

Table of Contents

State/Territory Name: PA

State Plan Amendment (SPA) #: 24-0024

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

January 14, 2025

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 24-0024

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 24-0024, which was submitted to CMS on December 30, 2024. This plan amendment establishes a new class of supplemental payments to qualifying Medical Assistance (MA) enrolled acute care general hospitals that have a negative operating margin, high MA share of net patient revenue (NPR), low commercial NPR, and are in an area of the Commonwealth with a disproportionate need for MA services.

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 November 24, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan page.

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 2 4

2. STATE

PA

3. 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

November 24, 2024

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447 Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ 108,800

b. FFY 2026 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19A, Page 21ww

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



COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL



OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

Valerie A. Arkoosh, MD, MPH

13. TITLE

Secretary of Human Services

14. DATE SUBMITTED

December 30, 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

December 30, 2024

17. DATE APPROVED

January 14, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

ING OFFICIAL

Director, Financial Management Group

22. REMARKS

ADDITIONAL CLASS OF SUPPLEMENTAL PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make supplemental payments to qualifying Medical Assistance (MA) enrolled acute care general hospitals that have a negative operating margin, high MA share of net patient revenue (NPR), low commercial 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 is enrolled in the Pennsylvania MA Program as an acute care general hospital and meets all criteria listed below. Unless otherwise stated, the source of the information is the Fiscal Year (FY) 2021-2022 MA-336 Hospital Cost Report available to the Department as of July 10, 2024.

- (1) The hospital is located in a city of the first class;
- (2) The hospital provides acute inpatient services to patient populations predominantly 18 years of age or older. A hospital's patient population is predominantly 18 years of age or older if the hospital's number of discharges for "0-17 Years" is less than 50% of the hospital's number of "Total" discharges. Discharges are determined from the calendar year 2022 Pennsylvania Department of Health Reports 3-A and 3-B;
- (3) The hospital's FY23 operating margin is negative according to the Pennsylvania Health Care Cost Containment Council's FY 2023 Financial Analysis, Volume 1;
- (4) The hospital's MA share of NPR for FY23 is greater than 25%. The source of this information is the Pennsylvania Health Care Cost Containment Council's FY 2023 Financial Analysis, Volume 1;
- (5) The hospital's commercial payer ratio, defined as 100 percent minus the sum of the hospital's Medicare share of NPR for FY 2023 (expressed as a percent) and the hospital's MA share of NPR for FY 2023 (expressed as a percent), is less than 25%. The source of this information is the Pennsylvania Health Care Cost Containment Council's FY 2023 Financial Analysis, Volume 1;
- (6) The hospital does not qualify for payment under State Plan Attachment 4.19A, page 21y; and
- (7) The hospital does not qualify for payment under State Plan Attachment 4.19A, page 21s.

Payments will be divided proportionally among qualifying hospitals based on the percentage of each qualifying hospital's inpatient Fee-for-Service (FFS) Pennsylvania MA days to the total inpatient FFS Pennsylvania MA days of 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 2024-25, the Department will allocate an annualized amount of \$0.400 million in total funds (State and Federal) for these supplemental payments.