

Table of Contents

State Name: Pennsylvania

State Plan Amendment (SPA)#: 19-0015

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

January 6, 2020

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

RE: State Plan Amendment 19-0015

Dear Ms. Miller:

We have completed our review of State Plan Amendment (SPA) 19-0015. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, this SPA establishes a supplemental payment for qualifying inpatient hospitals located in a county with greater than 40% Medicaid utilization.

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 19-0015 effective July 7, 2019. 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

cc:
Lisa Carroll
Gary Knight

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER 19-0015	2. STATE Pennsylvania
	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 July 7, 2019	

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 Subpart C	7. FEDERAL BUDGET IMPACT a. FFY2019\$ 0 b. FFY2020\$ 85,730,708
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19A, Pages 21gg and 21gga	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) New

10. SUBJECT OF AMENDMENT

Additional Class of Supplemental 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 Review and approval authority
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL has been delegated to the Department of Human Services

12. SIGNATURE OF STATE AGENCY OFFICIAL /S/	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
13. TYPED NAME Teresa D. Miller	
14. TITLE Secretary of Human Services	
15. DATE SUBMITTED JUL 16 2019	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED	18. DATE APPROVED JAN 06 2020
-------------------	----------------------------------

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL JUL 07 2019	20. SIGNATURE OF REGIONAL OFFICIAL /S/
21. TYPED NAME Kristin Fan	22. TITLE Director, FMO

23. REMARKS

ADDITIONAL CLASS OF SUPPLEMENTAL PAYMENTS FOR QUALIFYING HOSPITALS

The Department of Human Services (Department) will make supplemental payments to qualifying hospitals located in counties in which a significant percentage of the county's population is enrolled in the Medical Assistance (MA) Program.

A hospital is eligible for these supplemental payments if the hospital meets the criteria below. The sources of information listed in the criteria below shall be utilized in the version available to the Department as of May 21, 2019:

- 1) The hospital is an acute care general hospital enrolled in the Pennsylvania (PA) MA program;
- 2) The hospital is located in a county in which greater than 40% of the county's population is enrolled in the PA MA program. The percentage of a county's PA MA enrollment is calculated by dividing the number of PA MA recipients in the county (as determined from the Department's March 2019 enrollment data report) by the total county population (as determined from the U.S. Census Bureau's Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2018);
- 3) The hospital does not provide acute care inpatient services to patient populations predominantly under the age of 18. A hospital's patient population is predominantly under the age of 18 if the hospital's number of discharges for "0-17 Years" is greater than 50% of the hospital's number of "Total" discharges. Discharges are determined from the calendar year 2017 PA Department of Health Reports 3-A and 3-B; and,
- 4) The hospital's ratio of MA revenue to net patient revenue is greater than 10%. The ratio of MA revenue and net patient revenue is determined from the Pennsylvania Health Care Cost Containment Council's (PHC4) *Financial Analysis 2017*.

A qualifying hospital's initial payment amount is calculated by utilizing hospital data from the Fiscal Year (FY) 2015-2016 MA-336 Hospital Cost Reports on file with the Department as of June 5, 2018, except as otherwise specified. For each qualifying hospital the Department will calculate an initial payment amount as follows:

- a) The hospital's total MA fee-for-service (FFS) inpatient acute care days are divided by the total MA FFS inpatient acute care days for all qualifying hospitals to calculate the initial payment ratio;
- b) The hospital's initial payment ratio, as calculated in subsection a), is then multiplied by the amount of funds allocated for these payments to calculate the hospital's unadjusted initial payment amount; and,
- c) The hospital's unadjusted initial payment amount, calculated in subsection b), is then limited to a percentage of the hospital's Net Inpatient Revenue (NIR) as follows:
 - (i) for qualifying hospitals with both an operating margin of less than -5.0% and a combined MA and Medicare revenue amount greater than 66%, a limit of 4.5% of the hospital's NIR is applied. The operating margin, MA revenues, and Medicare revenues are determined from PHC4's *Financial Analysis 2017*;
 - (ii) for qualifying hospitals that do not meet the criteria in subsection c)(i) but provide greater than 10,000 MA FFS inpatient acute care days, a limit of 2.5% of the hospital's NIR is applied; or,
 - (iii) for all other qualifying hospitals that do not meet the criteria in subsection c)(i) or c)(ii), a limit of 1.5% of the hospital's NIR is applied.

TN# 19-0015
Supersedes
TN# New

Approval Date 01/06/2020

Effective Date: July 7, 2019

If, after calculating the initial payment amounts, funds remain from the total funds allocated for the FY for these payments, the Department will add to the initial payment amount, payment amounts for qualifying hospitals whose initial payment amounts were less than their hospital-specific payment limitations, as calculated in subsection c). Subsequent payment amounts are calculated as follows:

- 1) The hospital's total MA FFS inpatient acute care days are divided by the total MA FFS inpatient acute care days of all qualifying hospitals that have not met their hospital-specific payment limitation, as calculated in subsection c), to calculate a subsequent payment ratio for the hospital;
- 2) The hospital's subsequent payment ratio, as calculated in subsection 1), is then multiplied by the remaining allocated funds to calculate the hospital's subsequent payment amount;
- 3) The hospital's subsequent payment amount, as calculated in subsection 2), is then added to the initial payment amount. This increased payment amount is subject to the hospital's hospital-specific payment limitation, as calculated in subsection c); and,
- 4) This methodology is applied until either all funds allocated for the FY for these supplemental payments is allocated to qualifying hospitals, or all qualifying hospitals have reached their hospital-specific payment limitation, as calculated in subsection c).

The hospital supplemental payment includes the initial and subsequent payment amounts. In no case will the supplemental payments for a hospital exceed the hospital's hospital-specific payment limitation, as calculated in subsection c), in a single FY.

Beginning with FY 2019-2020, the Department will allocate an annualized amount of \$95.309 million in total funds for these supplemental payments.

TN# 19-0015
Supersedes
TN# New

Approval Date 01/06/2020

Effective Date: July 7, 2019