of Medical Assistance Programs
Bureau of Policy, Budget and Planning
PO Box 2675
Harrisburg, PA 17110

RE: State Plan Amendment (SPA) 14-035

Dear Ms. Mackereth:

We have completed our review of State Plan Amendment (SPA) 14-035. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment continues certain inpatient supplemental and disproportionate share hospital payments to qualifying hospitals.

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 14-035 effective July 1, 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,

A large black rectangular redaction box covering the signature of Timothy Hill.

Timothy Hill
Director

A black rectangular redaction box covering contact information, likely a phone number or email address.

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
14-035

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

~~September 28, 2014~~
July 1, 2014 ghe

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 2014 \$0.00
b. FFY 2015 \$137,818,913

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A, Pages 16a, 18, 19, 20a and 21tt

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19A, Pages 16a, 18, 19, 20a and 21tt

10. SUBJECT OF AMENDMENT:

Continuation of Disproportionate Share Hospital and Supplemental Payments, New Hospital Payments and Psychiatric and Rehabilitation Hospitals and Units

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:

/s/

13. TYPED NAME:
Beverly D. Mackereth

14. TITLE:
Secretary of Public Welfare

15. DATE SUBMITTED: SEP 30 2014

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

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

DEC 18 2014

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

SEP 28 2014

20. SIGNATURE OF REGIONAL OFFICIAL:

/s/

21. TYPED NAME:

Kristin Fan

22. TITLE:

Deputy Director, FMC

23. REMARKS:

(3) Be an acute care general hospital defined by Medicare as a rural hospital or sole community hospital and be at or above the 75th percentile in the ratio of Medical Assistance (MA) acute care cases to total acute care cases in a ranking of all in-state hospitals.

(4) Be an acute care general hospital that has rendered a total number of MA inpatient days (including Fee-for-Service, managed care, administrative and out-of-state days and including days from units) greater than two standard deviations above the mean of the total number of MA days rendered by all acute care general hospitals.

(5) Be an MA enrolled acute care general hospital located in a county ranked above the 96 percentile for all counties in Pennsylvania as determined using the data contained in the Department's December 2009 report of Unduplicated Number of Persons Eligible for MA by County based on either the percentile rank of the county's percent of population eligible for MA, or the percentile rank of the county's total number of persons eligible for MA; and the hospital has a ratio of total MA acute inpatient days to total acute inpatient days which exceeds the average ratio of MA acute inpatient days to total hospital acute inpatient days of all hospitals within that county based on data from the FY 2007-2008 MA hospital cost report (MA 336) available to the Department as of July 2010.

(b) To qualify as a disproportionate share hospital, the hospital must meet at least one of the following conditions:

(1) Be identified as a children's hospital;

(2) Have at least two physicians with staff privileges at the hospital who have agreed to provide obstetric services to individuals who are entitled to such services under the MA Program; or

(3) Be identified as a hospital that did not offer nonemergency obstetric services to the general population on or after December 21, 1987.

Part III. Disproportionate Share Payments for Rehabilitation Hospitals and Rehabilitation Units

(a) Inpatient rehabilitation hospitals and distinct part rehabilitation units of acute care general hospitals that meet the conditions in Part 1 are assigned a disproportionate share percentage ranging from 1 percent to 10 percent as follows:

- (1) Array the qualifying hospitals and hospital units from high to low based on total facility ratio of Title XIX days to total days.
- (2) Subtract from the qualifying provider's Title XIX days to total days percentage, the Title XIX days to total days percentage of the lowest qualifying hospital;
- (3) Divide the amount by the difference between the Title XIX days to total days percentages of the highest and lowest qualifying hospitals;
- (4) Multiply the amount determined in (3) by 0.09;
- (5) Add 0.01 to the amount determined in (4).

(b) The Department prospectively calculates the annual disproportionate share payment amount for qualifying rehabilitation hospitals and rehabilitation units by multiplying the disproportionate share payment percentage determined in (a) by the provider's projected Title XIX and general assistance income for rehabilitation days during the Fiscal Year (FY) based on Pennsylvania Medical Assistance (PA MA) Fee-for-Service and Managed Care days as reported in the hospital's FY 2007-2008 MA hospital cost report (MA 336).

(c) For FY 2010-2011, a qualifying hospital or unit's inpatient disproportionate share hospital (DSH) payment amount is the higher of:

- (1) The payment amount calculated under (b) above; or
- (2) The inpatient DSH payment amount the hospital received for FY 2009-2010

(d) For FY 2011-2012, the hospital's or unit's inpatient DSH amount is the higher of:

- (1) The payment amount calculated under (b) above; or
- (2) The payment amount calculated under (b) above plus one half of the difference between the inpatient DSH payment amount the hospital or unit was allocated to receive for FY 2009-2010 and the payment amount calculated under (b) above, if the FY 2009-2010 payment amount is greater than the amount calculated under (b) above.

(e) Beginning with FY 2012-2013, the hospital or unit's inpatient DSH payment amount will equal the payment amount calculated under (b).

Inpatient disproportionate share payments for rehabilitation hospitals and rehabilitation units paid under the prospective rehabilitation payment system are subject to the limitations set forth under Part V and Part VI.

Part IV. Inpatient disproportionate Share Payments for Psychiatric Hospitals and Psychiatric Units

(a) Inpatient psychiatric hospitals and distinct part psychiatric units of acute care general hospitals that meet the conditions in Part I are assigned a disproportionate share percentage ranging from 1 percent to 10 percent. Qualifying providers are ranked from high to low based on total facility ratio of Title XIX days to total days. The qualifying provider with the highest ratio of Title XIX days to total days is assigned a disproportionate share percentage of 10 percent. For each other provider qualifying under this section, the disproportionate share percentage is:

(1) 1 percent, plus

(2) 8 percent multiplied by a fraction: the numerator of which is the ratio of Title XIX days to total days of the qualifying provider minus the ratio of Title XIX days to total days of the lowest provider on the list of all such qualifying providers; and the denominator of which is the ratio of the Title XIX days to total days of the second to highest provider on the list of all such qualifying providers, minus the ratio of Title XIX to total days of the lowest provider on the list of all such qualifying providers.

(b) The Department prospectively calculates the annual disproportionate share payment amount for the qualifying psychiatric providers and psychiatric units by multiplying the disproportionate share percentage determined in (a) by the provider's projected Title XIX and general assistance income for psychiatric days during the fiscal year based on days as reported on the hospital's FY 2007-2008 MA hospital cost report (MA 336).

(c) For FY 2010-2011, a qualifying hospital or unit's inpatient DSH payment amount is the higher of:

(1) The payment amount calculated under (b) above; or

(2) The inpatient DSH payment amount the hospital received for FY 2009-2010.

(d) For FY 2011-2012, the hospital's or unit's inpatient DSH amount is the higher of:

(1) The payment amount calculated under (b) above; or

(2) The payment amount calculated under (b) above plus one half of the difference between the inpatient DSH payment amount the hospital or unit was allocated to receive for FY 2009-2010 and the payment amount calculated under (b) above, if the FY 2009-2010 payment amount is greater than the amount calculated under (b) above.

(e) Beginning with FY 2012-2013, the hospital or unit's inpatient DSH payment amount will equal the payment amount calculated under (b).

Inpatient disproportionate share payments for psychiatric hospitals and psychiatric units paid under the prospective psychiatric payment system are subject to the limitations set forth under Part V and Part VI.

Part V. Aggregate Limits to Inpatient Disproportionate Share, Outpatient Supplemental and Direct Medical Education

For the period January 14, 2007 through December 31, 2007, the Department shall distribute to providers that are eligible for direct medical education and/or disproportionate share payments, including outpatient supplemental, the aggregate annualized amount of \$ 223.608 million, except any additional amount resulting from the Hospital Quality Incentive Pilot Program.

For the period beginning January 1, 2008, the Department shall distribute to providers that are eligible for direct medical education and/or disproportionate share payments, including outpatient supplemental, the aggregate annualized amount of \$228.08 million, except any additional amount resulting from the Hospital Quality Incentive Pilot Program.

For State Fiscal Year 2009-2010, the Department shall distribute to providers that are eligible for direct medical education and/or inpatient disproportionate share and outpatient supplemental payments an aggregate annualized amount not to exceed \$193.010 million, except any additional amount resulting from the Hospital Quality Incentive Pilot Program.

For State Fiscal Year 2010-2011, the Department shall distribute to providers that are eligible for direct medical education and/or inpatient disproportionate share and outpatient supplemental payments an aggregate annualized amount of \$287.832 million, as adjusted to reflect the reconciliation factor described in Part VI.

For State Fiscal Year 2011-2012, the Department shall distribute to providers that are eligible for direct medical education and/or inpatient disproportionate share and outpatient supplemental payments an aggregate annualized amount of \$270.740 million, as adjusted to reflect the reconciliation factor described in Part VI.

For State Fiscal Year 2012-2013, the Department shall distribute to providers that are eligible for direct medical education and/or inpatient disproportionate share and outpatient supplemental payments an aggregate annualized amount of \$270.740 million, as adjusted to reflect the reconciliation factor described in Part VI.

For State Fiscal Year 2013-2014, the Department shall distribute to providers that are eligible for direct medical education and/or inpatient disproportionate share and outpatient supplemental payments an aggregate annualized amount of \$262.341 million, as adjusted to reflect the reconciliation factor described in Part VI.

For State Fiscal Year 2014-2015, the Department shall distribute to providers that are eligible for direct medical education and/or inpatient disproportionate share and outpatient supplemental payments an aggregate annualized amount of \$263.661 million, as adjusted to reflect the reconciliation factor described in Part VI.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

- (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 payment amounts subject to available funding.

For Fiscal Year 2014-2015, the Department will allocate an annualized amount of \$1.464 (\$0.705 in State General Funds) for these DSH and supplemental payments adjusted to reflect the reconciliation factor described in Part VI.