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State Name: Pennsylvania

State Plan Amendment (SPA)#: 16-0027

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 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 16-0027

Dear Mr. Dallas:

We have completed our review of State Plan Amendment (SPA) 16-0027. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment continues an additional class of disproportionate share hospital payments to promote access to services and to support psychiatric services.

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 16-0027 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: 16-0027	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 \$1,084,000	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Pages 21r		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, Pages 21r	
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: AUG 05 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 will make an additional class of disproportionate share hospital (DSH) payments to certain qualifying acute care general hospitals that provide a high volume of Medical Assistance (MA) acute care and psychiatric services and incur significant uncompensated care costs. The Department intends for these payments to promote the hospitals' continued participation in the MA Program.

The Department considers a hospital eligible for this additional class of DSH payments if the hospital meets all of the following criteria, based on the Fiscal Year 2002-2003 MA Cost Report, unless otherwise specified:

- (a) The hospital is enrolled in the MA Program as an acute care general hospital with an excluded psychiatric unit;
- (b) The hospital provides MA inpatient days of care in excess of the 85th percentile of MA inpatient days provided by all enrolled acute care general hospitals with an excluded psychiatric unit;
- (c) The hospital's number of MA admissions exceeds the 85th percentile of MA admissions of all enrolled acute care general hospitals with an excluded psychiatric unit;
- (d) The hospital provides inpatient psychiatric days of care to Pennsylvania MA beneficiaries in excess of the 90th percentile of such days provided by all enrolled acute care general hospitals with an excluded psychiatric unit;
- (e) The hospital's percentage of uncompensated care to net patient revenue exceeds the 90th percentile of this percentage for all enrolled acute care general hospitals with an excluded psychiatric unit according to the Pennsylvania Health Care Cost Containment Council (PHC4) Financial Analysis 2004; and
- (f) The Hospital's operating margin is less than the 15th percentile of the operating margins of all enrolled acute care general hospitals with an excluded psychiatric unit according to the PHC4 Financial Analysis 2004.

The Department will proportionately divide payments among qualified hospitals based on the percentage of each qualifying hospital's MA inpatient days to total MA inpatient days of all qualifying hospitals. 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 DSH payments is \$2.084 million (\$1.000 million in State General Funds and \$1.084 million in Federal Funds upon approval by the Centers for Medicare and Medicaid Services).