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State Name: Pennsylvania

State Plan Amendment (SPA)#: 16-0018

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Four (4) SPA Pages

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

APR 15 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 16-0018

Dear Mr. Dallas:

We have completed our review of State Plan Amendment (SPA) 16-0018. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment continues a supplemental payment for Medicaid Dependency and Medicaid Rehab Adjustment payments.

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 16-0018 effective February 21, 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: 16-0018	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 February 21, 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 \$000 b. FFY 2016 \$26,901,936
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Pages 21n, 21o, 21t, 21tt	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, Pages 21n, 21o, 21t, 21tt

10. SUBJECT OF AMENDMENT:
Additional Class of Disproportionate Share Payments

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/	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: FEB 22 2016	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: APR 15 2016
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: FEB 01 2016	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

Medical Assistance Dependency Payments

The Department of Human Services (Department) will make supplemental payments to qualifying hospitals that are highly dependent upon Medical Assistance (MA) payment.

To qualify for these supplemental payments, an acute care general hospital must provide at least 50,000 Fee-for-Service (FFS) and managed care days of inpatient care to Pennsylvania MA beneficiaries as identified in the Fiscal Year (FY) 2012-2013 MA hospital cost report available to the Department as of December 2015.

The Department will determine a qualifying hospital's annual payment amount by multiplying the number of the hospital's Pennsylvania MA FFS acute care inpatient days, as identified in the FY 2012-2013 MA hospital cost report available to the Department as of December 2015 by either :

- a) \$600.00 for qualifying hospitals with greater than 19,000 Commonwealth MA FFS acute care inpatient days.
- b) \$280.00 for other qualifying hospitals.

The Department will distribute payments to qualifying hospitals adjusted to reflect the total amount allocated per fiscal year for this payment.

The Department will allocate an annualized amount of \$25.377 million in total funds for these supplemental payments adjusted to reflect the reconciliation factor described in Part VI.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

Medical Assistance Rehabilitation Adjustment Payments

The Department will make supplemental payments to freestanding rehabilitation hospitals enrolled in the Medical Assistance (MA) Program as inpatient rehabilitation hospitals as of July 1, 2010.

The Department will calculate an annual payment amount for qualifying freestanding rehabilitation hospitals equal to 147% of the total inpatient Fee-for-Service MA revenue as reported in the hospital's Fiscal Year (FY) 2007-2008 MA hospital cost report available to the Department as of July 2010. The Department will distribute payments to qualifying hospitals adjusted to reflect the total amount allocated per fiscal year for this payment. The Department may adjust this payment amount to reflect the funding that is available for this payment.

The Department will allocate an annualized amount of \$23.6 million in total funds for these supplemental payments adjusted to reflect the reconciliation factor described in Part VI.

TN#16-0018
Supersedes
TN#13-039

Approval Date: APR 15 2016

Effective Date: February 21, 2016

(A) Beginning with State Fiscal Year (SFY) 2013-2014, the Department will make the following disproportionate share hospital (DSH) and supplemental payments to newly enrolled in-state hospitals (new hospitals) that qualify for payments as specified in the respective qualifying criteria for each payment in the state plan as modified in (B) below:

- (1) Medical Assistance (MA) Stability Payment;
- (2) MA Dependency Payment;
- (3) MA Rehabilitation Adjustment Payment; and
- (4) Enhanced Payments to Certain Disproportionate Share Hospitals

For purposes of this determination, a new hospital is defined as a hospital that has enrolled in the Pennsylvania (PA) MA Program on or after July 1, 2008 and is not a long-term acute care general hospital as defined in 62 P.S. §801-G. To determine a hospital's eligibility and payment allocation for each of these DSH and supplemental payments, the Department collects data from new hospitals in a form and manner specified by the Department.

(B) Beginning with SFY 2013-2014, the following provides eligibility and payment distribution methodologies for the payment programs listed in (A) for those newly enrolled hospitals enrolled in the PA MA Program for at least one full SFY:

- (1) For the MA Stability Payment, the Department reimburses new hospitals enrolled as acute care general hospitals for the first full SFY of enrollment a per diem rate of \$262.84 multiplied by the number of PA MA fee-for-service (FFS) days of care provided by the new hospital during its initial SFY of PA MA enrollment. The PA MA FFS days for new hospitals will not be included in the calculation of the per diem amount for all other hospitals qualifying for the MA Stability Payments.
- (2) For the MA Dependency Payment, the Department annualizes each new hospital's data for its initial SFY of enrollment to determine if the new hospital qualifies for this payment in accordance with the qualifying criteria for the payment as provided in the state plan. For qualifying new hospitals enrolled as acute care general hospitals for which the Department does not have a FY 2012-13 MA hospital cost report as of December 2015, the Department will determine the payment amount for the first full SFY of enrollment by multiplying the number of PA MA FFS acute care inpatient days that were provided by the new hospital during its initial SFY of enrollment by either:
 - i. \$600.00 for new hospitals with greater than 19,000 PA MA FFS acute care inpatient days during its initial SFY of enrollment as provided by the new hospital, or
 - ii. \$260.00 for other qualifying new hospitals.
 - iii. New hospitals for which the Department has a FY 2012-2013 MA hospital cost report as of December 2015 will not qualify for the MA Dependency payment as a new hospital.
- (3) For the MA Rehabilitation Adjustment Payment, the Department collects and annualizes the total Medicaid inpatient FFS amount paid to the new hospital enrolled as a freestanding rehabilitation hospital for the new hospital's initial SFY of PA MA enrollment and deflates the annualized revenue to SFY 2007-2008. The new hospital's payment amount for the first full SFY of PA MA enrollment as a rehabilitation hospital is 147% of the deflated revenue amount, pro-rated according to the number of days of the new hospital's initial SFY of PA MA enrollment.
- (4) For the Enhanced Payments to Certain Disproportionate Share Hospitals Payment, a new hospital qualifies for this payment if the acute care general hospital qualifies for disproportionate share hospitals (DSH) payments and its MA FFS and managed care outpatient charges to total hospital outpatient charges (as annualized from the new hospital's initial SFY of PA MA enrollment) are greater than 12.90%. If the hospital qualifies, the hospital's payment amount for its first full SFY of PA MA enrollment is determined in accordance with the payment method described in page 21q of the state plan using the hospital's annualized MA outpatient revenue amounts, the prorated according to the number of days of the new hospital's initial SFY of PA enrollment. The outpatient revenue amounts for new hospitals will not be used in determining payment amounts for all other hospitals qualifying for enhanced payments to certain disproportionate share hospitals.

(C) Except as provided in (D), beginning in SFY 2013-2014, for the second and subsequent full SFY of PA MA enrollment of a new hospital that qualifies for one or more of these payments, the payments will be annualized if the first full SFY payment had been prorated as described in (B)(3) and (B)(4), or the source data will be annualized prior to determining the annual payment allocation if the source data was not annualized as described in (B)(1) and (B)(2).

(D) For each of the payments listed in (B) for new hospitals, the Department will determine a final payment amount using actual MA data relating to the new hospital's first full SFY of enrollment once that data becomes available. The Department will reconcile payments made to final payment amounts subject to available funding.

For FY 2015-2016, the Department will allocate an annualized amount of \$2.729 million (\$1.310 million in State General Funds) for these DSH and supplemental payments adjusted to reflect the reconciliation factor described in Part VI.