Table of Contents

State/Territory Name: PA

State Plan Amendment (SPA) 22-0001

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS 179 Form/Summary Form (with 179-like data)
3) Approved SPA Pages
Financial Management Group

April 12, 2022

Ms. Meg Snead, Acting Secretary
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
P.O. Box 2675
Harrisburg, PA 17105-2675

RE: State Plan Amendment (SPA) 22-0001

Dear Ms. Snead:

We have completed our review of State Plan Amendment (SPA) 22-0001. This SPA modifies Attachment 4.19-A of Pennsylvania’s Title XIX State Plan. Specifically, the amendment will authorize supplemental payments to qualifying acute care general hospitals located in a county with an estimated general population count of less than one million that serve a high percentage of Medical Assistance patients.

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 Pennsylvania’s State plan amendment with an effective date of February 20, 2022. 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,

Rory Howe
Director
**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

TO: CENTER DIRECTOR
    CENTERS FOR MEDICAID & CHIP SERVICES
    DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER: 22-00001
2. STATE: PA

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT
   - XIX
   - XXI

4. PROPOSED EFFECTIVE DATE: February 20, 2022

5. FEDERAL STATUTE/REGULATION CITATION:
   42 CFR 447 Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars):
   - a. FFY 2022: $2,543,155
   - b. FFY 2023: $0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
   Attachment 4.19A, Page 21mm

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

9. SUBJECT OF AMENDMENT:
   Additional Class of Supplemental Payments to Qualifying Hospitals

10. GOVERNOR’S REVIEW (Check One):
    - GOVERNOR’S OFFICE REPORTED NO COMMENT
    - GOVERNOR’S OFFICE ENCLOSED COMMENTS
    - NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
    - OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL:

12. TYPED NAME: M. Snead
    TITLE: Acting Secretary of Human Services

13. TYPED NAME: M. Snead
    TITLE: Acting Secretary of Human Services

14. DATE SUBMITTED: February 22, 2022

15. 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

16. DATE RECEIVED: February 22, 2022

17. DATE APPROVED: April 12, 2022

18. EFFECTIVE DATE OF APPROVED MATERIAL:

19. TYPED NAME OF APPROVING OFFICIAL: Rory Howe
    TITLE: Director Financial Management Group

20. REMARKS:

**Instructions on Back**
ADDITIONAL CLASS OF SUPPLEMENTAL PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make supplemental payments to qualifying acute care general hospitals located in a county with an estimated general population count of less than 1 million that serve a high percent of Medical Assistance (MA) patients. These payments will enable the continuation of quality medical services in these areas.

A hospital is eligible for this additional class of supplemental payments if the hospital meets all the following criteria. Unless otherwise stated, the source of the information is the Fiscal Year (FY) 2018-2019 MA-336 Hospital Cost Report, as available to the Department on June 22, 2021.

a) The hospital is enrolled in the Commonwealth’s MA Program as an acute care general hospital and submitted a FY 2018-2019 MA-336 Hospital Cost Report to the Department available to the Department on June 22, 2021;
b) The hospital provides an array of inpatient services (acute, psychiatric and rehabilitation) to MA enrollees as evidenced by having provided at least one acute care day, one psychiatric day and one rehabilitation day to MA beneficiaries;
c) The hospital’s main campus is located in a county with an Annual Estimate of the Resident Population for 2019 of less than 1 million according to the U.S. Census Bureau, Population Division (March 2020 release date);
d) The hospital’s combined fee-for-service (FFS) and managed care Pennsylvania MA inpatient acute care days exceeds the statewide average combined FFS and managed care Pennsylvania MA inpatient acute care days for all hospitals enrolled in the MA Program as an acute care general hospital;
e) The hospital’s Medicaid Inpatient Utilization Rate (MIUR) exceeds 30% (for purposes of this eligibility criterion a hospital’s MIUR is equal to the hospital’s total combined FFS and managed care MA inpatient days divided by the hospital’s total inpatient days);
f) The hospital’s inpatient Low Income Utilization Rate exceeds 30%; and,
g) The hospital’s operating margin is less than 1.0% based on the Pennsylvania Health Care Cost Containment Council’s FY 2019 Financial Analysis.

Payments will be divided proportionately among qualified hospitals based on each hospital’s FFS Pennsylvania MA inpatient acute care days to total FFS Pennsylvania MA inpatient acute care days for all qualifying hospitals. Supplemental payments made to providers under the authority of Section 1902 of the Social Security Act and this State Plan are subject to the regulations at 42 CFR 447.272 and the application of upper payment limits for inpatient services, as well as the upper payment limit submission policies described in State Medicaid Director Letter 13-003.

For FY 2021-2022, the Department will allocate an annualized amount of $4.828 million in total funds (State and Federal) for these supplemental payments.