

Table of Contents

State Name: Pennsylvania

State Plan Amendment (SPA)#: 19-0016

This file contains the following documents in the order listed:

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

October 28, 2019

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 19-0016

Dear Ms. Miller:

We have completed our review of State Plan Amendment (SPA) 19-0016. This SPA modifies Attachment 4.19-A of Pennsylvania's Title XIX State Plan. Specifically, this SPA establishes the aggregate annual limit for certain supplemental and disproportionate share hospital payments.

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 19-0016 effective September 22, 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 19-0016	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 September 22, 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	6. FEDERAL BUDGET IMPACT a. FFY 2019 \$ 0 b. FFY 2020 \$ 146,801,923
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19A, Page 20aa Attachment 4.19A, Page 21t Attachment 4.19A, Page 21tt	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) New Attachment 4.19A, Page 21t Attachment 4.19A, Page 21tt

10. SUBJECT OF AMENDMENT

Aggregate Limits to Inpatient Disproportionate Share, Outpatient Supplemental and Direct Medical Education and Disproportionate Share Hospital and Supplemental Payments to Newly Enrolled In-State Hospitals that Qualify for Payments

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 REGIONAL OFFICIAL <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 2675 Harrisburg, Pennsylvania 17105-2675
13. TYPED NAME Teresa D. Miller	
14. TITLE Secretary of Human Services	
15. DATE SUBMITTED SEP 27 2019	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED	18. DATE APPROVED OCT 28 2019
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL SEP 22 2019	20. SIGNATURE OF REGIONAL OFFICIAL <i>/S/</i>
21. TYPED NAME <i>Kristin Fan</i>	22. TITLE <i>Director, FMS</i>

23. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: COMMONWEALTH OF PENNSYLVANIA
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT HOSPITAL CARE

For State Fiscal Year 2019-2020, the Department shall distribute to providers that are eligible for direct medical education, inpatient disproportionate share and outpatient supplemental payments an aggregate annualized amount of \$256.360 million, as adjusted to reflect the reconciliation factor described in Part VI.

TN# 19-0016
Supersedes
TN# New

Approval Date: OCT 28 2019

Effective Date: September 22, 2019

(A) Beginning with State Fiscal Year (FY) 2013-2014, the Department will make the following disproportionate share hospital (DSH) and supplemental payments to newly enrolled in-state hospitals (new hospitals) that qualify for payments as specified in the respective qualifying criteria for each payment in the state plan as modified in (B) below:

- (1) Medical Assistance (MA) Stability Payment;
- (2) MA Dependency Payment;
- (3) MA Rehabilitation Adjustment Payment; and
- (4) Enhanced Payments to Certain Disproportionate Share Hospitals

For purposes of this determination for (1), (3) and (4) of this subsection, a new hospital is defined as a hospital that has enrolled in the Pennsylvania (PA) MA Program on or after July 1, 2008 and is not a long-term acute care general hospital as defined in 62 P.S. §801-G. For purposes of this determination for (2) of this subsection, a new hospital is defined as a hospital that has enrolled in the PA MA Program on or after July 1, 2015 and is not a long-term acute care general hospital as defined in 62 P.S. §801-G. To determine a hospital's eligibility and payment allocation for each of these DSH and supplemental payments, the Department collects data from new hospitals in a form and manner specified by the Department.

(B) Beginning with FY 2013-2014, the following provides eligibility and payment distribution methodologies for the payment programs listed in (A) for those newly enrolled hospitals enrolled in the PA MA Program for at least one full FY:

- (1) For the MA Stability Payment, the Department reimburses new hospitals enrolled as acute care general hospitals for the first full FY of enrollment a per diem rate of \$262.84 multiplied by the number of PA MA Fee-for-Service (FFS) days of care provided by the new hospital during its initial FY of PA MA enrollment. The PA MA FFS days for new hospitals will not be included in the calculation of the per diem amount for all other hospitals qualifying for the MA Stability Payments.
- (2) For the MA Dependency Payment, the Department annualizes each new hospital's data for its initial FY of enrollment to determine if the new hospital qualifies for this payment in accordance with the qualifying criteria for the payment as provided in the state plan. For qualifying new hospitals enrolled as acute care general hospitals for which the Department does not have a FY 2014-2015 MA-336 Hospital Cost Report as of July 2017, the Department will determine the payment amount for the first full FY of enrollment by multiplying the number of PA MA FFS acute care inpatient days that were provided by the new hospital during its initial FY of enrollment by either:
 - i. \$850.00 for qualifying hospitals with greater than 50,000 PA MA (FFS and managed care) acute care inpatient days during its initial FY of enrollment as provided by the new hospital; or,
 - ii. \$370.00 for other qualifying new hospitals.
 - iii. New hospitals for which the Department has a FY 2014-2015 MA-336 Hospital Cost Report as of July 2017 will not qualify for the MA Dependency payment as a new hospital.
- (3) For the MA Rehabilitation Adjustment Payment, the Department collects and annualizes the total Medicaid inpatient FFS amount paid to the new hospital enrolled as a freestanding rehabilitation hospital for the new hospital's initial FY of PA MA enrollment and deflates the annualized revenue to FY 2007-2008. The new hospital's payment amount for the first full FY of PA MA enrollment as a rehabilitation hospital is 147% of the deflated revenue amount, pro-rated according to the number of days of the new hospital's initial FY of PA MA enrollment.
- (4) For the Enhanced Payments to Certain Disproportionate Share Hospitals Payment, a new hospital qualifies for this payment if the acute care general hospital qualifies for disproportionate share hospitals (DSH) payments and its MA FFS and managed care outpatient charges to total hospital outpatient charges (as annualized from the new hospital's initial FY of PA MA enrollment) are greater than 12.90%. If the hospital qualifies, the hospital's payment amount for its first full FY of PA MA enrollment is determined in accordance with the payment method described in page 21q of the state plan using the hospital's annualized MA outpatient revenue amounts, the prorated according to the number of days of the new hospital's initial FY of PA enrollment. The outpatient revenue amounts for new hospitals will not be used in determining payment amounts for all other hospitals qualifying for enhanced payments to certain disproportionate share hospitals.

(C) Except as provided in (D), beginning in SFY 2013-2014, for the second and subsequent full FY of PA MA enrollment of a new hospital that qualifies for one or more of these payments, the payments will be annualized if the first full SFY payment had been prorated as described in (B)(3) and (B)(4), or the source data will be annualized prior to determining the annual payment allocation if the source data was not annualized as described in (B)(1) and (B)(2).

(D) For each of the payments listed in (B) for new hospitals, the Department will determine a final payment amount using actual MA data relating to the new hospital's first full FY of enrollment once that data becomes available. The Department will reconcile payments made to final payment amounts subject to available funding.

For FY 2019-2020, the Department will allocate an annualized amount of \$2.592 million for these DSH and supplemental payments adjusted to reflect the reconciliation factor described in Part VI.