

Table of Contents

State/Territory Name: Pennsylvania

State Plan Amendment (SPA) #: 21-0014

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



Financial Management Group

July 30, 2021

Ms. Meg Snead, Acting Secretary
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
PO Box 2675
Harrisburg, PA 17105-2675

RE: State Plan Amendment 21-0014

Dear Ms. Snead:

We have completed our review of State Plan Amendment (SPA) 21-0014. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the SPA authorizes an additional class of disproportionate share hospital payments to facilities treating a high number of COVID-19 patients.

We conducted our review of this SPA according to the statutory requirements at sections 1902(a)(3), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving state plan amendment 21-0014 effective May 9, 2021. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, or require additional information, please call Gary Knight at (304) 347-5723.

Sincerely,

A solid black rectangular box redacting the signature of the sender.

For

Rory Howe
Acting Director

Enclosures

Rory Howe

04/15/2021

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

1. TRANSMITTAL NUMBER 21-0014	2. STATE Pennsylvania
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Title XIX	
4. PROPOSED EFFECTIVE DATE May 9, 2021	

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (*Check One*)

- NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447 Subpart C	7. FEDERAL BUDGET IMPACT a. FFY2020\$0 b. FFY2021\$75,175,054
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19A, Page 21kk Attachment 4.19A, Page 20b	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) New Attachment 4.19A, Page 20b

10. SUBJECT OF AMENDMENT

Additional Class of Disproportionate Share Payments to Qualifying Hospitals and Revenue Reconciliation

11. GOVERNOR'S REVIEW (*Check One*)

- GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Review and approval authority
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL has been delegated to the Department of Human Services

12. SIGNATURE OF REGIONAL OFFICIAL 	16. 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
13. TYPED NAME M. Snead	
14. TITLE Acting Secretary of Human Services	
15. DATE SUBMITTED May 27, 2021	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED May 27, 2021	18. DATE APPROVED 7/30/21
-----------------------------------	------------------------------

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL May 9, 2021	20. SIGNATURE OF REGIONAL OFFICIAL For
21. TYPED NAME Rory Howe	22. TITLE Acting Director, Financial Management Group

23. REMARKS

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 inpatient services to MA beneficiaries. These payments are intended to provide financial relief to hospitals and promote access to acute care services for MA beneficiaries during the coronavirus pandemic.

A hospital is eligible for this additional class of DSH payments if the hospital is enrolled in the MA Program as an acute care general hospital, and the hospital submitted a Fiscal Year (FY) 2017-2018 MA-336 hospital cost report. The source of the information is the FY 2017-2018 MA-336 Hospital Cost Report, as available to the Department on April 7, 2020.

The Department will determine a qualifying hospital's annual payment amount by multiplying the hospital's number of Pennsylvania MA inpatient acute care days, both fee-for-service and managed care, by either:

- a) \$127.50 for qualifying hospitals with at least 90% MA dependence percent ranking; or,
- b) \$102.00 for qualifying hospitals with at least 75% but less than 90% MA dependence percent ranking; or,
- c) \$76.50 for qualifying hospitals with at least 50% but less than 75% MA dependence percent ranking; or,
- d) \$51.00 for qualifying hospitals with less than 50% MA dependence percent ranking.

For purposes of these DSH payments, the Department determines each hospital's MA dependence statistic by dividing the hospital's Pennsylvania MA inpatient acute care days, both fee-for-service and managed care, by the hospital's total hospital inpatient acute care days. The Department determines each hospital's MA dependence percent ranking using the hospital's MA dependence statistic in relation to all eligible 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 class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

The FY 2020-2021, the Department will allocate an annualized amount of \$128.724 million in total funds (state and federal) for these DSH payments, adjusted to reflect the reconciliation factor described in Part VI.

Part VI. Disproportionate Share and Supplemental Payment Reconciliation

- (a) The following payments are subject to reconciliation under this Part:
- (1) A portion of the inpatient disproportionate share payments and direct medical education payments made under Part I and Part V in a fiscal year, up to the amount specified in subsection (f);
 - (2) Medical Assistance (MA) Stability Payments;
 - (3) MA Dependency Payments;
 - (4) MA Rehabilitation Adjustment Payments;
 - (5) Disproportionate Share Hospital Payments to Small and Sole Community Hospitals;
 - (6) Enhanced Payments to Disproportionate Share Hospitals;
 - (7) High MA Graduate Medical Education Payments
- (b) The Department will determine if a payment reconciliation is needed as follows:
- (1) The Department will determine the amount of funds allocated from an approved provider assessment on licensed hospitals at the beginning of the fiscal year for the following items:
 - (i) increased expenditures for inpatient hospital services resulting from rebasing Fee For Service (FFS) inpatient hospital rates and implementing a revised patient classification system based on APR DRGs and for FFS observation services;
 - (ii) increased capitated rates to Managed Care Organizations (MCOs) for inpatient hospital services related to the rebasing of FFS inpatient hospital rates and the APR DRG classification system, for observation services related to implementation of a FFS observation policy, for outpatient hospital services, and for the Hospital Quality Incentive Initiative Program;
 - (iii) additional funds to restore inpatient DSH payments, outpatient supplemental payments, Medical Education payments and Community Access Fund payments to their FY 2009 levels;
 - (iv) additional funds of \$6.2 million to increase obstetrical/neonatal intensive care unit and Critical Access payments,
 - (v) COVID-19 Relief DSH payments as described within page 21kk of this Attachment 4.19A, and
 - (vi) funds allocated for other purposes approved by the Secretary of Human Services.
 - (2) The Department will estimate the amounts expended for each item in (b)(1) using annualized or actual expenditure data.
 - (3) The Department will subtract the expended amounts in (b)(2) from the allocated amounts in (b)(1).
- (c) The Department will calculate a reconciliation factor as follows:
- (1) The available funding amount listed in (f) will be adjusted, as necessary, to reflect any anticipated reduction to the assessment receipts from the approved statewide provider assessment on licensed hospitals. If no adjustment is necessary, the available funding amount listed in (f) will be used.
 - (2) The amount of the difference determined in (b)(3) will be subtracted from the available funding amount determined in (c)(1) to establish an aggregate adjusted amount for the payments listed in (a). If (b)(3) is greater than 0 then the aggregate adjusted amount for the payments listed in (a) is equal to the available funding amount determined in (c)(1).
 - (3) If a hospital has reached its OBRA '93 hospital specific limit due to payments received from (a) or (b)(1)(i), (ii), (iii), or (iv), any unspent amount that otherwise would have been paid to the hospital will be added to the amount in (c)(2) so that the total may equal but not exceed the available funding amount determined in (c)(1).
 - (4) The amount calculated in (c)(3) will be divided by the state portion of the amount in (f). If the result is equal to or less than one, the result will equal the reconciliation factor. If the result is greater than one, the reconciliation factor will equal one.
- (d) The reconciliation factor from (c)(4) will be applied to the payments identified in (a) that are made during that fiscal year unless the Department is unable to make the adjustment during the fiscal year due to the timing of the payments. In that case, the payments for subsequent fiscal year will be adjusted by the difference between the amounts from (f) and (c)(3).
- (e) The Department may make interim reconciliation adjustments to the payments listed in (a) at any time during the fiscal year in accordance with the method described in (c) and (d) above. A final reconciliation of the payments listed in (a) will be made at the end of each fiscal year.
- (f) Available funding for payments identified in (a) is \$353.639 million. Of this amount, the portion attributable to the inpatient disproportionate share payments and direct medical education payments in (a)(1) is \$40.959 million in total funds.