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State/Territory Name: PA

State Plan Amendment (SPA) #: 25-0006

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

April 24, 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 25-0006

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 25-0006, which was submitted to CMS on February 26, 2025. This plan amendment establishes a new class of supplemental payments to qualifying Medical Assistance (MA) enrolled acute care general hospitals that serve a disproportionate share of elderly individuals and relies on primarily government payers.

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 January 19, 2025. 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,

A black rectangular box redacting the signature of Rory Howe.

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 5 — 0 0 0 6

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

January 19, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447 Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ 12,568,517b. FFY 2026 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19A, Page 21xx

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

New

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

February 26, 2025

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

February 26, 2025

17. DATE APPROVED

April 24, 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

21. TITLE OF APPROVING 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 general acute care hospitals that serve a disproportionate share of elderly individuals and relies primarily on government payers. These payments will promote the availability of prevention and treatment services to the MA population in an area of the Commonwealth with the highest number of MA beneficiaries.

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

- a) The hospital is enrolled in the Pennsylvania MA Program as a general acute care hospital;
- b) The hospital is located in a city of the first class;
- c) The hospital is licensed by Pennsylvania's Department of Health (DOH);
- d) The hospital ratio of discharges for individuals aged 65 and over to total discharges is greater than 60% as reported to the Pennsylvania DOH for the period January 1, 2022 through December 31, 2022 and contained in Report 3-A;
- e) The hospital has a combined Medicare Share of net patient revenue (NPR) and Medicaid Share of NPR of greater than 65 percent based on the Pennsylvania Health Care Cost Containment Council *Financial Analysis 2022 – Volume One*; and
- f) The hospital has a Percent of Uncompensated Care of greater than 2.0% based on the Pennsylvania Health Care Cost Containment Council *Financial Analysis 2022 – Volume One*.

Payments will be divided proportionately among qualified hospitals based on each hospital's fee-for-service (FFS) Pennsylvania MA inpatient discharges to total FFS Pennsylvania MA inpatient discharges for all qualifying hospitals as reported on the Fiscal Year (FY) 2018-2019 MA-336 Medicaid Hospital Cost Report (available to 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 \$17.569 million in total funds (State and Federal) for these supplemental payments, effective January 19, 2025.