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**State Name:** Pennsylvania

**State Plan Amendment (SPA)#:** 16-0028

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**

**SEP 12 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 16-0028

Dear Mr. Dallas:

We have completed our review of State Plan Amendment (SPA) 16-0028. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, this SPA establishes a supplemental payment to qualifying hospitals which provide a high volume of services in medically underserved areas.

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 16-0028 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

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 16-0028	2. STATE Pennsylvania
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
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 Subpart C		7. FEDERAL BUDGET IMPACT: a. FFY 2016 \$1,611,000 b. FFY 2017 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Page 21z of Attachment 4.19A		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Page 21d of Attachment 4.19A	
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 checked="" type="checkbox"/> OTHER, AS SPECIFIED: Review and <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      approval authority has been delegated <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL      to the Department of Public 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 8046 Harrisburg, Pa. 17105	
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 12 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, FALCO	
23. REMARKS:			

**SUPPLEMENTAL PAYMENTS TO HOSPITALS THAT PROVIDE HIGH VOLUME OF SERVICES IN  
MEDICALLY UNDERSERVED AREAS**

The Department will make supplemental hospital payments to qualifying hospitals which the Department has determined provide a high volume of services to Medical Assistance (MA) eligible and low income populations in medically underserved areas.

The Department will consider a hospital eligible for these supplemental payments if the hospital is enrolled in Pennsylvania's MA Program as an acute care hospital that meets all the following criteria as identified in the State Fiscal Year 2012-2013 hospital cost report (MA 336) available to the Department on June 25, 2016, unless otherwise specified:

- a) The ratio of MA days to total hospital patient days exceeds 40 percent.
- b) The hospital provides in excess of 40,000 patient days of service.
- c) The hospital has an occupancy ratio (total patient days used divided by total bed days available) of at least 70 percent.
- d) The hospital is located in a census tract (United State Census 2010) designated by the Bureau of Primary Health Care and the Health Resources and Services Administration as a Medically Underserved Area.
- e) The hospital has a government dependency ratio, comprised of MA Percentage of Net Patient Revenue plus Medicare Percentage of Net Patient Revenue, both as reported in the Pennsylvania Health Care Cost Containment Council's 2015 Financial Analysis, Volume One, in the excess of the 95<sup>th</sup> percentile for all Commonwealth acute care hospitals.

For FY 2015-2016, the fiscal impact as a result of this additional class of supplemental hospital payments will be \$3.111 million in total funds (\$1.500 million in State General funds and \$1.611 million in Federal funds) upon approval by the Centers for Medicare & Medicaid Services (CMS). Payments will be divided proportionately between qualifying hospitals based on the percentage of each qualifying hospital's MA inpatient days to total MA inpatient days of all qualifying facilities.