

## **Table of Contents**

**State/Territory Name:** Pennsylvania

**State Plan Amendment (SPA) #: PA-14-0041**

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**

**FEB 02 2015**

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 14-041

Dear Ms. Mackereth:

We have completed our review of State Plan Amendment (SPA) 14-041. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment continues disproportionate share hospital payments to hospitals providing a high volume of services to Medical Assistance individuals and low-income populations.

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 14-041 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 'Timothy Hill', written over the printed name and title.

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

1. TRANSMITTAL NUMBER:  
14-041

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 \$852,217

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Attachment 4.19A, Page 211

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):  
Attachment 4.19A, Page 211

10. SUBJECT OF AMENDMENT:  
Additional Class of Disproportionate Share Payments

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  
Human Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:

/S/

13. TYPED NAME:  
Beverly D. Mackereth

14. TITLE:  
Secretary of Human Services

15. DATE SUBMITTED: DEC 30 2014

16. RETURN TO:  
Commonwealth of Pennsylvania  
Department of Human Services  
Office of Medical Assistance Programs  
Bureau of Policy, Analysis and Planning  
P.O. Box 2675  
Harrisburg, Pennsylvania 17110

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED: FEB 02 2015

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
OCT 12 2014

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Krysten Fan

22. TITLE: Deputy Director, FMC

23. REMARKS:

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS

The Department will make an additional class of disproportionate share hospital (DSH) payments to certain qualifying hospitals that the Department determines provide a high volume of services to Medical Assistance (MA) eligible and low-income populations. The Department intends for these payments to promote the hospitals' continued participation in the MA Program.

The Department will consider a hospital eligible for this additional class of DSH payments if the hospital is an acute care hospital that meets all of the criteria listed below.

- a) The hospital is located in a county that exceeds the 96<sup>th</sup> percentile of the unduplicated number of persons eligible for MA, by county. (January 2010 MA unduplicated eligibility report).
- b) The hospital provides more than 58,000 patient days of service as reported on its 2007-2008 State Fiscal Year (FY) MA cost report (MA-336).
- c) The hospital's ratio of PA MA days to total hospital days is more than 20.0% as reported on its 2007-2008 State FY MA cost report (MA-336).
- d) The hospital's FY 2008 Uncompensated Care percentage of Net Patient Revenue is greater than 2.4%, as reported in the Pennsylvania Health Care Cost Containment Council's Fiscal Year 2008 Financial Analysis, Volume One, General Acute Care Hospitals.
- e) The hospital's FY 2008 operating margin is less than -3.4%, as reported in the Pennsylvania Health Care Cost Containment Council's Fiscal Year 2008 Financial Analysis, Volume One, General Acute Care Hospitals.

Payments will be divided proportionately among qualifying hospitals based on the percentage of each qualifying hospital's MA inpatient days to 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. Any funds available due to the application of the hospital-specific DSH upper payment limit will be redistributed to other hospitals qualifying under this class of disproportionate share payments on a proportionate basis.

For FY 2014-2015, the fiscal impact as a result of this additional class of disproportionate share payments is \$1.645 million (\$0.792 million in State General Funds and \$0.853 million in Federal Funds).