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**State Name: Pennsylvania**

**State Plan Amendment (SPA) #11-027**

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**

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Mr. Gary 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

**MAR -6 2012**

RE: State Plan Amendment (SPA) 11-027

Dear Mr. Alexander:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 11-027. This amendment adds language that allows Pennsylvania to recover overpayments of disproportionate share (DSH) payments that exceed a hospital's specific DSH limit as defined by section 1923(g) of the Social Security Act.

We conducted our review of this amendment 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 and the regulations at 42 CFR 447 Subpart C. We are approving SPA 11-027, effective October 1, 2011. Enclosed are the approved 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

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>	1. TRANSMITTAL NUMBER: 11-027	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 October 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      \$ b. FFY 2012      \$
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Page 16	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, Page 16

10. SUBJECT OF AMENDMENT:  
Recovery Language

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:	16. RETURN TO: Commonwealth of Pennsylvania Department of Public Welfare Office of Medical Assistance Programs Bureau of Policy, Budget and Planning P.O. Box 246 Harrisburg, Pennsylvania 17105
13. TYPED NAME: Gary D. Alexander	
14. TITLE: Secretary of Public Welfare	
15. DATE SUBMITTED: DEC - 7 2011	

<b>FOR REGIONAL OFFICE USE ONLY</b>	
17. DATE RECEIVED:	18. DATE APPROVED: MAR - 6 2012
<b>PLAN APPROVED - ONE COPY ATTACHED</b>	
19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT - 1 2011	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: Penny Thompson	22. TITLE: Deputy Director, CMCS
23. REMARKS:	

## DISPROPORTIONATE SHARE PAYMENTS

### Part I. General Policy

The Department provides additional funding for in-state inpatient hospital providers which service a disproportionate share of Medical Assistance (MA) recipients or Title XIX or low-income patients, according to the provisions of Section 1923 of the Social Security Act. Hospitals and units which can qualify for disproportionate share hospital (DSH) payments under this part are acute care general hospitals; psychiatric, medical rehabilitation and drug and alcohol rehabilitation units of acute care general hospitals; freestanding rehabilitation hospitals; and private psychiatric hospitals.

The Department will determine, effective July 1, 1998, the hospitals that qualify for DSH payments and the amounts of such payments, according to the standards described in this section. Days of care included in the eligibility determination include MA managed care days of care, Medicaid administrative days and days of care provided to recipients from other states' Medicaid programs.

No hospital may be defined as eligible for DSH payments unless it has a Title XIX utilization rate of one percent or greater. In conformity with OBRA '93, effective July 1, 1995, the Department will establish DSH payments no greater than each hospital's unreimbursed costs for services rendered to Title XIX patients and uninsured patients. DSH payments to a qualifying hospital shall not exceed the amount permitted under the hospital's OBRA '93 hospital specific limit. DSH payments to qualifying hospitals may be adjusted so that payments do not exceed the Commonwealth's aggregate annual DSH allotment.

If the Department determines there was an overpayment to a provider, the Department will recover the overpayment from the provider.

(a) To qualify as a disproportionate share hospital, the hospital must meet one of the conditions set under subsection (b) and meet any one of the following conditions:

(1) Have a percentage of Title XIX MA days to total days equal to or greater than one standard deviation above the mean for all in-state hospitals;

(2) Have a low-income utilization rate exceeding 25%, as defined under 42 U.S.C § 13969-4(b)(3), under one of the following methods:

(i) The hospital's low income utilization rate as reported on its MA cost report (MA 338) computation of low income utilization rate worksheet exceeds 25%.

(ii) The hospital's low income utilization rate as determined by its ratio of Title XIX and General Assistance inpatient days to total inpatient days exceeds 25%. To determine the ratio for an acute care general hospital, the Department will include inpatient days for drug and alcohol rehabilitation units and medical rehabilitation units of acute care general hospitals, inpatient psychiatric facilities, as well as days for acute care general hospitals. The Department will include in the calculation MA administrative days, days of care provided to recipients in other states' Medicaid programs and managed care days.

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TN# 11-027  
Supersedes  
TN# 10-018

Approval Date MAR - 6 2012

Effective Date: October 1, 2011