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State/Territory Name: Pennsylvania

State Plan Amendment (SPA) #: PA-11-007

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

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

AUG 26 2011

RE: State Plan Amendment (SPA) 11-007

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) 11-007. Specifically, this amendment modifies the reimbursement methodology for disproportionate share hospital payments to qualifying small and sole community hospitals to recognize additional qualifying facilities and increases the allocation for supplemental payments to freestanding rehabilitation hospitals.

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 11-007 with an effective date of June 19, 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,

/S/

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

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 11-007	2. STATE Pennsylvania
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Title XIX	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE June 19, 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)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart C	7. FEDERAL BUDGET IMPACT: a. FFY 2011 \$44,298,789.00 b. FFY 2012 \$42,686,977.00
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Pages 21o and 21p	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, Pages 21o and 21p

10. SUBJECT OF AMENDMENT:

Medical Assistance Rehabilitation Adjustment Payments and Disproportionate Share Hospital Payments to Small and Sole Community 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:

/s/

13. TYPED NAME:

Gary D. Alexander

14. TITLE:

Acting Secretary of Public Welfare

15. DATE SUBMITTED:

JUN 27 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: JUN 19 2011	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME: Penny Thompson	22. TITLE: Deputy Director, CMCS
23. REMARKS:	

Medical Assistance Rehabilitation Adjustment Payments

The Department will make supplemental payments to freestanding rehabilitation hospitals enrolled in the MA Program as an inpatient rehabilitation hospital provider as of July 1, 2010.

The Department will calculate an annual payment amount for qualifying freestanding rehabilitation hospitals equal to 116% of the total inpatient fee-for-service MA amount paid to the hospital as reported in the Fiscal Year (FY) 2007-2008 MA cost report data available to the Department as of July 2010. The Department will distribute quarterly payments to qualifying hospitals adjusted to reflect the total amount allocated per fiscal year for this payment. The Department may adjust this payment amount to reflect the funding that is available for this payment.

For FY 2010-2011, the Department will allocate an annualized amount of \$18.619 million (\$7.088 million in State General Funds) for these supplemental payments adjusted to reflect the reconciliation factor described in Part VI.

TN# 11-007
Supersedes
TN# 10-018

Approval Date: AUG 26 2011

Effective Date: June 19, 2011

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

Disproportionate Share Hospital Payments to Small and Sole Community Hospitals

The Department will make an additional class of disproportionate share hospital (DSH) payments to qualifying small hospitals and sole community hospitals participating in the Medical Assistance (MA) Program.

- (a) The Department will consider a hospital eligible for this additional class of DSH payments if the hospital meets one of the following criteria:
- (1) As of July 1, 2010, the hospital meets the Medicare definition of a sole community hospital (42 CFR § 412.92).
 - (2) As of July 1, 2010, the hospital only:
 - (i) Received a DSH payment for hospitals that incur significant uncompensated care costs or that experience a high volume of inpatient cases, the cost of which exceeds twice the hospital's average cost per stay for all patients as provided in page 21b of Attachment 4.19A; and/or
 - (ii) Is scheduled to receive a DSH payment for hospitals that qualify as a trauma center for FY 2008-2009 as provided in page 21c of Attachment 4.19A.
 - (3) The hospital has 150 set up/staffed hospital beds or less as reported on the hospital's FY 2007-2008 MA hospital cost report available to the Department as of July 2010 and is identified by the Department as experiencing an estimated annual loss of over \$1.0 million when the MA Program moves to a revised hospital payment system effective July 1, 2010.
- (b) Hospitals eligible for this DSH payment will receive quarterly payments adjusted to reflect the aggregate amount equal to the payment amount determined using the following methodology:
- (1) Hospitals that meet the criteria in (1) will receive a payment of \$200,000 annually.
 - (2) Hospitals that meet the criteria in (2) will receive a proportional amount of the remaining funds allocated to this payment after reducing the allocated amount by payments to be made under (b)(1) or (b)(3). A hospital's proportional amount is determined by dividing the qualifying hospital's calculated DSH OBRA '93 limit by the total calculated DSH OBRA '93 limits for all hospitals meeting the criteria for (a)(2). For purposes of this calculation, the hospitals' DSH OBRA '93 limits will be those calculated using FY 2007-2008 MA cost report data available to the Department as of July 2010 as reduced by all MA payments the Department calculated the hospital to receive as of September 30, 2010.
 - (3) Hospitals that meet the criteria in (3) will receive a payment equal to 40% of the hospital's calculated DSH OBRA '93 limit (as estimated using the FY 2007-2008 MA cost report data available to the Department as of July 2010) as reduced by all MA payments the Department calculated the hospital to receive as of September 30, 2010.
 - (4) Hospitals that meet the criteria in both (1) and (2); or both (1) and (3) will receive the sum of those two payment amounts.
 - (5) In making these payments, the Department ensures that no acute care general hospital receives any DSH payment that is in excess of its hospital specific DSH upper payment limit and the Commonwealth does not exceed its aggregate annual DSH allotment.

For FY 2010-2011, the Department will allocate an annualized amount of \$58.893 million (\$26.125 million in State General Funds) for this additional class of DSH payments adjusted to reflect the reconciliation factor described in Part VI.

TN# 11-007

Supersedes

TN# 10-018

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