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State Name: Pennsylvania

State Plan Amendment (SPA)#: 18-0023

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

MAY 17 2018

RE: State Plan Amendment 18-0023

Dear Ms. Miller:

We have completed our review of State Plan Amendment (SPA) 18-0023. 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 to acute care facilities to promote access in less urban areas of the Commonwealth.

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 18-0023 effective May 6, 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:
18-0023

2. STATE
Pennsylvania

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)
Title XIX

4. PROPOSED EFFECTIVE DATE
May 6, 2018

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

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 \$322,665

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A, Page 21bb

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19A, Page 21bb

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 17110

13. TYPED NAME:

Teresa D. Miller

14. TITLE:

Secretary of Human Services

15. DATE SUBMITTED:

MAY 10 2018

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

MAY 17 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

MAY 06 2018

20. SIGNATURE OF REGIONAL OFFICIAL:

/S/

21. TYPED NAME:

Krishna Fan

22. TITLE:

Director, FMC

23. REMARKS:

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS

The Department of Human Services (Department) will make an additional class of disproportionate share hospital (DSH) payments to qualifying Medical Assistance (MA) enrolled acute care general hospitals to promote access to acute care services for MA eligible persons in less urban areas of the Commonwealth.

A hospital is eligible for this additional class of DSH if the hospital is an 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 available to the Department as of October 2016.

- a) The hospital is enrolled in the MA Program as a general acute care hospital.
- b) The hospital is located in a city of the third class, as defined in the *Pennsylvania Manual* (Volume 121) with a population of at least 25,000 persons, based on the 2010 Census.
- c) The hospital has at least 150 beds.
- d) The hospital reported an Inpatient Low-Income Utilization Rate of at least 20.0%.
- e) The hospital's ratio of uncompensated care to net patient revenue was higher than 3.75%, based on the Pennsylvania Health Care Cost Containment Council *Financial Analysis 2015, Volume One*.

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 2013-2014 MA-336 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.

The FY 2017-2018 impact, as a result of the funding allocation for these payments, is \$0.623 million (\$0.300 million in State general funds and \$0.323 million in Federal funds).