

## **Table of Contents**

**State Name:** Pennsylvania

**State Plan Amendment (SPA)#:** 18-0004

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**

Ms. Teresa D. Miller, Secretary  
Commonwealth of Pennsylvania  
Department of Human Services  
Office of Medical Assistance Programs  
PO Box 2675  
Harrisburg, PA 17110

APR 20 2018

RE: State Plan Amendment 18-0004

Dear Ms. Miller:

We have completed our review of State Plan Amendment (SPA) 18-0004. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, this SPA continues DSH payment adjustments 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 18-0004 effective March 25, 2018. 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

cc: Leesa M. Allen, Deputy Secretary, DHS, Office of Medical Assistance Programs  
Dan De Lellis, Director, DHS, Bureau of Policy, Planning, and Analysis

bcc: Fran McCullough, ARA, RO3  
Teia Miller, Manager, FMB RO3  
Sabrina Tillman-Boyd, Manager, POB RO3  
Mary McKeon, PA State Lead  
Lisa Carroll, CO NIRT  
Official NIRT File

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
18-0004

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  
March 25, 2018

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 2017 \$ 0

b. FFY 2018 \$ 7,516,928

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 4.19A, Pages 21v

Attachment 4.19A, Pages 21v

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 17105-2675

13. TYPED NAME:

Teresa D. Miller

14. TITLE:

Secretary of Human Services

15. DATE SUBMITTED:

MAR 29 2018

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

APR 20 2018

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL: MAR 25 2018

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 be 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 2017-2018, the fiscal impact as a result of this additional class of disproportionate share payments, is \$14.506 million (\$6.989 million in State general funds and \$7.517 million in Federal funds).