

## **Table of Contents**

**State/Territory Name: PA**

**State Plan Amendment (SPA) #: 25-0011**

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



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**Financial Management Group**

May 7, 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 25-0011

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 25-0011, which was submitted to CMS on February 28, 2025. This plan amendment establishes a new class of supplemental payments to qualifying Medical Assistance (MA) enrolled acute care general hospitals that provide inpatient services to MA beneficiaries.

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 March 2, 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](mailto:Kristina.Mack-Webb@cms.hhs.gov).

Sincerely,

[Redacted Signature]

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 1 1

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

March 2, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024\$ 0b. FFY 2025\$ 26,737,693

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19A, Page 21zz and 21zza

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 28, 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 28, 2025

17. DATE APPROVED

May 7, 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 acute care general hospitals that provide inpatient services to 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 Pennsylvania's MA program as an acute care general hospital;
- b) The hospital is located in a county of the fourth, fifth, sixth, seventh or eighth class;
- c) The hospital is in operation; and
- d) The hospital provides inpatient services as reported on the hospital's Fiscal Year (FY) 2021-22 MA-336 Hospital Cost Report on file with the Department as of July 10, 2024.

The Department will determine each qualifying hospital's annual payment amount as the sum of each component as follows. Unless otherwise stated, the source of information is from the FY 2021-2022 MA-336 Hospital Cost Report on file with the Department as of July 10, 2024.

- 1) Obstetric Component. The Department will distribute \$11,021,308 proportionally among qualifying hospitals based on the number of live births. The number of live births is determined from the calendar year 2022 Pennsylvania Department of Health Report 14;
- 2) Financial Stability Component. The Department will multiply a qualifying hospital's Pennsylvania MA fee-for-service (FFS) inpatient total days by the following per diem. A hospital's operating margin is determined from the Pennsylvania Health Care Cost Containment Council's (PHC4) *FY 2023 Financial Analysis, Volume 1*.
  - a. \$671.4916 for qualifying hospitals having a negative operating margin;
  - b. \$335.7458 for qualifying hospitals having an operating margin less than 2.12% (the weighted average of all qualifying hospitals) but greater than or equal to 0.00%; or,
  - c. \$0.00 for all other qualifying hospitals.
  - d. Should the aggregate payment amount for this component exceed \$9,184,326.36, the Department will proportionally distribute this amount among hospitals based on the amounts determined under 2)a. and 2)b. above.
- 3) Government Dependency Component. For qualifying hospitals having a government dependency percentage greater than or equal to 56.6% (the median government dependency percentage of all qualifying hospitals), the Department will multiply the hospital's Pennsylvania MA FFS inpatient total days by \$591.3512. A hospital's government dependency percentage is calculated as the sum of the hospital's MA Share of Net Patient Revenue and the hospital's Medicare Share of Net Patient Revenue. For purposes of this payment, a hospital's MA Share of Net Patient Revenue and a hospital's Medicare Share of Net Patient Revenue is determined from PHC4's *FY 2023 Financial Analysis*. Should the aggregate payment amount for this component exceed \$7,347,538.66, the Department will proportionally distribute this amount among hospitals based on the amounts initially determined for this component.
- 4) Social Vulnerability Component. The Department will distribute \$3,673,769.33 proportionally among qualifying hospitals based on the product of the hospital's Pennsylvania MA FFS inpatient total days and the hospital's vulnerability index as determined by the Department using The Centers for Disease Control and Prevention and Agency for Toxic Substances and Disease Registry Social Vulnerability Index (CDC/ATSDR SVI), specifically the overall SVI for 2022 (RPL\_THEMES) for Pennsylvania geography. The Department determined the hospital's vulnerability index based on the census tract of the hospital's acute care physical location(s) based on the address on file with Pennsylvania's MA enrollment data as of January 3, 2024, using a simple average for instances when acute care hospitals are located in or straddle multiple census tracts.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

- 5) Pennsylvania Rural Health Model Component. The Department will distribute \$3,673,769.22 equally among hospitals that participate in the Pennsylvania Rural Health Model as of July 1, 2024.
- 6) Geographic Isolation Component. The Department will distribute \$1,836,884.65 proportionally among qualifying federally-designated critical access hospitals based on Pennsylvania MA FFS inpatient total days. A federally-designated hospital is defined as any hospital that qualifies under section 1861(mm)(1) of the Social Security Act (42 U.S.C. § 1695x(mm)(1)) (relating to definitions as a “critical access hospital” under Medicare).

Supplemental payments are subject to the regulation 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 \$36.738 million in total funds (State and Federal) for these supplemental payments, effective March 2, 2025.