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State/Territory Name: PA

State Plan Amendment (SPA) #: 26-0016

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

Financial Management Group

August 6, 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 26-0016

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 26-0016, which was submitted to CMS on June 25, 2026. This plan amendment establishes a new class of disproportionate share hospital (DSH) payments to qualifying Medical Assistance enrolled acute care general hospitals to promote additional access in inpatient and ancillary outpatient services and to support academic medical programs for integrated patient centered medical 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 June 14, 2026. 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,

[redacted]

Rory Howe
Director
Financial Management Group

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 26-0016

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
June 14, 2026

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

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ 2,551,661
b. FFY 2027 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19A, Page 21za

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*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

9. SUBJECT OF AMENDMENT
Additional Class of Disproportionate Share Hospital 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
[redacted]

12. TYPED NAME
Valerie A. Arkoosh, MD, MPH

13. TITLE
Secretary of Human Services

14. DATE SUBMITTED
June 25, 2026

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
June 25, 2026

17. DATE APPROVED
08/06/2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
June 14, 2026

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

The Department will make a disproportionate share hospital (DSH) payment to qualifying Medical Assistance (MA) enrolled hospitals to promote additional access in inpatient and ancillary outpatient services and to support academic medical programs for integrated patient centered medical services.

The Department determines a hospital eligible for this additional class of DSH payment if the hospital meets all of the criteria below. Unless otherwise stated, the source of the information is the State Fiscal Year (FY) 2021-2022 MA-336 Hospital Cost Report.

a) The hospital is enrolled in the Pennsylvania (PA) MA Program as a general acute care hospital;

b) The hospital is accredited as a Level I Trauma Center and a member of the Children's Hospital Association;

c) The hospital's PA MA Fee-for-Service and PA Medicaid Managed Care Medical Education costs exceed $500,000;

d) The hospital's Low-income Utilization Rate as reported on its MA-336 exceeds 20%;

e) The hospital has a medical school in a county of the third class in a municipality of less than 5,000 residents under the 2020 federal decennial census; and

f) The hospital is operating campuses under the same license with acute care hospitals in a County of the Sixth Class and an acute care hospital in the City of the Third Class in a County of a Third Class as of State FY 2023-2024 as demonstrated by the hospital's license that provide services to Medicaid patients in such county classes.

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 June 14, 2026, the Department will distribute $4.552 million in total funds (State and Federal) for these DSH payments by December 31, 2026. Additional payment will be determined annually and is not subject to retrospective settlements/adjustments, except for adjustments for actual uncompensated care costs.