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State Name: Pennsylvania

State Plan Amendment (SPA)#: 16-0004

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

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



Financial Management Group

SEP 08 2016

Mr. Theodore Dallas, Secretary
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
PO Box 2675
Harrisburg, PA 17110

RE: State Plan Amendment 16-0004

Dear Mr. Dallas:

We have completed our review of State Plan Amendment (SPA) 16-0004. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment continues disproportionate share hospital payments to qualifying teaching hospitals that provide psychiatric services.

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 16-0004 effective April 17, 2016. 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/

Kristin Fan
Director

Enclosures

**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**

1. TRANSMITTAL NUMBER:
16-0004

2. STATE
Pennsylvania

**3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)**
Title XIX

4. PROPOSED EFFECTIVE DATE
April 17, 2016

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 2015 \$0
b. FFY 2016 \$280,500

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A, Page 21j

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19A, Page 21j

10. SUBJECT OF AMENDMENT:

Additional Class of Disproportionate Share Payments to Qualifying Teaching 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
Human Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:

/S/

13. TYPED NAME:

Theodore Dallas

14. TITLE:

Secretary of Human Services

15. DATE SUBMITTED:

APR 18 2016

16. RETURN TO:

Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
Bureau of Policy, Analysis and Planning
P.O. Box 2875
Harrisburg, Pennsylvania 17110

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

SEP 08 2016

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

APR 17 2016

20. SIGNATURE OF REGIONAL OFFICIAL:

/S/

21. TYPED NAME:

Kristin Fan

22. TITLE:

Director, EMG

23. REMARKS:

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENT TO QUALIFYING TEACHING
HOSPITALS

The Department of Human Services (Department) has established an additional class of disproportionate share (DSH) payments to qualifying teaching hospitals that provide psychiatric services to Medical Assistance (MA) beneficiaries. Across the Commonwealth there is a shortage of psychiatrists, notably those involved in the public health sector. The Department is working to recruit and retain psychiatrists to work in underserved rural and urban areas throughout the Commonwealth. These payments are intended to help offset the medical education costs of psychiatrists which are incurred by the hospitals providing psychiatric services to MA beneficiaries and the uninsured.

The Department will consider any psychiatric unit of a general acute care hospital enrolled in Pennsylvania (PA) MA with psychiatric medical education costs that exceed \$40,000, according to the Fiscal Year (FY) 2010-2011 MA Cost Report, eligible for this additional class of DSH payments if it meets one of the following criteria:

- 1) The hospital provides at least 40,000 psychiatric days of service to PA MA beneficiaries as reported on the FY 2010-2011 MA Cost Report.
- 2) The hospital's percentage of PA MA fee-for-service (FFS) inpatient psychiatric days to total PA MA FFS inpatient days exceeds 25% as reported on the FY 2010-2011 MA Cost Report.

Two thirds of the amount appropriated for this payment will be distributed equally to teaching hospitals qualifying under criteria 1) above. One third of the amount appropriated for this payment will be distributed equally to teaching hospitals qualifying under criteria 2) above. Hospitals that qualify under both criteria will be eligible only for payments under criteria 1).

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. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

The Fiscal Year 2015-2016 fiscal impact, as a result of this DSH payment is \$0.500 million (\$0.240 million in State General Funds and \$0.260 million in Federal Funds).