

Table of Contents

State Name: Pennsylvania

State Plan Amendment (SPA)#: 15-0028

This file contains the following documents in the order listed:

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



Financial Management Group

MAR 08 2016

Mr. Theodore Dallas, Secretary
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
PO Box 8046
Harrisburg, PA 17105

RE: State Plan Amendment 15-0028

Dear Mr. Dallas:

We completed our review of the proposed amendment to section 4.19A of Pennsylvania's Title XIX Medicaid State plan submitted under transmittal number (TN) 15-0028. Specifically, this amendment continues the reimbursement system for acute care general hospitals using all patient refined-diagnosis related groups and amends the calculation of relative values to a national basis versus the previously used state of New York's relative values as the basis.

We conducted our review of your submittal according to the statutory requirements at Sections 1902(a)(2), 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 Pennsylvania SPA 15-0028 with an effective date of October 1, 2015. We are enclosing the HCFA-179 and the amended state plan pages.


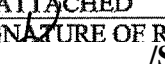
If you have any questions, please call Gary Knight at (304) 347-5723.

Sincerely,

/S/

Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 15-0028	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 1, 2015	
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 2015 \$0 b. FFY 2016 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Page 1a		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, Page 1a	
10. SUBJECT OF AMENDMENT: Inpatient Hospital Services – All Patient Refined-Diagnostic Related Group (APR-DRG) Classification Updates			
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 Human Services			
12. SIGNATURE OF STATE AGENCY OFFICIAL:  /S/		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	
13. TYPED NAME: Theodore Dallas			
14. TITLE: Secretary of Human Services			
15. DATE SUBMITTED: DEC 28 2015			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: MAR 08 2016	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 01 2015		20. SIGNATURE OF REGIONAL OFFICIAL:  /S/	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FMC	
23. REMARKS:			

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

ACUTE CARE GENERAL HOSPITAL PROSPECTIVE PAYMENT SYSTEM

Prospective Payment System

The prospective payment rate for each beneficiary discharged from the hospital is established by multiplying the relative value of the All Patient Refined-Diagnosis Related Group (APR-DRG) into which the patient has been classified, by the hospital specific payment rate. Payment is made based on the rate effective on the date of discharge.

METHODS USED TO ESTABLISH PROSPECTIVE RATES

Computation of Relative Values

For each transition to a new version of the APR-DRG classification system for grouping outcomes, the Department will rebase Pennsylvania's (PA) Medical Assistance (MA) Fee-For-Service (FFS) relative values based on the national relative values relating to the new version of APR-DRG which is being adopted. To establish the rebased relative values, the Department applies an adjustment factor to each national relative value so that the PA MA statewide APR DRG Case Mix Index (CMI) is at a level that is consistent (budget-neutral) with the State Fiscal Year 2014-2015 relative weights and payment base rates.

TN# 15-0028

Supersedes

TN# 13-012

Approval Date MAR 08 2016 Effective Date: October 1, 2015