

Table of Contents

State Name: Pennsylvania

State Plan Amendment (SPA) #11-019

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, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services

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

APR - 3 2012

RE: State Plan Amendment 11-019

Dear Mr. Alexander:

We have reviewed the proposed amendment to Attachment 4.19-A of the Pennsylvania State plan submitted under transmittal number (TN) 11-019. This amendment modifies the State's methods for making outlier payments to acute care general hospitals. Specifically, this amendment establishes a low cost outlier.

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 11-019 with an effective date of July 1, 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, CMCS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 11-019	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 July 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 \$ 0 b. FFY 2012 \$ (\$13,320,496.00)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Page 9a	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

10. SUBJECT OF AMENDMENT:
Outlier Payment Methodology

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. TYPED NAME: Gary D. Alexander 14. TITLE: Secretary of Public Welfare 15. DATE SUBMITTED: SEP 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 8046 Harrisburg, Pennsylvania 17106
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FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: APR - 3 2012
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL - 1 2011	20. SIGNATURE OF REGIONAL OFFICIAL:
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21. TYPED NAME: Penny Thompson	22. TITLE: Deputy Director, CMCS
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23. REMARKS:

Outliers

The Department makes cost outlier payment adjustments to the APR DRG payment in the following situations.

(a) High Cost

The Department makes payment in addition to the APR DRG payment as described below:

- (1) 100 percent of allowable costs beyond the fixed threshold for burn, transplant and neonate cases.
- (2) 80 percent of allowable costs beyond the fixed threshold for all other cases.

(b) Low Cost

The Department determines the APR DRG price of the claim and compares it to the sum of the cost of claim and the universal low cost outlier threshold. If the sum of the cost of the claim and the universal low cost outlier threshold is less than the price of the claim, the Department makes a payment that includes the cost of the claim, the amount of the universal low cost outlier threshold and 20% of the amount exceeding the sum of the cost of the claim and the amount of the universal low cost outlier threshold up to the APR DRG price of the claim.

TN# 11-019
Supersedes
TN# NEW

Approval Date: APR - 3 2012

Effective Date: July 1, 2011