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State Name: Pennsylvania

State Plan Amendment (SPA)#: 18-0039

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

January 18, 2019

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

RE: State Plan Amendment 18-0039

Dear Ms. Miller:

We have completed our review of State Plan Amendment (SPA) 18-0039. 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 18-0039 effective December 2, 2018. We are enclosing the CMS-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, Executive Deputy Secretary, DHS
Sally Kozak, Deputy Secretary, DHS, OMAP
Dan De Lellis, Director, DHS, Bureau of Policy, Planning, and Analysis

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
18-0039

2. STATE
Pennsylvania

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

4. PROPOSED EFFECTIVE DATE
December 2, 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 2018 \$0
b. FFY 2019 ~~\$1,647,555~~ **\$7,647,555 (glk)**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19A, Page 21v

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19A, Page 21v

10. SUBJECT OF AMENDMENT
Disproportionate Share Payments to Qualifying Hospitals

11. GOVERNOR'S REVIEW (Check One)

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT ☒ OTHER, AS
☐ SPECIFIED COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL
/S/

13. TYPED NAME
Teresa D. Miller

14. TITLE
Secretary of Human Services

15. DATE SUBMITTED
DEC 07 2018

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

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18. DATE APPROVED
JAN 18 2019

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
DEC 02 2018

20. SIGNATURE OF REGIONAL OFFICIAL
/S/

21. TYPED NAME
Kristin Fan

22. TITLE
Director, FMO

23. REMARKS

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make disproportionate share hospital (DSH) payments for qualifying acute care general 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 additional class of DSH payment, it must meet all of the following criteria, based on the Fiscal Year (FY) 2011-2012 MA-336 Hospital Cost Report, unless otherwise specified.

- (a) The hospital is enrolled in Pennsylvania (PA) Medical Assistance (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 FY 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 additional class of DSH payments is 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 FY 2011-2012 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 2018-2019 impact, as a result of the funding allocation for these payments, is \$14.636 million (\$6.989 million in State general funds and \$7.647 million in Federal funds).