

Table of Contents

State Name: Pennsylvania

State Plan Amendment (SPA)#: 19-0006

This file contains the following documents in the order listed:

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

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

March 29, 2019

Ms. Teresa D. Miller, Secretary
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
Bureau of Policy, Analysis and Planning
PO Box 2675
Harrisburg, PA 17105-2675

RE: State Plan Amendment (SPA) 19-0006

Dear Ms. Miller:

We have completed our review of State Plan Amendment (SPA) 19-0006. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, the amendment continues disproportionate share hospital payments in FY 2019 to qualifying facilities that provide obstetrical and neonatal intensive care services to low-income pregnant women and children.

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 Pennsylvania State plan amendment 19-0006 with an effective date of February 17, 2019. We are enclosing the HCFA-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/OLTL

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 19-0006	2. STATE Pennsylvania
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Title XIX	
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	4. PROPOSED EFFECTIVE DATE February 17, 2019	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES 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 2018 \$0 b. FFY 2019 \$7,310,623
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19A, Pages 21i and 21ii	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19A, Pages 21i and 21ii

10. SUBJECT OF AMENDMENT
Disproportionate Share Payments to Obstetrical and Neonatal Services

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. SIGNATURE <i>/S/</i>	16. RETURN TO Commonwealth of Pennsylvania Department of Human Services Office of Medical Assistance Programs Bureau of Policy, Analysis and Planning P.O. Box 2875 Harrisburg, Pennsylvania 17105-2875
13. TYPED NAME Teresa D. Miller	
14. TITLE Secretary of Human Services	
15. DATE SUBMITTED MAR 17 2019	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED	18. DATE APPROVED MAR 29 2019 MAR 29 2019
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL FEB 17 2019	20. SIGNATURE OF REGIONAL OFFICIAL <i>/S/</i>
21. TYPED NAME <i>Kristin Fan</i>	22. TITLE <i>Director, FMG</i>

23. REMARKS

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS FOR OBSTETRICAL AND NEONATAL SERVICES

The Commonwealth of Pennsylvania is dedicated to ensuring the availability of quality care to low-income pregnant women and children. Access to obstetrical and neonatal health care services across the Commonwealth is necessary for all Medical Assistance (MA) beneficiaries and is crucial to ensure a positive prenatal experience for the mother and the best outcome for the infant. In order to maintain the system for obstetrical and neonatal health care services, the Department of Human Services (Department) will make disproportionate share hospital (DSH) payments to hospitals that are enrolled in the Pennsylvania MA Program and that meet certain qualifying criteria.

For the purposes of this payment, a rural hospital is defined as being located in a county outside a Metropolitan Statistical Area established by the United States Office of Management and Budget or as the only hospital licensed by the Department of Health to provide obstetrical services located in a county of the 6th, 7th or 8th class. Rural hospitals may be eligible for DSH payments for providing obstetrical services, neonatal services, or both, as follows:

- a) In order to be eligible for DSH payment related to obstetrical services, a rural hospital must be licensed to provide obstetrical services and must meet one of the following qualifying criteria:
 - (i) The hospital ranks in the top 1/3 of rural hospitals in terms of volume of obstetrical cases for Pennsylvania MA beneficiaries during the most recent Fiscal Year (FY) with available data;
 - (ii) The hospital has greater than 50% of all of its obstetrical cases for Pennsylvania MA beneficiaries during the most recent FY with available data; or,
 - (iii) The hospital is the only hospital licensed to provide obstetrical services within the county.
- b) In order to be eligible for DSH payment related to neonatal services, a rural hospital must be licensed to provide neonatal intensive care services.

"Nonrural" hospitals (those that do not meet the definition of "rural" above) may be eligible for DSH payment for providing obstetrical services, neonatal services, or both, as follows:

- a) In order to be eligible for DSH payment related to obstetric services, a nonrural hospital must be licensed to provide obstetrical services and must meet one of the following qualifying criteria:
 - (i) The hospital ranks in the top 1/3 of nonrural hospitals in terms of volume of obstetrical cases for Pennsylvania MA beneficiaries during the most recent FY with available data;
 - (ii) The hospital has greater than 50% of all of its obstetrical cases for Pennsylvania MA beneficiaries during the most recent FY with available data; or
 - (iii) The hospital provides obstetrical care services and is located within five miles of any hospital that closed its obstetrical service during the previous three years.
- b) In order to be eligible for DSH payment related to neonatal services, a nonrural hospital must be licensed to provide neonatal intensive care services and must meet one of the following qualifying criteria:
 - (i) The hospital ranks in the top 1/3 of nonrural hospitals in terms of volume of neonatal intensive care cases for Commonwealth MA beneficiaries during the most recent FY with available data;
 - (ii) The hospital has greater than 50% of all of its neonatal intensive care cases for Commonwealth MA beneficiaries during the most recent FY with available data; or
 - (iii) A children's hospital with greater than 40% of all of its cases for Commonwealth MA beneficiaries during the most recent FY with available data.

The Department will make DSH payments to those hospitals that meet the qualifying criteria using the following payment methodology.

- a) 15% of the total amount available will be paid to qualified rural hospitals as follows:
 - (i) Of the amount available for distribution to rural hospitals, 75% will be distributed to hospitals that qualify under section (a) of the rural hospital eligibility criteria (related to obstetrical services) using the following formula:
 - (A) For each hospital, determine the ratio of the hospital's obstetrical cases for Pennsylvania MA beneficiaries to all obstetrical cases for the hospital.
 - (B) For each hospital, multiply the ratio under clause (A) by the number of the hospital's obstetrical cases for Pennsylvania MA beneficiaries.
 - (C) Add the products under clause (B) for all hospitals.
 - (D) Divide the amount available for distribution to rural hospitals by the sum under clause (C).
 - (E) Multiply the quotient under clause (D) by the product under clause (B).
 - (F) For rural hospitals located in counties whose ratio of MA eligible persons to total county population exceeds one standard deviation above the mean for all rural counties, but less than 1.3 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 1.50. For rural hospitals located in counties whose ratio of MA eligible persons to total county population is equal to or greater than 1.3 standard deviations above the mean for all rural counties, but less than 1.6 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 1.75. For rural hospitals located in counties whose ratio of MA eligible persons to total county population is equal to or greater than 1.6 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 2.0.

- (ii) Of the amount available for distribution for rural hospitals, 10% will be distributed to hospitals that qualify under section (b) of the rural hospital eligibility criteria (related to neonatal services) using the following formula:
 - (A) For each hospital, determine the ratio of the hospital's neonatal intensive-care cases for Pennsylvania MA beneficiaries to all neonatal intensive-care cases for the hospital.
 - (B) For each hospital, multiply the ratio under clause (A) by the number of the hospital's neonatal intensive-care cases for Pennsylvania MA beneficiaries.
 - (C) Add the products under clause (B) for all hospitals.
 - (D) Divide the amount available for distribution to rural hospitals by the sum under clause (C).
 - (E) Multiply the quotient under clause (D) by the product under clause (B).
 - (F) For rural hospitals located in counties whose ratio of MA eligible persons to total county population exceeds one standard deviation above the mean for all rural counties, but is less than 1.3 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 1.50. For rural hospitals located in counties whose ratio of MA eligible persons to total county population is equal to or greater than 1.3 standard deviations above the mean for all rural counties, but less than 1.6 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 1.75. For rural hospitals located in counties whose ratio of MA eligible persons to total county population is equal to or greater than 1.6 standard deviations above the mean for all rural counties, multiply the product in clause (E) by 2.0.
 - (iii) Of the amount available for distribution for rural hospitals, 15% will be distributed equally among hospitals that qualify under section (a) of the rural hospital eligibility criteria (related to obstetrical services).
 - (iv) To ensure that payments do not exceed available funds, the Department will adjust payments to each hospital using the following formula:
 - (A) The calculated total amount of payments for each hospital under steps (i), (ii), and (iii) in this section is divided by the total calculated amount for all hospitals to obtain a percentage, which is a ratio of each hospital's respective share of the calculated amount.
 - (B) The resulting percentage for each hospital in clause (A) is multiplied by the total available funds to obtain a proportional payment for each hospital.
- b) 85% of the total amount available will be paid to qualified nonrural hospitals as follows:
- (i) Of the amount available for distribution to nonrural hospitals, 52.5% will be distributed to hospitals that qualify under section (a) of the nonrural hospital eligibility criteria (related to obstetrical services) using the following formula:
 - (A) For each hospital, determine the ratio of the hospital's obstetrical cases for Pennsylvania MA beneficiaries to all obstetrical cases for the hospital.
 - (B) For each hospital, multiply the ratio under clause (A) by the number of the hospital's obstetrical cases for Pennsylvania MA beneficiaries.
 - (C) Add the products under clause (B) for all hospitals.
 - (D) Divide the amount available for distribution to nonrural hospitals by the sum under clause (C).
 - (E) Multiply the quotient under clause (D) by the product under clause (B).
 - (ii) Of the amount available for distribution to nonrural hospitals, 32.5% will be distributed to hospitals that qualify under section (b) of the nonrural eligibility criteria (related to neonatal services) using the following formula:
 - (A) For each hospital, determine the ratio of the hospital's neonatal intensive-care cases for Pennsylvania MA beneficiaries to all neonatal intensive-care cases for the hospital.
 - (B) For each hospital, multiply the ratio under clause (A) by the number of the hospital's neonatal intensive-care cases for Pennsylvania MA beneficiaries.
 - (C) Add the products under clause (B) for all hospitals.
 - (D) Divide the 32.5% by the sum under clause (C).
 - (E) Multiply the quotient under clause (D) by the product under clause (B).
 - (iii) Of the amount available for distribution to nonrural hospitals, 15% will be distributed equally among hospitals that qualify under section (a) of the nonrural eligibility criteria (related to obstetrical services).

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. The Department will not redistribute DSH payments made under this 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 shall not exceed \$13.992 million (\$6.681 million in State general funds and \$7.311 million in Federal funds).