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**State Name:** Pennsylvania

**State Plan Amendment (SPA)#:** 16-0013

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



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**Financial Management Group**

**AUG 05 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 16-0013

Dear Mr. Dallas:

We have completed our review of State Plan Amendment (SPA) 16-0013. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment continues disproportionate share hospital payments to promote access to inpatient hospital services at facilities with the highest volumes of Medicaid.

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 16-0013 effective March 6, 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

|  |  |   |                          |
|--|--|---|--------------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL OF<br/>STATE PLAN MATERIAL</b>   |  | 1. TRANSMITTAL NUMBER:<br>16-0013   | 2. STATE<br>Pennsylvania |
| FOR: HEALTH CARE FINANCING ADMINISTRATION  |  | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE<br>SOCIAL SECURITY ACT (MEDICAID)<br>Title XIX  |                          |
| TO: REGIONAL ADMINISTRATOR<br>HEALTH CARE FINANCING ADMINISTRATION<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES  |  | 4. PROPOSED EFFECTIVE DATE<br>March 6, 2016   |                          |
| 5. TYPE OF PLAN MATERIAL (Check One):<br><br><input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT<br>COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)  |  |   |                          |
| 6. FEDERAL STATUTE/REGULATION CITATION:<br>42 CFR 447 Subpart C  |  | 7. FEDERAL BUDGET IMPACT:<br>a. FFY 2015 \$ 852,217<br>b. FFY 2016 \$ 858,729   |                          |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:<br>Attachment 4.19A, Page 211  |  | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION<br>OR ATTACHMENT (If Applicable):<br>Attachment 4.19A, Page 211   |                          |
| 10. SUBJECT OF AMENDMENT:<br>Additional Class of Disproportionate Share Payments   |  |   |                          |
| 11. GOVERNOR'S REVIEW (Check One):<br><input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED:<br><input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      Review and approval authority has<br><input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL      been delegated to the Department of<br>Human Services |  |   |                          |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:<br>/S/   |  | 16. RETURN TO:<br>Commonwealth of Pennsylvania<br>Department of Human Services<br>Office of Medical Assistance Programs<br>Bureau of Policy, Analysis and Planning<br>P.O. Box 2675<br>Harrisburg, Pennsylvania 17110 |                          |
| 13. TYPED NAME:<br>Theodore Dallas   |  |   |                          |
| 14. TITLE:<br>Secretary of Human Services  |  |   |                          |
| 15. DATE SUBMITTED:<br>MAR 15 2016   |  |   |                          |
| FOR REGIONAL OFFICE USE ONLY   |  |   |                          |
| 17. DATE RECEIVED:   |  | 18. DATE APPROVED:<br>AUG 05 2016   |                          |
| PLAN APPROVED - ONE COPY ATTACHED  |  |   |                          |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL:<br>MAR 06 2016  |  | 20. SIGNATURE OF REGIONAL OFFICIAL:<br>/S/  |                          |
| 21. TYPED NAME:<br>Trustin FAN   |  | 22. TITLE:<br>Director, FNG   |                          |
| 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 2015-2016, the fiscal impact as a result of this additional class of disproportionate share payments is \$1.651 million (\$0.792 million in State General Funds and \$0.859 million in Federal Funds).

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TN# 16-0013

Supersedes

TN# 14-041

Approval Date: AUG 05 2016      Effective Date: March 6, 2016