

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
 STATE: COMMONWEALTH OF PENNSYLVANIA  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – INPATIENT HOSPITAL CARE

ATTACHMENT 4.19A  
 Page 21e

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS

Effective July 1, 2005, the Department established an additional class of disproportionate share payments to certain qualifying general acute care hospitals that provide a high volume of Medical Assistance acute care and psychiatric services and incur significant uncompensated care costs. This payment is intended to ensure the hospitals' continued participation in the Medical Assistance Program.

The Department intends to consider a hospital eligible for this additional class of disproportionate share payments if the hospital meets all of the following criteria, based on the Fiscal Year 2002-2003 Medical Assistance Cost Report, unless specified otherwise:

- a) The hospital is enrolled in the Medical Assistance Program as a general acute care hospital with an excluded psychiatric unit.
- b) The hospital provides Medical Assistance inpatient days of care in excess of the 85<sup>th</sup> percentile of Medical Assistance inpatient days provided by all enrolled general acute care hospitals with an excluded psychiatric unit.
- c) The hospital's number of Medical Assistance admissions exceeds the 85<sup>th</sup> percentile of Medical Assistance admissions of all enrolled general acute care hospitals with an excluded psychiatric unit.
- d) The hospital provides inpatient psychiatric days of care to Pennsylvania Medical Assistance recipients in excess of the 90<sup>th</sup> percentile of such days provided by all enrolled acute care hospitals with an excluded psychiatric unit.
- e) The hospital's percentage of uncompensated care to net patient revenue exceeds the 90<sup>th</sup> percentile of this percentage for all enrolled acute care hospitals with an excluded psychiatric unit (PHC4 *Financial Analysis 2004*).
- f) The hospital's operating margin is less than the 15<sup>th</sup> percentile of the operating margins of all enrolled acute care hospitals with an excluded psychiatric unit (PHC4 *Financial Analysis 2004*).

The Department intends to allocate \$1.5 million from the State General Fund for a total of \$3,337,041 in state and federal funds for this additional class of payments. Payments will be divided proportionately between qualified hospitals based on the percentage of each qualifying hospital's MA inpatient days to 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 disproportionate share allotment, and that no hospital may receive disproportionate share payments in excess of its hospital-specific limit.

TN# 05-021  
 Supersedes  
 TN# \_\_\_\_\_

Approval Date APR 25 2006

Effective Date JUL - 1 2005