

Table of Contents

State/Territory Name: PA

State Plan Amendment (SPA) #: 25-0024

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

March 20, 2026

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 25-0024

Dear Secretary of Human Services Arkoosh:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Pennsylvania state plan amendment (SPA) to Attachment 4.19-A PA 25-0024, which was submitted to CMS on December 30, 2025. This plan amendment continues to fund multiple classes of disproportionate share hospital (DSH) payments to Medical Assistance enrolled, qualifying acute care general hospitals.

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) and 1923 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 December 28, 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



Director
Financial Management Group

Enclosures

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

1. TRANSMITTAL NUMBER <u>2 5</u> — <u>0 0 2 4</u>	2. STATE <u>PA</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

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

4. PROPOSED EFFECTIVE DATE
December 28, 2025

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

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 \$ 80,279,476
b. FFY 2027 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19A, Page 21a, 21bb, 21c, 21cc, 21h, 21ii, 21j, 21u, 21x, 21y, 27a, 27aa, 27aaa and 27aaaa

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19A, Page 21a, 21bb, 21c, 21cc, 21h, 21ii, 21j, 21u, 21x, 21y, 27a, 27aa, 27aaa and 27aaaa

9. SUBJECT OF AMENDMENT
Additional Classes of Disproportionate Share 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, 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
December 30, 2025

17. DATE APPROVED
March 20, 2026

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 DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make an additional class of disproportionate share hospital (DSH) payments to certain qualifying hospitals that advance the Department's goal of enhanced access to multiple types of medical care in economically distressed areas of the Commonwealth.

A hospital is eligible for this additional class of DSH payments, provided it is an acute care general hospital that meets all the following criteria:

- (a) The hospital provides in excess of 100,000 inpatient days to Medical Assistance (MA) eligible individuals as reported on its Fiscal Year (FY) 2004-2005 MA-336 Hospital Cost Report;
- (b) The hospital has a Low-Income Utilization Rate in excess of the 95th percentile of the Low-Income Utilization Rate for all enrolled acute care general hospitals as reported on its FY 2004-2005 MA-336 Hospital Cost Report;
- (c) The hospital's ratio of MA revenue to net patient revenue exceeds the 98th percentile for all Commonwealth acute care general hospitals as reported in the Pennsylvania Health Care Cost Containment Council's 2006 Financial Analysis, Volume One;
- (d) The dollar value of the hospital's uncompensated care equals or exceeds the 94th percentile of the value to uncompensated care for all acute care general hospitals as reported in the Pennsylvania Health Care Cost Containment Council's 2006 Financial Analysis, Volume One;
- (e) The hospital is located in a Census tract designated by the Bureau of Primary Health Care of the Health Resource and Services Administration as a Medically Underserved Area.

Payments will be divided proportionally among qualifying hospitals based on the percentage of each qualifying hospital's MA inpatient days to the total MA inpatient days of all qualifying facilities.

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$16.641 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make disproportionate share hospital (DSH) payments to qualifying Medical Assistance (MA) enrolled acute care general hospitals to promote access to acute care services for MA eligible persons in less urban areas of the Commonwealth.

A hospital is eligible for this additional class of DSH payments if the hospital meets all criteria listed below. Unless otherwise stated, the source of the information is the Fiscal Year (FY) 2013-2014 MA-336 Hospital Cost Report available to the Department as of October 2016.

- a) The hospital is enrolled in the MA Program as a general acute care hospital.
- b) The hospital is located in a city of the third class, as defined in the *Pennsylvania Manual* (Volume 121) with a population of at least 25,000 persons, based on the 2010 Census.
- c) The hospital has at least 150 beds.
- d) The hospital reported an Inpatient Low-Income Utilization Rate of at least 20.0%.
- e) The hospital's ratio of uncompensated care to net patient revenue was higher than 3.75%, based on the Pennsylvania Health Care Cost Containment Council *Financial Analysis 2015, Volume One*.

A hospital's payment amount for this additional class of DSH payments will be determined as follows:

- 1) Divide the hospital's MA inpatient days by the total MA inpatient days for all qualifying hospitals; and,
- 2) Multiply that percentage by the total amount allocated for these payments.

The data used for purposes of this determination will be from the FY 2013-2014 MA-336 Hospital Cost Report.

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospitals-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$1.365 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE HOSPITAL PAYMENTS FOR TRAUMA SERVICES

The Department of Human Services (Department) will make a disproportionate share hospital (DSH) payment ("Trauma DSH payment") to hospitals that qualify as a trauma center for the purpose of improving access to readily available and coordinated trauma care for the citizens of Pennsylvania.

Unless otherwise stated, the source of information for this payment is the most recent available Pennsylvania Trauma Outcome Study (PTOS) prepared by the Pennsylvania Trauma Systems Foundation (Foundation). For purposes of calculating the hospital-specific portion of the payment, the Department shall count all medical assistance days, uninsured PTOS trauma visits and patient days, irrespective of the home state of the patient. To determine eligibility for newly accredited trauma centers and hospitals seeking trauma center accreditation for which PTOS data is not available, the Department will use Pennsylvania Health Care Cost Containment Council claims data from the same period as the PTOS report.

A hospital shall qualify as a trauma center ("qualified trauma center") if it meets one of the following criteria below:

- 1) Is located in Pennsylvania and is accredited by the Foundation as a Level I, Level II, or Level III trauma center;
- 2) Is located in Pennsylvania and has submitted an application to the Foundation seeking Level III accreditation and has documented evidence or progression towards accreditation and achievement of benchmarks as verified and established by the Foundation in collaboration with the Department for up to four years. In addition to the established standards, a hospital applying for Level III certification qualifies as a Level III trauma center if it meets all the following criteria:
 - a. Provides comprehensive emergency services;
 - b. Has at least 4,000 inpatient admissions from its emergency department on an annual basis;
 - c. Is located in a county of the third, fourth, fifth, sixth, seventh, or eighth class; and,
 - d. Is located more than 25 miles travel distance from a Level I, Level II or Level III trauma center unless the hospital can demonstrate that other trauma centers in the catchment area have a volume of excess cases which is twice the amount needed for reaccreditation for the three preceding years.
- 3) Is located in a rural county of Pennsylvania, as defined by the Center for Rural Pennsylvania, and is accredited by the Foundation as a Level IV trauma center; or,
- 4) Is an "out-of-state trauma center" for purposes of eligibility for this additional class of DSH payment. The term out-of-state qualified trauma center means West Virginia University Hospital, or an out-of-state trauma center that meets all of the following requirements:
 - a. Is accredited as a Level I or Level II trauma center by the Foundation; or has obtained verification from the American College of Surgeons as a Level I or Level II trauma center; and is formally designated as a Level I or Level II trauma center by its home state;
 - b. Pays to the Foundation the annual participation fee the out-of-state hospital would be charged were it accredited by the Foundation as a Level I or Level II trauma center; and
 - c. Annually discharges more than 30 trauma patients under the PTOS for 2 of the preceding 4 years.

Out-of-state qualified trauma centers shall submit to the Foundation on an annual basis both:

- (i) a copy of the clinical patient data the hospital submits to the National Trauma Database regarding Pennsylvania residents who receive trauma services from the hospital; and,
- (ii) the total and Pennsylvania resident-specific number of PTOS trauma visits and patient days for individuals who are Medical Assistance beneficiaries and those who are uninsured. The definition of what constitutes a PTOS trauma case shall be the same for both Pennsylvania and out-of-state hospitals.

The Department may use any funds available for Trauma DSH payments to make Trauma DSH payments to eligible out-of-state hospitals. The Department will make Trauma DSH payments to qualified trauma centers using the following payment methodology: For newly accredited trauma centers and hospitals seeking trauma center accreditation, the Department will calculate partial year payments using the number of trauma cases and patient days reflecting the hospital's months of accreditation, or months in which it was seeking accreditation during the fiscal year.

- 1) 90% of the total available funds will be paid to hospitals with qualified Level I and Level II trauma centers, including out-of-state qualified trauma centers as follows:
 - a. 50% of the amount available for Level I and Level II trauma centers will be distributed equally among Level I and Level II trauma centers.
 - b. 50% of the total amount available for Level I and Level II trauma centers will be distributed on the basis of each qualified trauma center's percentage of MA and uninsured PTOS trauma visits and patient days compared to the Pennsylvania statewide total number of MA and uninsured PTOS trauma visits and patient days for Level I and Level II trauma centers.
- 2) 10% of the total available funds will be paid to hospitals with qualified Level III trauma centers and qualified trauma centers seeking accreditation as Level III as follows:
 - a. 50% of the amount available for Level III trauma centers will be distributed equally among Level III trauma centers.
 - b. 50% of the total amount available for Level III trauma centers will be distributed on the basis of each trauma center's percentage of MA and uninsured PTOS trauma cases and patient days compared to the Pennsylvania statewide total number of MA and uninsured PTOS trauma cases and patient days for Level III trauma centers.
 - c. Payment to each qualifying Level III trauma center may not be greater than 50% of the average statewide annual payment to a Level I or Level II trauma center.
- 3) Funds not distributed to Level I, II, or III qualified trauma centers will be paid to hospitals with qualified Level IV trauma center as follows:
 - a. 50% of the amount available for Level IV trauma centers will be distributed equally among Level IV trauma centers.
 - b. 50% of the total amount available for Level IV trauma centers will be distributed on the basis of each trauma center's percentage of MA and uninsured PTOS trauma cases and patient days compared to the Pennsylvania statewide total number of MA and uninsured PTOS trauma cases and patient days for Level IV trauma centers.
 - c. Payment to each qualifying Level IV trauma center may not be greater than 50% of the average statewide annual payment to a Level I or Level II trauma center.
- 4) Funds unspent after distribution to Level IV qualified trauma centers will be paid to hospitals with qualified Level I and Level II trauma centers as follows:
 - a. 50% of unspent funds shall be distributed equally among qualified Level I and Level II trauma centers.
 - b. 50% of the unspent funds shall be distributed on the basis of each qualified Level I or Level II trauma center's percentage of MA and uninsured PTOS trauma cases and patient days compared to the Pennsylvania statewide total number of MA and uninsured PTOS trauma cases and patient days for Level I and Level II trauma centers.

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$19.702 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make an additional class of disproportionate share hospital (DSH) payments to qualifying Medical Assistance (MA) hospitals to promote access to comprehensive inpatient services for MA eligible persons by assuring an adequate supply of health care professionals, who have been trained in high volume MA enrolled hospital settings.

A hospital is eligible for this additional class of DSH payments if the hospital meets all criteria listed below. Unless otherwise stated, the source of the information is the Fiscal Year (FY) 2013-2014 MA-336 Hospital Cost Report available to the Department as of October 2016.

- a) The hospital is enrolled in the Pennsylvania MA Program as a general acute care hospital.
- b) The hospital provides acute, psychiatric and medical rehabilitation services to MA eligible individuals.
- c) The total number of MA inpatient days provided by the hospital in FY ending 2014 exceeded the 99th percentile for all acute care hospitals in the Commonwealth.
- d) The hospital had more than 700 full-time equivalent residents in programs approved by the Accreditation Council for Graduate Medical Education.

A hospital's payment amount for these disproportionate share payments will be determined by dividing the hospital's MA inpatient days by the total MA inpatient days for all qualifying hospitals and multiplying that percentage by the total amount allocated for these payments. The data used for purposes of this determination will be from the FY 2013-2014 MA-336 Hospital Cost Report.

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$5.690 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO BURN CENTERS

The Department of Human Services (Department) will make disproportionate share hospital (DSH) payments to certain qualifying Medical Assistance (MA) enrolled acute care general hospital burn centers (burn centers) to assure readily available and coordinated burn care of the highest quality to the MA population.

A burn center is eligible for this additional class of DSH payments if it meets one of the criteria listed below. Unless otherwise stated, the source of the information is the most recent data available from the Pennsylvania Trauma Systems Foundation (PTSF) at the time of calculation.

- (1) Is recognized by the American Burn Association and participates in the American Burn Association's, "Burn Center Verification Program;" or,
- (2) Is certified and accredited as a Level I or Level II Trauma Center by PTSF and has a minimum of 70 annual patient admissions of individuals requiring burn care.

Payments to qualified burn centers will be allocated according to the following:

- (1) 50% of the total amount available for qualifying burn centers will be allocated equally among qualified burn centers.
- (2) 50% of the total amount available for qualified burn centers will be allocated on the basis of each qualified burn center's percentage of MA and uninsured burn cases and patient days compared to the Statewide total number of MA and uninsured burn cases and patient days for all qualified burn centers. Each qualified burn center will use both In-State and Out-of-State cases and patient days. The percentage is calculated as follows:
 - a) Determine each burn center's percentage of MA and uninsured burn cases by dividing the burn center's total MA and uninsured burn cases by the total number of MA and uninsured burn cases for all qualified burn centers;
 - b) Multiply the result of (a) by the percentage of MA and uninsured burn cases for all qualified burn centers divided by the total of MA and uninsured burn cases and burn patient days for all qualified burn centers;
 - c) Determine each burn center's percentage of burn patient days by dividing the burn center's total burn patient days by the total number of burn patient days for all qualified burn centers;
 - d) Multiply the result of (c) by the percentage of burn patient days for all qualified burn centers divided by the total of MA and uninsured burn cases and burn patient days for all qualified burn centers;
 - e) Add the results of (b) and (d) for each burn center and multiply by the available funding.
- (3) Any eligible burn center that has reached its DSH limit as pursuant to Title XIX of the Social Security Act shall receive its share of the State fund available under this act.

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$10.101 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

- (ii) Of the amount available for distribution for rural hospitals, 10% will be distributed to hospitals that qualify under section (b) of the rural hospital eligibility criteria (related to neonatal services) using the following formula:
 - (A) For each hospital, determine the ratio of the hospital's neonatal intensive-care cases for Pennsylvania MA beneficiaries to all neonatal intensive-care cases for the hospital.
 - (B) For each hospital, multiply the ratio under clause (A) by the number of the hospital's neonatal intensive-care cases for Pennsylvania MA beneficiaries.
 - (C) Add the products under clause (B) for all hospitals.
 - (D) Divide the amount available for distribution to rural hospitals by the sum under clause (C).
 - (E) Multiply the quotient under clause (D) by the product under clause (B).
 - (F) For rural hospitals located in counties whose ratio of MA eligible persons to total county population exceeds one standard deviation above the mean for all rural counties, but is less than 1.3 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 1.50. For rural hospitals located in counties whose ratio of MA eligible persons to total county population is equal to or greater than 1.3 standard deviations above the mean for all rural counties, but less than 1.6 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 1.75. For rural hospitals located in counties whose ratio of MA eligible persons to total county population is equal to or greater than 1.6 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 2.0.
 - (iii) Of the amount available for distribution for rural hospitals, 15% will be distributed equally among hospitals that qualify under section (a) of the rural hospital eligibility criteria (related to obstetrical services).
 - (iv) To ensure that payments do not exceed available funds, the Department will adjust payments to each hospital using the following formula:
 - (A) The calculated total amount of payments for each hospital under steps (i), (ii), and (iii) in this section is divided by the total calculated amount for all hospitals to obtain a percentage, which is a ratio of each hospital's respective share of the calculated amount.
 - (B) The resulting percentage for each hospital in clause (A) is multiplied by the total available funds to obtain a proportional payment for each hospital.
- b) 85% of the total amount available will be paid to qualified nonrural hospitals as follows:
- (i) Of the amount available for distribution to nonrural hospitals, 52.5% will be distributed to hospitals that qualify under section (a) of the nonrural hospital eligibility criteria (related to obstetrical services) using the following formula:
 - (A) For each hospital, determine the ratio of the hospital's obstetrical cases for Pennsylvania MA beneficiaries to all obstetrical cases for the hospital.
 - (B) For each hospital, multiply the ratio under clause (A) by the number of the hospital's obstetrical cases for Pennsylvania MA beneficiaries.
 - (C) Add the products under clause (B) for all hospitals.
 - (D) Divide the amount available for distribution to nonrural hospitals by the sum under clause (C).
 - (E) Multiply the quotient under clause (D) by the product under clause (B).
 - (ii) Of the amount available for distribution to nonrural hospitals, 32.5% will be distributed to hospitals that qualify under section (b) of the nonrural eligibility criteria (related to neonatal services) using the following formula:
 - (A) For each hospital, determine the ratio of the hospital's neonatal intensive-care cases for Pennsylvania MA beneficiaries to all neonatal intensive-care cases for the hospital.
 - (B) For each hospital, multiply the ratio under clause (A) by the number of the hospital's neonatal intensive-care cases for Pennsylvania MA beneficiaries.
 - (C) Add the products under clause (B) for all hospitals.
 - (D) Divide the 32.5% by the sum under clause (C).
 - (E) Multiply the quotient under clause (D) by the product under clause (B).
 - (iii) Of the amount available for distribution to nonrural hospitals, 15% will be distributed equally among hospitals that qualify under section (a) of the nonrural eligibility criteria (related to obstetrical services).

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department will not redistribute DSH payments made under this class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$31.138 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING TEACHING HOSPITALS

The Department of Human Services (Department) will make disproportionate share hospital (DSH) payments to qualifying teaching hospitals that provide psychiatric services to Medical Assistance (MA) beneficiaries. Across the Commonwealth there is a shortage of psychiatrists, notably those involved in the public health sector. The Department is working to recruit and retain psychiatrists to work in underserved rural and urban areas throughout the Commonwealth. These payments are intended to help offset the medical education costs of psychiatrists which are incurred by the hospitals providing psychiatric services to MA beneficiaries and the uninsured.

The Department will consider any psychiatric unit of a general acute care hospital enrolled in the Pennsylvania (PA) MA Program, with psychiatric medical education costs that exceed \$40,000 according to the Fiscal Year (FY) 2010-2011 MA-336 Hospital Cost Report, eligible for this additional class of DSH payments if it meets one of the following criteria:

- 1) The hospital provides at least 40,000 psychiatric days of service to PA MA beneficiaries as reported on the FY 2010-2011 MA-336 Hospital Cost Report.
- 2) The hospital's percentage of PA MA Fee-for-Service (FFS) inpatient psychiatric days to total PA MA FFS inpatient days exceeds 25% as reported on the FY 2010-2011 MA-336 Hospital Cost Report.

Two thirds of the amount appropriated for this payment will be distributed equally to teaching hospitals qualifying under criteria 1) above. One third of the amount appropriated for this payment will be distributed equally to teaching hospitals qualifying under criteria 2) above. Hospitals that qualify under both criteria will be eligible only for payments under criteria 1).

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$0.500 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services will make disproportionate share hospital (DSH) payments to certain Medical Assistance (MA) acute care general hospitals which, in partnership with an independent facility listed as a Cleft and Craniofacial Team by the American Cleft Palate-Craniofacial Association, provide surgical services to patients with cleft palate and craniofacial abnormalities. These payments are intended to promote access to inpatient hospital services for MA eligible and uninsured persons in the Commonwealth with cleft palate and craniofacial abnormalities.

A hospital is eligible for this additional class of DSH payments if the hospital meets all criteria listed below. Unless otherwise stated, the source of the information is the FY 2010-2011 MA-336 Hospital Cost Report.

- a) The hospital is enrolled in the MA Program as a general acute care hospital and is licensed to provide obstetrical and neonatal services as reported by the Pennsylvania Department of Health for the period July 1, 2010, through June 30, 2011.
- b) The hospital has a partnership with a facility listed as of January 2013 as both a cleft palate team (CPT) and a craniofacial team (CFT) by the American Cleft Palate-Craniofacial Association and Cleft Palate Foundation.
- c) As of March 2013, the hospital is accredited as a Level I Adult Trauma Center and a Level I Pediatric Trauma Center by the Pennsylvania Trauma System Foundation.
- d) The hospital provided more than 135,000 total acute inpatient days of care.
- e) The hospital ranked at or above the 90th percentile for all enrolled acute care hospitals based on the total number of MA inpatient days of care.
- f) The hospital's ratio of uncompensated care to net patient revenue is at least 3.30%, based on the Pennsylvania Health Care Cost Containment Council's *Financial Analysis 2012, Volume One*.

Payments will be divided proportionally among qualified hospitals based on each hospital's total MA inpatient days to total MA inpatient days for all qualified hospitals. All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. Any funds available due to the application of the hospital-specific DSH upper payment limit will be redistributed to other hospitals qualifying under this additional class of DSH payments on a proportionate basis.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$0.922 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make disproportionate share hospital (DSH) payments to qualifying Medical Assistance (MA) enrolled acute care general hospitals that provide a high volume of inpatient services to MA eligible and low-income populations.

A hospital is eligible for this additional class of DSH payments if the hospital meets all criteria listed below. Unless otherwise stated, the source of the information is the Fiscal Year (FY) 2011-2012 MA-336 Hospital Cost Report.

- a) The hospital is enrolled in the MA Program as an acute care general hospital.
- b) The hospital is located in a county with a total population of less than 500,000 residents, based on the 2010 Federal decennial census.
- c) The hospital has at least 400 total beds available.
- d) The hospital ranked at or above the 90th percentile, among MA enrolled acute care hospitals located in counties with a total population of less than 500,000 residents, on the total number of MA inpatient days of care provided.
- e) The hospital ranked in excess of one standard deviation above the mean among MA enrolled acute care hospitals located in counties with a total population of less than 500,000 residents, on the ratio of MA psychiatric inpatient days provided to total psychiatric inpatient days.
- f) The hospital's ratio of uncompensated care to net patient revenue, based on the Pennsylvania Health Care Cost Containment Council *Financial Analysis 2013*, exceeded 3.40%.

Payments will be divided proportionally among qualified hospitals based on each hospital's total MA inpatient days to total MA inpatient days for all qualified hospitals. All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$0.793 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

A hospital is eligible for this additional class of disproportionate share hospital (DSH) payments if the hospital is a general acute care hospital that meets all criteria listed below. Unless otherwise stated, the source of the information is the Fiscal Year (FY) 2011-2012 MA-336 Hospital Cost Report.

- a) The hospital is enrolled in the Medical Assistance (MA) Program as a general acute care hospital and provides a comprehensive array of inpatient services (acute, psychiatric and rehabilitation), including inpatient obstetrical and neonatal services to MA beneficiaries.
- b) The hospital is accredited as an adult Level I Trauma Center according to the Pennsylvania Trauma Systems Foundation 2013 Annual Report.
- c) The hospital ranked at least three standard deviations above the mean for the total number of inpatient days provided to MA beneficiaries.
- d) The hospital ranked above the 99th percentile of all acute care hospitals for the total number of MA discharges.
- e) The hospital is an independent academic medical center and a member of the Alliance of Independent Academic Medical Centers.

Payments will be divided proportionally among all qualified hospitals based on each hospital's total MA inpatient days to total MA inpatient days for all qualified hospitals. All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department of Human Services will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$5.804 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO CERTAIN ACADEMIC MEDICAL CENTERS

The Department of Human Services (Department) will make disproportionate share hospital (DSH) payments to certain academic medical centers to assure that the critical services they provide to the Medical Assistance (MA) population will continue. These payments are also intended to help offset the MA share of the medical education costs incurred by these hospitals to assure the continued availability of professional medical services to the MA population.

To qualify for this additional class of DSH payments, the academic medical center must meet the following criteria as documented on the hospitals' Fiscal Year (FY) 2002-2003 MA-336 Hospital Cost Report:

1. Have total medical education costs of at least \$25 million.
2. Have Pennsylvania MA Education costs of at least \$1.5 million; and
3. Provide over 50,000 Pennsylvania MA days of care or have less than 500 set-up and staffed beds.

The Department will distribute payments to qualifying hospitals based on the hospitals' FY 2002-2003 MA-336 Hospital Cost Report as follows:

1. 47.191453% of available funding to a large hospital, defined as having 750 set up and staffed beds; and
2. 26.4042735% of available funding to each of the other qualifying hospitals.
3. To ensure that payments do not exceed available funds, the Department will adjust payments to each hospital using the following formula:
 - a. The calculated total amount of payments for each hospital under steps (1) and (2) in this section is divided by the total calculated amount for all hospitals to obtain a percentage, which is a ratio of each hospital's respective share of the calculated amount.
 - b. The resulting percentage for each hospital in clause (a) is multiplied by the total available funds to obtain a proportional payment for each hospital.

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$25.788 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make disproportionate share hospital (DSH) payments to certain Medical Assistance (MA) acute care general hospitals to ensure their participation in the MA Program. This payment promotes access to inpatient hospital specialty services for MA eligible persons in the Commonwealth. These funds will be used to support the medical education and operation of an academic medical program, which will foster the supply of health care professionals to treat the MA population.

A hospital is eligible for this additional class of DSH payments if the hospital meets all criteria listed below.

- a) The hospital is enrolled in the MA Program as an acute care general hospital and is licensed to provide inpatient obstetrical and neonatal services as reported by the Pennsylvania Department of Health for the period from July 1, 2014, through June 30, 2015.
- b) The hospital is located in a county with a population of less than 100,000 persons, based on the 2010 Census.
- c) The hospital is accredited as an adult Level I Trauma Center by the Pennsylvania Trauma System Foundation during Fiscal Year (FY) 2016-2017.
- d) The hospital's ratio of total MA inpatient discharges to total inpatient discharges exceeds 20.0%, based on its FY 2013-2014 MA-336 Hospital Cost Report available to the Department as of March 2018.
- e) The hospital's ratio of MA revenue to net patient revenue exceeds 13.0%, based on the Pennsylvania Health Care Cost Containment Council *Financial Analysis 2015, Volume One*.

A hospital's payment amount for this additional class of DSH payments will be determined as follows:

- 1) Divide the hospital's MA inpatient discharges by the total MA inpatient discharges for all qualifying hospitals; and
- 2) Multiply that share by the total amount allocated for these payments.

The data used for purposes of this determination will be obtained from the FY 2013-2014 MA-336 Hospital Cost Report.

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$7.965 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services will make disproportionate share hospital (DSH) payments to qualifying hospitals to promote additional access to inpatient and ancillary outpatient services and to support academic medical programs for integrated patient centered medical services.

A hospital is eligible for this additional class of DSH payments if the hospital meets all criteria listed below. Unless otherwise stated, the source of the information is the Fiscal Year (FY) 2010-2011 MA-336 Hospital Cost Report.

- a) The hospital is enrolled in the Pennsylvania (PA) Medical Assistance (MA) Program as a general acute care hospital.
- b) The hospital is ranked at or above the 92nd percentile of all acute care hospitals on the total acute care inpatient days provided to MA beneficiaries.
- c) The hospital is ranked at or above the 94th percentile of all acute care hospitals on net PA MA Outpatient Revenues.
- d) The hospital is accredited as an Adult Level I Trauma Center and a Pediatric Level I Trauma Center according to the Pennsylvania Trauma Systems Foundation's *2012 Annual Report*.
- e) The hospital is part of an academic medical center that includes a regional medical campus in a county of the fourth class.

Payments will be divided proportionally among all qualifying hospitals based on each hospital's total MA acute care inpatient days to total MA acute care inpatient days for all qualified hospitals. All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. Any funds available due to the application of the hospital-specific DSH upper payment limit will be redistributed to other hospitals qualifying under this additional class of disproportionate share payments on a proportionate basis.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$10.423 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make disproportionate share hospital (DSH) payments to qualifying acute care general hospitals to promote the availability of professional medical services to the Medical Assistance (MA) population in less urbanized areas of the Commonwealth.

A hospital is eligible for this additional class of DSH payments if the hospital meets all criteria listed below. Unless otherwise stated, the source of the information is the Fiscal Year (FY) 2010-2011 MA-336 Hospital Cost Report.

- 1) The hospital is enrolled in the Pennsylvania (PA) MA Program as an acute care general hospital.
- 2) The hospital is located in a county of the third class with a population between 279,000 and 282,000 under the 2010 federal decennial census.
- 3) The hospital's PA MA Fee-for-Service Medical Education costs exceed \$500,000.

Payments to qualifying hospitals will be divided equally among all qualifying hospitals. All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

For FY 2025-2026, effective December 28, 2025, the Department will distribute \$6.372 million in total funds (State and Federal) for these DSH payments by September 30, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.