

## **Table of Contents**

**State Name: Pennsylvania**

**State Plan Amendment (SPA) #11-005**

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**

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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

**AUG 26 2011**

RE: State Plan Amendment (SPA) 11-005

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) 11-005. Specifically, this amendment updates the allocation for disproportionate share adjustment (DSH) payments to certain qualifying hospitals that provide obstetrical and neonatal intensive care services to low-income pregnant women and children.

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 10-010 effective May 29, 2011. 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  
Centers for Medicaid, CHIP, and Survey & Certification

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	<b>1. TRANSMITTAL NUMBER:</b> 11-005	<b>2. STATE</b> Pennsylvania
	<b>3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b> Title XIX	
<b>TO: REGIONAL ADMINISTRATOR</b> HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	<b>4. PROPOSED EFFECTIVE DATE</b> May 29, 2011	

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)

<b>6. FEDERAL STATUTE/REGULATION CITATION:</b> 42 CFR 447 Subpart C	<b>7. FEDERAL BUDGET IMPACT:</b> a. FFY 2011 \$6,039,373.00 b. FFY 2012 \$ 0
<b>8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:</b> Attachment 4.19A, Page 21ii	<b>9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):</b> Attachment 4.19A, Page 21ii

10. SUBJECT OF AMENDMENT:

Additional Class of Disproportionate Share Payments for Obstetrical and Neonatal Intensive Care Services

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:

JUN 22 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 8046  
Harrisburg, Pennsylvania 17105

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

AUG 26 2011

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

MAY 29 2011

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Penny Thompson

22. TITLE:

Deputy Director, CMCS

23. REMARKS:

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

(ii) Of the amount available for distribution for rural hospitals, 10% will be distributed to qualified rural hospitals with neonatal intensive-care cases for PA MA recipients using the following formula:

(A) For each hospital, determine the ratio of the hospital's neonatal intensive-care cases for PA MA recipients to all neonatal intensive-care cases for the hospital.

(B) For each hospital multiply: the ratio under clause (A) by the number of the hospital's neonatal intensive-care cases for PA MA recipients.

(C) Add the products under clause (B) for all hospitals.

(D) Divide the amount available for distribution to rural hospitals by the sum under clause (C).

(E) Multiply the quotient under clause (D) by the product under clause (B).

(F) For rural hospitals located in counties whose ratio of MA eligible persons to total county population exceeds one standard deviation above the mean for all rural counties but less than 1.3 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 1.50. For rural hospitals located in counties whose ratio of MA eligible persons to total county population is equal to or greater than 1.3 standard deviations above the mean for all rural counties but less than 1.6 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 1.75. For rural hospitals located in counties whose ratio of MA eligible persons to total county population is equal to or greater than 1.6 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 2.0.

(iii) 15% of the funds available for rural hospitals will be distributed equally among qualified rural hospitals with obstetrical cases for PA MA recipients.

(iv) To ensure that payments do not exceed available funds, the Department will adjust payments to each hospital using the following formula:

(A) The calculated total amount of payments for each hospital under steps (i),(ii) and (iii) in this section is divided by the total calculated amount for all hospitals to obtain a percentage, which is a ratio of each hospital's respective share of the calculated amount.

(B) The resulting percentage for each hospital in clause (A) is multiplied by the total available funds to obtain a proportional payment for each hospital.

(b) 85% of the total amount available will be paid to qualified nonrural hospitals as follows:

(i) Of the eighty-five percent, 52.5% will be distributed to qualified nonrural hospitals with obstetrical cases for PA MA recipients covered by MA using the following formula:

(A) For each hospital, determine the ratio of the hospital's obstetrical cases for PA MA recipients to all obstetrical cases for the hospital.

(B) For each hospital, multiply the ratio under clause (A) by the number of the hospital's obstetrical cases for PA MA recipients.

(C) Add the products under clause (B) for all hospitals.

(D) Divide the amount available for distribution to nonrural hospitals by the sum under clause (C).

(E) Multiply the quotient under clause (D) by the product under clause (B).

(ii) Of the amount available for distribution to nonrural hospitals, 32.5% will be distributed to qualified nonrural hospitals with neonatal intensive-care cases for PA MA recipients using the following formula:

(A) For each hospital, determine the ratio of the hospital's neonatal intensive-care cases for PA MA recipients to all neonatal intensive-care cases for the hospital.

(B) For each hospital, multiply the ratio under clause (A) by the number of the hospital's neonatal intensive-care cases for PA MA recipients.

(C) Add the products under clause (B) for all hospitals.

(D) Divide the 32.5% by the sum under clause (C).

(E) Multiply the quotient under clause (D) by the product under clause (B).

(iii) Of the amount available for distribution to nonrural hospitals, 15% will be distributed equally among qualified nonrural hospitals with obstetrical cases for PA MA recipients.

For Fiscal Year 2010-2011 the fiscal impact of this additional class of DSH payments is \$10.854 (\$4.815 million in State General Funds and \$6.039 in Federal Funds upon approval by the Centers for Medicare and Medicaid Services).

TN# 11-005

Supersedes

TN# 10-010

Approval Date: AUG 26 2011

Effective Date: May 29, 2011