

## **Table of Contents**

**State/Territory Name:** Pennsylvania

**State Plan Amendment (SPA) #: PA-14-0037**

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

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



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**Financial Management Group**

**NOV 21 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) 14-037

Dear Ms. Mackereth:

We have completed our review of State Plan Amendment (SPA) 14-037. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment continues disproportionate share hospital payments to facilities designated as critical access hospitals and qualifying rural 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 14-037 effective October 12, 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/

Timothy Hill  
Director

A handwritten signature in black ink, appearing to be 'T. Hill', written over a horizontal line.

Enclosures

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

1. TRANSMITTAL NUMBER:  
14-037

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  
October 12, 2014

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 \$7,611,000.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Attachment 4.19A, Page 21k

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):  
Attachment 4.19A, Page 21k

10. SUBJECT OF AMENDMENT:  
Additional Class of Disproportionate Share Payments to Critical Access Hospitals and Qualifying Rural Hospitals

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. \_\_\_\_\_  
Beverly D. Mackereth

14. TITLE:  
Secretary of Public Welfare

15. DATE SUBMITTED: OCT 22 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: NOV 21 2014

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
OCT 12 2014

20. SIGNATURE OF REGIONAL OFFICIAL:  
/s/

21. TYPED NAME: Kristin Fan

22. TITLE: Deputy Director, FMG

23. REMARKS:

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO CRITICAL ACCESS  
HOSPITALS AND QUALIFYING RURAL HOSPITALS

The Department will make disproportionate share payments to certain qualifying Medical Assistance (MA) enrolled acute care general hospitals based on designation as a Critical Access Hospital (CAH) and for qualifying rural hospitals, to ensure the availability of quality care to MA beneficiaries in rural areas across this Commonwealth.

The Department will consider hospitals that have been designated as a CAH to be eligible for this additional class of DSH payments. CAHs are defined as any hospital that has qualified under section 1861(mm)(1) of the Social Security Act (42 U.S.C. § 1395x(mm)(1)) (relating to definitions) as a "critical access hospital" under Medicare. The Department will distribute payments to qualifying CAHs to reimburse at up to 101% of the allowable inpatient and outpatient Medical Assistance (MA) costs for services provided to eligible MA beneficiaries, after deducting all other MA payments, including payments for services rendered, DSH payments or other supplemental payments.

After payment has been made to CAHs, as indicated above, any remaining funds will be distributed by the Department to rural hospitals that are acute care general hospitals licensed as hospitals under the Health Care Facilities Act (35 P.S. §§ 448.101 and 448.904(b)) and that meet all of the following:

- (a) Located in a county of the 6<sup>th</sup>, 7<sup>th</sup>, or 8<sup>th</sup> class that has no more than two MA-enrolled acute care general hospitals.
- (b) Located in a county that has greater than 17% of its population that are eligible for MA or has greater than 10,000 persons eligible for MA.
- (c) Has no more than 200 licensed and staffed beds
- (d) Does not qualify as a CAH under section 1861(mm)(1) of the Social Security Act (42 U.S.C. § 1395x(mm)(1)).

The Department will distribute any remaining funds to qualifying rural hospitals as follows:

- (a) 50% will be shared equally among the eligible hospitals.
- (b) 50% will be distributed based on each hospital's percent of total MA Fee-for-Service discharges compared to all eligible hospitals total MA Fee-for-Service discharges.

For Fiscal Year 2014-2015, the fiscal impact as a result of this additional class of disproportionate share payments is \$14.687 million (\$7.076 million in State General Funds and \$7.611 million in Federal Funds upon approval by the Centers for Medicare and Medicaid Services).