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State Name: Pennsylvania

State Plan Amendment (SPA)#: 16-0011

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

AUG 23 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) 16-0011

Dear Mr. Dallas:

We have completed our review of State Plan Amendment (SPA) 16-0011. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment continues disproportionate share hospital payments to facilities designated as critical access hospitals and qualifying rural hospitals.

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 16-0011 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,

/S/

Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 16-0011	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 May 29, 2016	
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 \$ 9,620,000	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Page 21k		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, Page 21k	
10. SUBJECT OF AMENDMENT: Additional Class of Disproportionate Share Payments to Critical Access Hospitals and Qualifying Rural Hospitals			
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 Public Welfare			
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, Budget and Planning P.O. Box 2875 Harrisburg, Pennsylvania 17110	
13. TYPED NAME: Theodore Dallas			
14. TITLE: Secretary of Human Services			
15. DATE SUBMITTED: MAR 16 2016			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: AUG 23 2016	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: MAY 29 2016		20. SIGNATURE OF REGIONAL OFFICIAL: /S/	
21. TYPED NAME: Kirsten FAN		22. TITLE: Director, FMC	
23. REMARKS:			

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO CRITICAL ACCESS
HOSPITALS AND QUALIFYING RURAL HOSPITALS

The Department will make disproportionate share payments to certain qualifying Medical Assistance (MA) enrolled acute care general hospitals based on designation as a Critical Access Hospital (CAH) and for qualifying rural hospitals, to ensure the availability of quality care to MA beneficiaries in rural areas across this Commonwealth.

The Department will consider hospitals that have been designated as a CAH to be eligible for this additional class of DSH payments. CAHs are defined as any hospital that has qualified under section 1861(mm)(1) of the Social Security Act (42 U.S.C. § 1395x(mm)(1)) (relating to definitions) as a "critical access hospital" under Medicare. The Department will distribute payments to qualifying CAHs to reimburse at up to 101% of the allowable inpatient and outpatient Medical Assistance (MA) costs for services provided to eligible MA beneficiaries, after deducting all other MA payments, including payments for services rendered, DSH payments or other supplemental payments.

After payment has been made to CAHs, as indicated above, any remaining funds will be distributed by the Department to rural hospitals that are acute care general hospitals licensed as hospitals under the Health Care Facilities Act (35 P.S. §§ 448.101 and 448.904(b)) and that meet all of the following:

- (a) Located in a county of the 6th, 7th, or 8th class that has no more than two MA-enrolled acute care general hospitals.
- (b) Located in a county that has greater than 17% of its population that are eligible for MA or has greater than 10,000 persons eligible for MA.
- (c) Has no more than 200 licensed and staffed beds
- (d) Does not qualify as a CAH under section 1861(mm)(1) of the Social Security Act (42 U.S.C. § 1395x(mm)(1)).

The Department will distribute any remaining funds to qualifying rural hospitals as follows:

- (a) 50% will be shared equally among the eligible hospitals.
- (b) 50% will be distributed based on each hospital's percent of total MA Fee-for-Service discharges compared to all eligible hospitals total MA Fee-for-Service discharges.

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 as a result of this additional class of disproportionate share payments is \$18.496 million (\$8.876 million in State General Funds and \$9.620 million in Federal Funds upon approval by the Centers for Medicare and Medicaid Services).