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State Name: Pennsylvania

State Plan Amendment (SPA)#: 18-0048

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) One (1) SPA Page

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Financial Management Group

January 18, 2019

Ms. Teresa Miller, Secretary
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
PO Box 2675
Harrisburg, PA 17110-2675

RE: State Plan Amendment 18-0048

Dear Ms. Miller:

We have completed our review of State Plan Amendment (SPA) 18-0048. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment authorizes an additional class of disproportionate share hospital payments that have a low commercial payment ratio, a negative trend in net patient revenue, and are located in an area of the Commonwealth with a disproportionate Medicaid need.

We conducted our review of this SPA 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 state plan amendment 18-0048 effective December 23, 2018. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, or require additional information, please call Gary Knight at (304) 347-5723.

Sincerely,

/S/

Kristin Fan
Director

Enclosures

cc: Leesa M. Allen, Executive Deputy Secretary, DHS
Sally Kozak, Deputy Secretary, DHS/OMAP
Dan De Lellis, Director, DHS, Bureau of Policy, Planning, and Analysis

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

1. TRANSMITTAL NUMBER:
18-0048

2. STATE
Pennsylvania

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)
Title XIX

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
December 23, 2018

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 2018 \$0
b. FFY 2019 \$328,272

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19A, Page 21aa

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

Attachment 4.19A, Page 21aa

10. SUBJECT OF AMENDMENT

Disproportionate Share Payments to Qualifying Hospitals

11. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS
 SPECIFIED COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGN/ /S / FICIAL

13. TYPED NAME
Teresa D. Miller

14. TITLE
Secretary of Human Services

15. DATE SUBMITTED
DEC 21 2018

16. RETURN TO
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
Bureau of Policy, Analysis and Planning
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18. DATE APPROVED
JAN 18 2019

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
DEC 23 2018

20. SIGN/ /S / OFFICIAL

21. TYPED NAME
Kristin Fan

22. TITLE
Director, FMG

23. REMARKS

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING HOSPITALS

The Department of Human Services (Department) will make disproportionate share hospital (DSH) payments to qualifying Medical Assistance (MA) enrolled acute care general hospitals that have a low commercial-payer ratio, a negative trend in their net patient revenue and are located in an area of the Commonwealth with a disproportionate need for MA services.

A hospital is eligible for this additional class of DSH payments if the hospital is enrolled in the Pennsylvania MA Program as an acute care hospital and meets all criteria listed below. Unless otherwise stated, the source of the information is the Fiscal Year (FY) 2013-2014 MA-336 Hospital Cost Report.

- (1) The hospital is located in a city of the first class, as defined in the *Pennsylvania Manual* (Volume 121).
- (2) The hospital's 3-year average change in net patient revenue for FYs 2012-2015 is negative according to the Pennsylvania Health Care Cost Containment Council's Fiscal Year 2015 Financial Analysis.
- (3) The hospital's commercial payer ratio, defined as 100 percent minus the hospital's Medicare share of net patient revenue for FY 2015 (expressed as a percent) minus the hospital's MA share of net patient revenue for FY 2015 (expressed as a percent), is more than one standard deviation lower than the mean for all acute care hospitals in the Pennsylvania Health Care Cost Containment Council's Fiscal Year 2015 Financial Analysis.
- (4) The hospital does not qualify for payment under State Plan Amendment 4.19A, page 21z.

Payments will be divided proportionally among qualifying hospitals based on the percentage of each qualifying hospital's inpatient MA days to the total inpatient MA days of all qualifying hospitals. 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 DSH limit. The Department will not redistribute DSH payments made under this additional class of DSH payments to qualifying hospitals as a result of a qualifying hospital exceeding its hospital-specific DSH limit.

The FY 2018-2019 impact, as a result of the funding allocation for these payments, is \$0.628 million (\$0.300 million in State general funds and \$0.328 million in Federal funds).

TN# 18-0048
Supersedes
TN# 18-0014

Approval Date: JAN 18 2019

Effective Date: December 23, 2018