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State Name: Pennsylvania

State Plan Amendment (SPA) #10-023

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS-179
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, M/S S3-13-15
Baltimore, MD 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

Mr. Gary Alexander, Secretary Elect
Department of Public welfare
Office of Medical Assistance Programs
Bureau of Policy, Budget and Planning
PO Box 8046
Harrisburg, PA 17105

FEB 15 2011

RE: State Plan Amendment (SPA) 10-023

Dear Mr. Alexander:

We have completed our review of SPA 10-023 which amends section 4.19A of Pennsylvania's Title XIX state plan. Specifically, it continues disproportionate share payments to an additional class of hospitals designated as Critical Access Hospitals and establishes procedures for payments to such hospitals.

We conducted our review of your submittal 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 Pennsylvania SPA 10-023, effective December 12, 2010. We are enclosing the HCFA-179 and the amended state plan pages.

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

Sincerely,

Cindy Mann
Director, CMCS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 10-023	2. STATE Pennsylvania
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Title XIX	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE December 12, 2010	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION 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. FFY 2011 \$ 5,866,282.00 b. FFY 2012 \$ 5,806,186.00
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Page 21k	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, Page 21k

10. SUBJECT OF AMENDMENT:
Additional Class of Disproportionate Share Payments to Critical Access Hospitals and Qualifying Rural Hospitals

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 has
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL been delegated to the Department of
Public Welfare

12. SIGNATURE OF STATE AGENCY OFFICIAL: 13. A TYPED NAME: Michael P. Nardone	16. RETURN TO: Commonwealth of Pennsylvania Department of Public Welfare Office of Medical Assistance Programs Bureau of Policy, Budget and Planning P.O. Box 8046 Harrisburg, Pennsylvania 17105
14. TITLE: Acting Secretary of Public Welfare	
15. DATE SUBMITTED:	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: 02-15-11
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: DEC 12 2010	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: William Lasowski	22. TITLE: Deputy Director, CMCS
23. REMARKS:	

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS
TO CRITICAL ACCESS HOSPITALS AND QUALIFYING RURAL HOSPITALS

The Department will make disproportionate share payments to certain qualifying Medical Assistance (MA) enrolled acute care general hospitals based on designation as a Critical Access Hospital (CAH) and for qualifying rural hospitals, to ensure the availability of quality care to MA recipients in rural areas across this Commonwealth.

The Department will consider hospitals that have been designated as a CAH to be eligible for this additional class of DSH payments. CAHs are defined as any hospital that has qualified under section 1861(mm)(1) of the Social Security Act (42 U.S.C. § 1395x(mm)(1)) (relating to definitions) as a "critical access hospital" under Medicare. The Department will distribute payments to qualifying CAHs to reimburse at 101% of the allowable inpatient and outpatient Medical Assistance (MA) costs for services provided to eligible MA recipients, after deducting all other MA payments, including payments for services rendered, DSH payments or other supplemental payments.

After payment has been made to CAHs, as indicated above, any remaining funds will be distributed by the Department to rural hospitals that are acute care general hospitals licensed as hospitals under the Health Care Facilities Act (35 P.S. §§ 448.101 and 448.904(b)) and that meet all of the following:

- (a) Located in a county of the 6th, 7th or 8th class that has no more than two MA-enrolled acute care general hospitals.
- (b) Located in a county that has greater than 17% of its population that are eligible for MA or has greater than 10,000 persons eligible for MA.
- (c) Has no more than 200 licensed and staffed beds.
- (d) Does not qualify as a CAH under section 1861(mm)(1) of the Social Security Act (42 U.S.C. § 1395x(mm)(1)).

The Department will distribute any remaining funds to qualifying rural hospitals as follows:

- (a) 50% will be shared equally among the eligible hospitals.
- (b) 50% will be distributed based on each hospital's percent of total MA Fee-for-Service discharges compared to all eligible hospitals total MA Fee-for-Service discharges.

For Fiscal Year 2010-2011, the fiscal impact as a result of this additional class of disproportionate share payments is \$10.543 million (\$4.677 million in State General Funds and \$5.866 in Federal Funds upon approval by the Centers for Medicare and Medicaid Service).

TN# 10-023
Supersedes
TN# 10-008

FEB 15 2011

Approval Date: _____

Effective Date: December 12, 2010