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**State/Territory Name:** Pennsylvania

State Plan Amendment (SPA) #: PA-14-0038

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



### **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) 14-038

Dear Ms. Mackereth:

We have completed our review of State Plan Amendment (SPA) 14-038. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment continues disproportionate share hospital payments to qualifying hospitals with obstetrical and neonatal intensive care cases.

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 14-038 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

Timothy Hill

Director

**Enclosures** 

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TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL  FOR: HEALTH CARE FINANCING ADMINISTRATION  TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES  3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (ABEDICALD) THE XIX  TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES  3. TYPE OF PLAN MATERIAL (Check One):  SOCIAL SECURITY ACT (ABEDICAL) THE XIX  4. FROPOSED EFFECTIVE DATE October 12, 2014  4. FROPOSED EFFECTIVE DATE October 12, 2014  4. FROPOSED EFFECTIVE DATE October 12, 2014  5. FEDERAL STATUTE/REGULATION CITATION: 4. FROPOSED EFFECTIVE DATE OCTOBER 12, 2014  4. FROPOSED EFFECTIVE DATE OCTOBER 12, 2014  5. FEDERAL STATUTE/REGULATION CITATION: 4. FROPOSED EFFECTIVE DATE OCTOBER 12, 2014  5. FEDERAL BUDGET IMPACT: 4. FROPOSED EFFECTIVE DATE OCTOBER 12, 2014  5. FEDERAL BUDGET IMPACT: 5. FEDERAL BUDGET IMPACT: 4. FROPOSED EFFECTIVE DATE OCTOBER 12, 2014  5. FEDERAL BUDGET IMPACT: 5. FEDERAL BUDGET IMPACT: 7. FEDERAL B	TOTAL TRANSPORT ADMINISTRATION		OMB NO. 0938-0193
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TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES  5. TYPE OF PLAN MATERIAL (Check One):    NEW STATE PLAN	FOR: HEALTH CARE FINANCING ADMINISTRATION	SOCIAL SECURITY ACT (MEDICAID)	
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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  8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Page 21ii  10. SUBJECT OF AMENDMENT: DSH Payments to Certain Qualifying Hospitals Based on Obstetrical and Neonatal Intensive Care Cases  11. GOVERNOR'S REVIEW (Check One): GOVERNOR'S OFFICE REPORTED NO COMMENT OR REVIEW and approval authority has been delegated to the Department of Public Welfare  12. SIGNATURE OF STATE AGENCY OFFICIAL: NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL  13. TYPED NAME Secretary of Public Welfare 14. TITLE: Secretary of Public Welfare 15. DATE SUBMITTED:  PLAN APPROVED — ONE COPY ATTACHED  PLAN APPROVED — ONE COPY ATTACHED  EFFECTIVE DATE OF APPROVED MATERIAL  TYPED NAME:  PLAN APPROVED — ONE COPY ATTACHED  SIGNATURE OF REGIONAL OFFICIAL: SIGNATURE OF PREGIONAL OFFICIAL: Secretary of Public Welfare 15. DATE SUBMITTED:  PLAN APPROVED — ONE COPY ATTACHED  EFFECTIVE DATE OF APPROVED MATERIAL  OCT 1 2014  TYPED NAME:  **TYPED NAME: *	5. TYPE OF PLAN MATERIAL (Check One):		
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	DRISTIN FAN	Deputy Director, FA	16
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# STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

ATTACHMENT 4.19A Page 21ii

STATE: COMMONWEALTH OF PENNSYLVANIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

(ii) Of the amount available for distribution for rural hospitals, 10% will be distributed to qualified rural hospitals with neonatal intensive-care cases for PA MA beneficiaries using the following formula:		
(A) For each hospital, determine the ratio of the hospital's neonatal intensive-care cases for PA MA		
beneficiaries to all neonatal intensive-care cases for the hospital.		
(B) For each hospital multiply: the ratio under clause (A) by the number of the hospital's neonatal intensive-care cases for PA MA beneficiaries.		
(C) Add the products under clause (B) for all hospitals.		
(D) Divide the amount available for distribution to rural hospitals by the sum under clause (C).		
(E) Multiply the quotient under clause (D) by the product under clause (B).		
(F) For rural hospitals located in counties whose ratio of MA eligible persons to total county population		
exceeds one standard deviation above the mean for all rural counties, but is less than 1.3 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 1.50. For rural hospitals located in counties whose ratio of MA eligible persons to total county		
population is equal to or greater than 1.3 standard deviations above the mean for all rural counties, but less than 1.6 standard deviations above		
the mean for all rural counties, multiply the product in clause (E) by 1.75. For rural hospitals located in counties whose ratio of MA eligible		
persons to total county population is equal to or greater than 1.6 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 2.0.		
(iii) 15% of the funds available for rural hospitals will be distributed equally among qualified rural hospitals with		
obstetrical cases for PA MA beneficiaries.		
(iv) 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 (i), (ii), and (iii) 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.		
obtain a proportional payment for each nospital.		
(b) 85% of the total amount available will be paid to qualified nonrural hospitals as follows:		
(i) Of the eighty-five percent, 52.5% will be distributed to qualified nonrural hospitals with obstetrical cases for PA		
MA beneficiaries using the following formula:  (A) For each hospital, determine the ratio of the hospital's obstetrical cases for PA MA beneficiaries to		
all obstetrical cases for the hospital.		
(B) For each hospital, multiply the ratio under clause (A) by the number of the hospital's obstetrical		
cases for PA MA beneficiaries.		
<ul> <li>(C) Add the products under clause (B) for all hospitals.</li> <li>(D) Divide the amount available for distribution to nonrural hospitals by the sum under clause (C).</li> </ul>		
(E) Multiply the quotient under clause (D) by the product under clause (B).		
(ii) Of the amount available for distribution to nonrural hospitals, 32.5% will be distributed to qualified nonrural		
hospitals with neonatal intensive-care cases for PA MA beneficiaries using the following formula:		
(A) For each hospital, determine the ratio of the hospital's neonatal intensive-care cases for PA MA beneficiaries to all neonatal intensive-care cases for the hospital.		
(B) For each hospital, multiply the ratio under clause (A) by the number of the hospital's neonatal		
intensive-care cases for PA MA beneficiaries.		
(C) Add the products under clause (B) for all hospitals.		
<ul> <li>(D) Divide the 32.5% by the sum under clause (C).</li> <li>(E) Multiply the quotient under clause (D) by the product under clause (B).</li> </ul>		
(iii) Of the amount available for distribution to nonrural hospitals, 15% will be distributed equally among qualified		
nonrural hospitals with obstetrical cases for PA MA beneficiaries.		
For Fiscal Year 2014-2015, the fiscal impact of this additional class of DSH payments shall not avoiced \$42,967 million (\$6,694		

For Fiscal Year 2014-2015, the fiscal impact of this additional class of DSH payments shall not exceed \$13.867 million (\$6.681 million in State General Funds and \$7.186 million in Federal Funds upon approval by the Centers for Medicare and Medicaid Services).

TN#<u>14-038</u> Supersedes TN# 14-004

NOV 21 2014 Approval Date: \_\_

Effective Date: October 12, 2014