

Table of Contents

State Name: Pennsylvania

State Plan Amendment (SPA) #11-003

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 S3-14-28
Baltimore, MD 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

Mr. Gary D. Alexander, Secretary
Commonwealth of Pennsylvania
Department of Public Welfare
Office of Medical Assistance Programs
Bureau of Policy, Budget and Planning
P.O. Box 8046
Harrisburg, PA 17105

JUL 23 2011

RE: State Plan Amendment (SPA) 11-003

Dear Mr. Alexander:

We completed our review of the proposed amendment to section 4.19A of Pennsylvania's Title XIX Medicaid State plan submitted under transmittal number (TN) 11-003 for an additional class of disproportionate share hospital payments. Specifically, this amendment provides disproportionate share payment adjustments to certain qualifying hospitals that provide a high volume of Medical Assistance acute care and psychiatric services to Medicaid and low income populations.

We conducted our review of your submittal according to the statutory requirements at Sections 1902(a)(2), 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 11-003, effective April 1, 2011. We are enclosing the HCFA-179 and the amended state plan page(s).

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

Sincerely,

Cindy Mann
Director
Centers for Medicaid, CHIP, and Survey & Certification

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 11-003	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 April 1, 2011	
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 \$ 1,254,000.00
b. FFY 2012 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19A, Page 21r

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

10. SUBJECT OF AMENDMENT:
Additional Class of Disproportionate Share Payments

11. 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:
Review and approval authority has
been delegated to the Department of
Public Welfare

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Gary D. Alexander

14. TITLE:
Acting Secretary of Public Welfare

15. DATE SUBMITTED:
APR 28 2011

16. RETURN TO:
Commonwealth of Pennsylvania
Department of Public Welfare
Office of Medical Assistance Programs
Bureau of Policy, Budget and Planning
P.O. Box 6046
Harrisburg, Pennsylvania 17105

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:
JUL 22 2011

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
APR 01 2011

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
PENNY THOMPSON

22. TITLE:
DEPUTY DIRECTOR, CMCS

23. REMARKS:

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS

The Department will make an additional class of disproportionate share hospital (DSH) payments to certain qualifying acute care general hospitals that provide a high volume of Medical Assistance (MA) acute care and psychiatric services and incur significant uncompensated care costs. The Department intends for these payments to promote the hospitals' continued participation in the MA Program.

The Department considers 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 MA Cost Report, unless otherwise specified:

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

The Department will proportionately divide payments between qualified hospitals based on the percentage of each qualifying hospital's MA inpatient days to total MA inpatient days of all qualifying hospitals. In making these payments, the Department will ensure that no acute care general hospital will receive any DSH payment that is in excess of its hospital-specific limit and the Commonwealth will not exceed its aggregate annual DSH allotment.

For FY 2010-2011, the fiscal impact as a result of this additional class of disproportionate share payments is \$2.254 million (\$1.000 million in State General Funds).

TN# 11-003
Supersedes
TN# NEW

JUL 22 2011

Approval Date: _____

Effective Date: January 23, 2011