

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, M/S S3-13-15  
Baltimore, MD 21244-1850



**Center for Medicaid and CHIP Services**

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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

**MAY 17 2012**

RE: State Plan Amendment (SPA) 12-004

Dear Mr. Alexander:

We have completed our review of SPA 12-004 which amends section 4.19A of Pennsylvania's Title XIX state plan. Specifically, it provides for an additional class of disproportionate share qualifying teaching hospitals and establishes procedures for payments to such hospitals to help offset the costs of providing psychiatric services to Medicaid and uninsured clients.

We conducted our review of your submittal 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 (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving Pennsylvania SPA 12-004, effective January 15, 2012. 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,

A handwritten signature in cursive script that reads "Cindy Mann".

Cindy Mann  
Director, CMCS

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
12-004

2. STATE  
Pennsylvania

FOR: HEALTH CARE FINANCING ADMINISTRATION

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  
January 15, 2012

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 \$275,350  
b. FFY 2012 \$271,400

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

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):  
Attachment 4.19A, Page 21j

10. SUBJECT OF AMENDMENT:  
Additional Class of Disproportionate Share to Qualifying Teaching 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:

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

13. TYPED NAME:  
Gary D. Alexander

14. TITLE:  
Secretary of Public Welfare

15. DATE SUBMITTED:  
MAR 21 2012

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:      MAY 17 2012

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
JAN 15 2012

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: PENNY THOMPSON

22. TITLE: Deputy Director, CMCS

23. REMARKS:

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING TEACHING HOSPITALS

The Department of Public Welfare (Department) has established an additional class of disproportionate share (DSH) payments to qualifying teaching hospitals that provide psychiatric services to Medical Assistance (MA) recipients. Across the Commonwealth there is a shortage of psychiatrists, notably those involved in the public health sector. The Department is working to recruit and retain psychiatrists to work in underserved rural and urban areas throughout the Commonwealth. These payments are intended to help offset the medical education costs of psychiatrists incurred by the hospitals providing psychiatric services to MA recipients and the uninsured.

The Department will consider any psychiatric unit of a general acute care hospital enrolled in Pennsylvania MA with psychiatric medical education costs that exceed \$100,000, according to the Fiscal Year (FY) 2005-2006 MA Cost Report, eligible for this additional class of DSH payments if it meets one of the following criteria:

1. The hospital provides at least 40,000 psychiatric days of service to Pennsylvania MA recipients as reported on the FY 2005-06 MA Cost Report; or
2. The hospital's inpatient psychiatric medical education costs for Pennsylvania MA recipients exceed \$500,000 as reported on the FY 2005-06 MA Cost Report; or
3. The hospital's uncompensated care to net patient revenue is greater than 5.0% as reported by Pennsylvania Health Care Cost Containment Council for Fiscal Year 2007.

Payments to qualifying teaching hospitals will be divided equally among all qualifying teaching hospitals, resulting in a payment of \$166,667 to each qualifying teaching hospital.

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit.

Fiscal Impact

The Fiscal Year 2011-2012 fiscal impact, as a result of this DSH payment is \$ 0.500 million (\$ 0.225 million in State General Funds and \$ 0.275 million in Federal Funds).

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TN# 12-004  
Supersedes  
TN# 11-001

Approval Date MAY 17 2012

Effective Date: January 15, 2012