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State Name: Pennsylvania

State Plan Amendment (SPA)#: 16-0026

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 16-0026

Dear Mr. Dallas:

We have completed our review of State Plan Amendment (SPA) 16-0026. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, this SPA continues DSH payment adjustments with an increase to qualifying hospitals that serve indigent populations of cities with an average per capita income significantly below statewide averages.

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 16-0026 effective June 26, 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: 18-0026	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 June 26, 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 \$ 7,574,357	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Pages 21v		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, Pages 21v	
10. SUBJECT OF AMENDMENT: Additional Class of Disproportionate Share Payments			
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 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: JUN 27 2016			
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: JUN 26 2016		20. SIGNATURE OF REGIONAL OFFICIAL: /S/	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FMC	
23. REMARKS:			

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS

The Department of Human Services (Department) has established an additional class of disproportionate share hospital (DSH) payments for qualifying acute care general hospitals (hospitals) that serve the indigent population of cities with a per capita income significantly below the statewide average for the Commonwealth.

For a hospital to qualify for this class of DSH payment, it must meet all of the following criteria, based on the Fiscal Year 2011-2012 PA Medical Assistance (MA) hospital cost report unless otherwise specified.

- (a) The hospital is enrolled in PA MA as an acute care general hospital;
- (b) The hospital provides at least 20,000 inpatient days of care to MA beneficiaries;
- (c) The hospital has an MA inpatient utilization rate (MIUR) of at least 25% as determined by dividing the hospital's MA inpatient days by its total inpatient days of care;
- (d) The hospital has a negative 3-year average change in net patient revenue according to the Pennsylvania Health Care Cost Containment Council's Fiscal Year 2012 Financial Analysis, Volume One, General Acute Care Hospitals; and
- (e) The hospital is located in a PA county which contains a city with a population of 30,000 or more and that city has a per capita income below 60 percent of the average per capita income for the Commonwealth as documented in the 2010 U.S. census data.

A hospital's payment amount for this class of DSH payments will be determined by dividing the hospital's MA inpatient days by the total MA inpatient days for all qualifying hospitals and multiplying that percentage by the total amount allocated for these payments. The data used for purposes of this determination will from the Fiscal Year 2011-2012 PA MA hospital cost report.

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 \$14.563 million (\$6.989 million in State General Funds and \$7.574 million in Federal Funds upon approval by the Centers for Medicare and Medicaid Services).