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State Name: Pennsylvania

State Plan Amendment (SPA)#: 16-0010

This file contains the following documents in the order listed:

1) Approval Letter

- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Two (2) 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

AUG 2 3 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 (SPA) 16-0010

Dear Mr. Dallas:

We have completed our review of State Plan Amendment (SPA) 16-0010. 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 16-0010 effective May 29, 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,

Kristin Fan Director

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICE HEALTH CARE FINANCING ADMINISTRATION	ES		FORM APPROVED OMB NO. 0938-0193	
TRANSMITTAL AND NOTICE STATE PLAN MAT	-	1. TRANSMITTAL NUMBER: 16-0010	2. STATE Pennsylvania	
FOR: HEALTH CARE FINANCING AD	MINISTRATION	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Title XIX		
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMIN DEPARTMENT OF HEALTH AND H	UMAN SERVICES	4. PROPOSED EFFECTIVE DATE May 29, 20	016	
	AMENDMENT TO BE	CONSIDERED AS NEW PLAN		
		NDMENT (Separate Transmittal for each	amendment)	
6. FEDERAL STATUTE/REGULATION C 42 CFR 447 Subpart C	ITATION:	7. FEDERAL BUDGET IMPACT: a. FFY 2015 \$0 b. FFY 2016 \$ 7,241,000		
8. PAGE NUMBER OF THE PLAN SECTION	ON OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERS	EDED PLAN SECTION	
		OR ATTACHMENT (If Applicable):		
Attachment 4.19A, Page 21ii		Attachment 4.19A, Page 21ii		
10. SUBJECT OF AMENDMENT: DSH Payments to Certain Qualifying I	Hospitals Based on Obste	trical and Neonatal Intensive Care Cas		
11. GOVERNOR'S REVIEW (Check One): GOVERNOR'S OFFICE REPORTE COMMENTS OF GOVERNOR'S O NO REPLY RECEIVED WITHIN 4	FFICE ENCLOSED	○ OTHER, AS SPECIFIED: Review and approval authority has been delegated to the Department of Public Welfare		
12. SIGNATURE OF STATE AGENCY OF	FICIAL:	16. RETURN TO:		
/S/		Commonwealth of Pennsylvania		
13. TYPED NAME:		Department of Human Services		
Theodore Dallas		Office of Medical Assistance Programs		
14. TITLE:		Bureau of Policy, Analysis and Planning		
Secretary of Human Services		P.O. Box 2675		
15. DATE SUBMITTED: MAR 1 6		Harrisburg, Pennsylvania 17110		
	FOR REGIONAL OF			
17. DATE RECEIVED		18. DATE APPROVED:	2016	
	PLAN APPROVED - ON	E COPY ATTACHED		
19. EFFECTIVE DATE OF APPROVED M.	ATERIAL 2 9 2016	20, SIGNAZURE OF REGIONAL OF	CIAL	
21. TYPED NAME: Trustin F	AN	22. TITE Directon FM	C	
23. REMARKS:				

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT STATE: <u>COMMONWEALTH OF PENNSYLVANIA</u> <u>METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE</u>

	(il)	Of the am	ount available for distribution for rural hospitals, 10% will be distributed to qualified rural hospitals with neonatal intensive-	
care cases for PA M	A beneficiar	ies using ti	he 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-c				
		(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.		(0)	To built hopital maliphy. Ito take under diduction (i) by the number of the hopital interiors and subsection in	
MA Deficitiones.		/ 0\	And the conducto conduct places (III) for all beginning	
		(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		ties, but is less than 1,3 standard deviations above the mean for all rural counties, multiply the product in clause (E) by	
			s whose ratio of MA eligible persons to total county population is equal to or greater than 1.3 standard deviations above	
the man for all more		an counties	s whose ratio of the engine persons to color country population in equal to or greater trial in all color country population is equal to or greater trial in all color (C) but 4.75. For purel or 4.6 between the property of the color of the	
the mean for all rura	counties, b	ui less (nai	n 1.6 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 1.75. For rural	
			MA eligible persons to total county population is equal to or greater than 1.6 standard deviations above the mean for all	
rural counties, multip	oly the produ	ict in clause	e (E) by 2.0.	
	(ili)	15% of the	e 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:	(1.1)	10 0110010	and paymond to not occord aranged rained, and population will adjust paymond to control of the c	
iomiula.		/41	The colored state to see the form of the colored state of the section is disided by the	
		(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 amo	unt for all ho	espitals to c	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 ho	ospital.			
p-7				
(b)	85% of the	total amo	unt available will be paid to qualified nonrural hospitals as follows:	
(0)	W CI III		hty-five percent, 52.5% will be distributed to qualified nonrural hospitals with obstetrical cases for PA MA beneficiaries	
	()	Or the eig	nty-five percent, 52.5% will be distributed to qualified frontid at hospitals with obstetrical cases for FA MA Deficiences	
using the following f	omula:			
		(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.		• •		
		(C)	Add the products under clause (B) for all hospitals.	
		(D)	Divide the amount available for distribution to nonrural hospitals by the sum under clause (C).	
		:		
	****	(E)	Multiply the quotient under clause (D) by the product under clause (B).	
	(ii)		ount available for distribution to nonrural hospitals, 32.5% will be distributed to qualified nonrural hospitals with neonatal	
intensive-care cases	s for PA MA	beneficiario	es 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-c	are cases fo	r the hospi	ital.	
	00000 10	(B)	For each hospital, multiply the ratio under clause (A) by the number of the hospital's neonatal intensive-care cases for PA	
MA handfaladas		(13)	Tot each hospital, morehy the ratio under clause (A) by the number of the hospital a hospital interior concession in	
MA beneficiaries.		(0)	Add the conducts and an always (D) for all benefits	
		(C)	Add the products under clause (B) for all hospitals.	
		(D)	Divide the 32.5% by the sum under clause (C).	
		(E)	Multiply the quotient under clause (D) by the product under clause (B).	
	(iii)	Of the am	nount available for distribution to nonrural hospitals, 15% will be distributed equally among qualified nonrural hospitals with	
obstetrical cases for				
0000011001 00000 101		V.1.Q.Q.1.QQ.		
Ail nove	ont limitation	e ozo etill e	applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that	
All payin	5111 MINITAUUH	19 CHC 51111 C	applicable, including index initiations that the Commonwealth may not access the aggregate annual box administration and their	
			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.				
For Fisca	l Year 2015	-2016, the	total fiscal impact of this additional class of DSH payments shall not exceed \$13.922 million (\$6.681 million in State	
			ral Funds upon approval by the Centers for Medicare and Medicaid Services).	
STATE OF THE STATE			and and open approximately and desired to manage and measurem sections.	

care cases for PA M/	(il) \ beneficiari		ount available for distribution for rural hospitals, 10% will be distributed to qualified rural hospitals with neonatal intensive- re following formula: For each hospital, determine the ratio of the hospital's neonatal intensive-care cases for PA MA beneficiaries to all		
neonatal intensive-ca	re cases fo				
MA beneficiaries.					
		(C) (D) (E) (F)	Add the products under clause (B) for all hospitals. Divide the amount available for distribution to rural hospitals by the sum under clause (C). Multiply the quotient under clause (D) by the product under clause (B). 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, multip		ct in clause			
MA beneficiaries.	` '				
formula:	(iv)		that payments do not exceed available funds, the Department will adjust payments to each hospital using the following		
total calculated amou	int for all ho	(A) spitals to o (B)	The calculated total amount of payments for each hospital under steps (i), (ii), and (iii) in this section is divided by the btain a percentage, which is a ratio of each hospital's respective share of the calculated amount. The resulting percentage for each hospital in clause (A) is multiplied by the total available funds to obtain a proportional		
payment for each ho	spital.				
(b)	85% of the		unt available will be paid to qualified nonrural hospitals as follows: hty-five percent, 52.5% will be distributed to qualified nonrural hospitals with obstetrical cases for PA MA beneficiaries		
using the following fo	rmula:	(A)	For each hospital, determine the ratio of the hospital's obstetrical cases for PA MA beneficiaries to all obstetrical cases		
for the hospital.		•	•		
beneficiaries.		(B)	For each hospital, multiply the ratio under clause (A) by the number of the hospital's obstetrical cases for PA MA		
		(C) (D)	Add the products under clause (B) for all hospitals. Divide the amount available for distribution to nonrural hospitals by the sum under clause (C).		
	(ii)	(E) Of the am	Multiply the quotient under clause (D) by the product under clause (B). ount available for distribution to nonrural hospitals, 32.5% will be distributed to qualified nonrural hospitals with neonatal		
intensive-care cases		beneficiario	es using the following formula: For each hospital, determine the ratio of the hospital's neonatal intensive-care cases for PA MA beneficiaries to all		
neonatal intensive-ca	are cases fo		tal.		
MA beneficiaries.		(B)	For each hospital, multiply the ratio under clause (A) by the number of the hospital's neonatal intensive-care cases for PA		
		(C) (D)	Add the products under clause (B) for all hospitals. Divide the 32.5% by the sum under clause (C).		
	(iii)	(E) Of the am	Multiply the quotient under clause (D) by the product under clause (B). ount available for distribution to nonrural hospitals, 15% will be distributed equally among qualified nonrural hospitals with		
obstetrical cases for	PA MA ben	eficiaries.			
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.					
For Fiscal Year 2015-2016, the total fiscal impact of this additional class of DSH payments shall not exceed \$13.922 million (\$6.681 million in State General Funds and \$7.241 million in Federal Funds upon approval by the Centers for Medicare and Medicald Services).					