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State/Territory Name: PA

State Plan Amendment (SPA) #: 24-0018

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

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

October 17, 2024

Valerie A. Arkoosh, MD, MPH
Secretary of Human Services
Commonwealth of Pennsylvania Department of Human Services
Office of Medical Assistance Programs Bureau of Policy, Analysis and Planning
PO Box 2675
Harrisburg, Pennsylvania 17105-2675

RE: TN 24-0018

Dear Secretary of Human Services:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Pennsylvania state plan amendment (SPA) to Attachment 4.19-A PA 24-0018, which was submitted to CMS on (August 8, 2024). This plan amendment funds an additional class of supplemental payments to qualifying hospitals and to discontinue certain disproportionate share hospital payments and supplemental payments in Fiscal Year 2024-2025.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of July 7, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Kristina Mack at 617-565-1225 or via email at Kristina.Mack-Webb@cms.hhs.gov.

Sincerely,



Rory Howe
Director
Financial Management Group

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 4 — 0 0 1 8

2. STATE

PA3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT

XIX



XXI

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

4. PROPOSED EFFECTIVE DATE

July 7, 2024

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024\$ 0b. FFY 2025\$ 32,764,069

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19A, Pages 21gg, 21gga, 21qq, 21rr, 21ss, 21uu,
21vv and 21w

Attachment 4.19B, Page 4a

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

Attachment 4.19A, Pages 21gg, 21gga and 21w

Attachment 4.19B, Page 4a

9. SUBJECT OF AMENDMENT

Additional Classes of Supplemental Payments to Qualifying Hospitals

10. 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:

ENCY OFFICIAL

12. TYPED NAME

Valerie A. Arkoosh, MD, MPH

13. TITLE

Secretary of Human Services

14. DATE SUBMITTED

August 8, 2024

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

FOR CMS USE ONLY

16. DATE RECEIVED

August 8, 2024

17. DATE APPROVED

October 17, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

PROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

NG OFFICIAL

Director, Financial Management Group

22. REMARKS

RESERVED

RESERVED

ADDITIONAL CLASS OF SUPPLEMENTAL PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make supplemental payments to qualifying acute care hospitals that are freestanding cancer treatment hospitals. These payments will promote the availability of cancer screening and treatment services to the Medical Assistance (MA) population in an area of the Commonwealth with the highest number of MA enrollees and the highest rate of MA enrollees per capita.

A hospital is eligible for this additional class of supplemental payment if the hospital meets all of the following criteria:

- a) The hospital is enrolled in the Pennsylvania (PA) MA Program as a general acute care hospital;
- b) The hospital is licensed by Pennsylvania's Department of Health as of February 1, 2024;
- c) The hospital is a Medicare Prospective Payment System-Exempt Cancer Hospital as of February 22, 2024; and
- d) The hospital is located in a city of the first class.

Payments will be divided proportionately among qualified hospitals based on each hospital's fee-for-service (FFS) PA MA inpatient acute care days to total FFS PA MA inpatient acute care days for all qualifying hospitals as reported on the Fiscal Year (FY) 2021-2022 MA-336 Medicaid Hospital Cost Report available to the Department as of December 11, 2023.

Supplemental payments are subject to the regulations at 42 CFR 447.272 and the application of upper payment limits for inpatient services.

Beginning with FY 2024-2025, the Department will allocate an annualized amount of \$7.500 million in total funds (State and Federal) for these supplemental payments.

ADDITIONAL CLASS OF SUPPLEMENTAL PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make supplemental payments to qualifying acute care hospitals that are freestanding children's hospitals enrolled in the Pennsylvania Medical Assistance (MA) program and located in a city of the first class.

A hospital is eligible for this additional class of supplemental payments if the hospital meets all of the following criteria:

- a) The hospital is enrolled in the Pennsylvania (PA) MA Program as an acute care hospital, licensed by Pennsylvania's Department of Health (DOH);
- b) The hospital provides acute care inpatient services to patient populations predominately under the age of 18. A hospital's patient population is predominately under the age of 18 if the hospital's number of discharges for "0-17 Years" is greater than 50% of the hospital's number of "Total" discharges. Discharges are determined from the calendar year 2022 PA DOH Reports 3-A and 3-B.; and
- c) The hospital is located in a city of the first class.

The Department will calculate annual payment amounts for each qualifying hospital according to the methodology below. 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.

- 1) \$300,000 will be divided equally among qualifying hospitals;
- 2) A per diem payment equal to \$757.33 multiplied by the hospital's number of Total MA Fee-for-Service acute days;
- 3) The annual amount for each qualifying hospital is equal to the amount calculated in 1) plus the amount calculated in 2).

Supplemental payments are subject to the regulations at 42 CFR 447.272 and the application of upper payment limits for inpatient services.

For FY 2024-2025, the Department will allocate an annualized amount of \$23.661 million in total funds (State and Federal) for these supplemental payments.

ADDITIONAL CLASS OF SUPPLEMENTAL PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make supplemental payments to qualifying hospitals located in a city of the first class that provide a high volume of service to Medical Assistance (MA) beneficiaries and reported a high number of births.

A hospital is eligible for this additional class of supplemental payments if the hospital meets all criteria below. Unless otherwise stated, the source of information is from the FY 2018-2019 MA-336 Hospital Cost Report on file with the Department as of June 22, 2021.

- a) The hospital is located in a city of the first class and is enrolled in the Pennsylvania's (PA) MA Program as an acute care general hospital, licensed by PA's Department of Health (DOH);
- b) The hospital reported at least 50,000 PA MA inpatient days (fee-for-service (FFS) and managed care combined); and
- c) The hospital reported at least 4,000 live births for the period January 1, 2022 to December 31, 2022 according to utilization data available from PA DOH as of February 22, 2024.

Payments will be divided proportionately among qualified hospitals based on each hospital's FFS PA MA inpatient acute care days to total FFS PA MA inpatient acute care days for all qualifying hospitals.

Supplemental payments are subject to the regulations at 42 CFR 447.272 and the application of upper payment limits for inpatient services.

For FY 2024-2025, the Department will allocate an annualized amount of \$6.245 million in total funds (State and Federal) for these supplemental payments.

ADDITIONAL CLASS OF SUPPLEMENTAL PAYMENTS FOR QUALIFYING HOSPITALS

The Department of Human Services (Department) will make supplemental payments to qualifying hospitals located in a city of the first class with greater than the statewide average of uncompensated care, Medicare share of net patient revenue (NPR), and Medical Assistance (MA) share of NPR.

A hospital is eligible for this additional class of supplemental payments if the hospital meets all criteria below. Unless otherwise stated, the source of information is from the Pennsylvania Health Care Cost Containment Council's (PHC4) Financial Analysis 2022 (Volume 1).

- a) The hospital is located in a city of the first class and is enrolled in Pennsylvania's (PA) MA Program as an acute care general hospital, licensed by PA's Department of Health;
- b) The hospital has at least 450 acute care beds available according to the Fiscal Year (FY) 2018-2019 MA-336 Hospital Cost Report on file with the Department as of June 22, 2021;
- c) The hospital's percent of uncompensated care FY 2022 is greater than the statewide percent of uncompensated care for FY 2022;
- d) The hospital's Medicare share of NPR FY 2022 is greater than the statewide Medicare share of NPR for FY 2022; and
- e) The hospital's MA share of NPR FY 2022 is greater than the statewide MA share of NPR for FY 2022.

Payments will be divided proportionately among qualified hospitals based on each hospital's fee-for-service (FFS) PA MA inpatient acute care days to total FFS PA MA inpatient acute care days for all qualifying hospitals as reported on the FY 2018-2019 MA-336 Hospital Cost Report on file with the Department as of June 22, 2021.

Supplemental payments are subject to the regulations at 42 CFR 447.272 and the application of upper payment limits for inpatient services.

For FY 2024-2025, the Department will allocate an annualized amount of \$7.292 million in total funds (State and Federal) for these supplemental payments.

ADDITIONAL CLASS OF SUPPLEMENTAL PAYMENTS FOR QUALIFYING HOSPITALS

The Department of Human Services (Department) will make supplemental payments to qualifying hospitals enrolled in Pennsylvania's Medical Assistance (MA) program as an acute care general hospital that have a low commercial-payer ratio, have a negative trend in their net patient revenue (NPR), 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 supplemental payments if the hospital meets all criteria listed below. Unless otherwise stated, the source of information is the Fiscal Year (FY) 2018-19 MA-336 Hospital Cost Report available to the Department as of June 22, 2021.

- a) The hospital is an acute care general hospital enrolled in the Pennsylvania (PA) MA Program;
- b) The hospital is located in a city of the first class;
- c) The hospital's 3-year average change in NPR for FYs 2019-2022 is negative according to the Pennsylvania Health Care Cost Containment Council's FY 2022 Financial Analysis;
- d) The hospital's commercial payer ratio, defined as 100 percent minus the hospital's MA share of NPR for FY 2022 (expressed as a percent) minus the hospital's MA share of NPR for FY 2022 (expressed as a percent), is less than 25% according to the Pennsylvania Health Care Cost Containment Council's FY 2022 Financial Analysis;
- e) The hospital does not qualify for payment under the State Plan Amendment 4.19A page 21s.

Payments will be divided proportionally among qualifying hospitals based on the percentage of each qualifying hospital's fee-for-service (FFS) PA MA inpatient acute care days to the total FFS PA MA inpatient acute care days for all qualifying hospitals.

Supplemental payments are subject to the regulations at 42 CFR 447.272 and the application of upper payment limits for inpatient services.

Beginning with FY 2024-2025, the Department will allocate an annualized amount of \$0.725 million in total funds (State and Federal) for these supplemental payments.

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