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State Name: Pennsylvania

State Plan Amendment (SPA)#: 17-0001

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

APR 04 2017

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 17-0001

Dear Mr. Dallas:

We have completed our review of State Plan Amendment (SPA) 17-0001. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment authorizes an additional class of disproportionate share hospital payments that have a low commercial payment ratio, a negative trend in net patient revenue, and are located in an area of the Commonwealth with a disproportionate Medicaid need.

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 17-0001 effective February 12, 2017. 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: 17-0001	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 12, 2017	
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 2016 \$0 b. FFY 2017 \$844,297	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Page 21aa		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): New	
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: <i>/S/</i>		16. RETURN TO: Commonwealth of Pennsylvania Department of Human Services Office of Medical Assistance Programs Bureau of Policy, Analysis and Planning P.O. Box 2875 Harrisburg, Pennsylvania 17110	
13. TYPED NAME: Theodore Dallas			
14. TITLE: Secretary of Human Services			
15. DATE SUBMITTED: FEB 16 2017			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: APR 04 2017	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: FEB 12 2017		20. SIGNATURE OF REGIONAL OFFICIAL: <i>/S/</i>	
21. TYPED NAME: <i>Kristin Fan</i>		22. TITLE: <i>Director, FMC</i>	
23. REMARKS			

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS

The Department will make an additional class of disproportionate share hospital (DSH) payment to qualifying Medical Assistance (MA) enrolled acute care general hospitals that have a low commercial-payer ratio, a negative trend in their net patient revenue and are located in an area of the Commonwealth with a disproportionate need for MA services.

A hospital is eligible for this additional class of DSH payments if the hospital is an enrolled acute care hospital that meets all of the criteria listed below. Unless otherwise stated, the source of the information is the State Fiscal Year (FY) 2013-2014 MA-336 Hospital Cost Report.

- (1) The hospital is located in a city of the first class, as defined in the *Pennsylvania Manual* (Volume 121).
- (2) The hospital's 3-year average change in net patient revenue for FYs 2012-2015 is negative according to the Pennsylvania Health Care Cost Containment Council's Fiscal Year 2015 Financial Analysis.
- (3) The hospital's commercial payer ratio, defined as 100 percent minus the hospital's Medicare share of net patient revenue for FY 2015 (expressed as a percent) minus the hospital's MA share of net patient revenue for FY 2015 (expressed as a percent), is more than one standard deviation lower than the mean for all acute care hospitals in the Pennsylvania Health Care Cost Containment Council's Fiscal Year 2015 Financial Analysis.
- (4) The hospital does not qualify for payment under State Plan Amendment 4.19A, page 21z.

Payments will be divided proportionally among qualifying hospitals based on the percentage of each qualifying hospital's inpatient MA days to the total inpatient MA 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 DSH 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.

The FY 2016-2017 impact, as a result of the funding allocation for these payments, is \$1.244 million (\$0.600 million in State general funds and \$0.644 million in Federal funds) upon approval by the Centers for Medicare & Medicaid Services.