

# Disproportionate Share Hospital (DSH) Supplemental Payment Program

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## SFY 2021 Reports

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Steve Sisolak  
Governor

Richard Whitley, MS  
Director



**DEPARTMENT OF  
HEALTH AND HUMAN SERVICES**  
Division of Health Care Financing and Policy  
*Helping people. It's who we are and what we do.*



Suzanne Bierman, JD, MPH  
Administrator

DATE: September 15, 2020

TO: Senator Joyce Woodhouse, Chair - Interim Finance Committee  
Assemblywoman Maggie Carlton, Vice Chair - Interim Finance Committee  
Rick Combs, Director - Interim Finance Committee

### **Disproportionate Share Hospital Supplemental Payment Program**

Per NRS 422.390, the Division of Health Care Financing and Policy (DHCFP) is submitting this quarterly report on the Disproportionate Share Hospital (DSH) Supplemental Payment Program for the first quarter (Q1) of state fiscal year (SFY) 2021.

Title XIX of the Social Security Act authorizes Federal grants to States for Medicaid programs that provide medical assistance to low-income families, the elderly and persons with disabilities. Section 1902(a)(13)(A)(iv) of the Act requires that States make Medicaid payment adjustments for hospitals that serve a disproportionate share of low-income patients with special needs. Section 1923 of the Act contains more specific requirements related to such disproportionate share hospital payments, including aggregate annual state-specific limits on Federal Financial Participation (FFP) under Section 1923(f), and hospital-specific limits on DSH payments under section 1923(g).

#### **DSH Authority - Policy:**

- DSH Audit Final Rule, Federal Register Vol. 73, No. 245
- Social Security Act Sec. 1923
- 42 CFR 447 Subpart E (447.296 – 447.299)
- State Plan 4.19-A pages 21 – 25
- NRS 422.380 – 422.390
- NAC 422.015 – 422.165

#### **DSH Allotments**

DSH allotments reflect the annual maximum amount of FFP available to the State for the DSH program. The DSH allotment is determined by the Centers for Medicare and Medicaid Services (CMS) as the higher of (1) the federal fiscal year (FFY) 2004 DSH allotment or (2) the prior year's DSH allotment increased by the percentage of change in the consumer price index for all urban consumers (CPI-U) for the prior fiscal year. The resulting amount must not exceed the greater of (1) the DSH allotment for the previous fiscal year or (2) 12% of total State Plan medical assistance expenditures during the fiscal year. CMS often updates the allotment amounts prior to

finalization, which results in revision of the corresponding DSH payments. The FFY 2018 has been finalized and FFY 2019 and FFY 2020 preliminary DSH allotments have been released and is subject to revision by CMS.

Under the Affordable Care Act (ACA), DSH allotments were scheduled to be reduced beginning in FFY 2014 and continuing through FFY 2020 due to decreases in the rate of uninsured and under-insured individuals as estimated by the Congressional Budget Office. Subsequent legislation has both modified the amounts and postponed the timing of these reductions until FFY 2021 through FFY 2026. However, in May 2020 the CARES Act was signed postponing the allotment reduction for FFY 2021 to December 1, 2020. The national aggregate allotment reductions if implemented in FFY 2021 are as follows:

- \$4,000,000,000 for FFY 2021
- \$8,000,000,000 for FFY 2022
- \$8,000,000,000 for FFY 2023
- \$8,000,000,000 for FFY 2024
- \$8,000,000,000 for FFY 2025
- \$8,000,000,000 for FFY 2026

Federal Regulations require CMS to allocate the ACA DSH reductions to states based on the following criteria:

1. The largest percentage of reductions must be imposed on:
  - a. States that have the lowest percentage of uninsured
  - b. States that do not target DSH payments to hospitals with high volumes of Medicaid inpatients
  - c. States that do not target DSH payments to hospitals with high levels of uncompensated care
2. A smaller percentage of reductions must be imposed on “Low DSH” states

### **Intergovernmental Transfers (IGT)**

Based on the projected FFY 2021 preliminary allotment amount, the SFY 2021 total IGT is projected to be \$48,811,347. The SFY 2021 IGT breakdown by County is: Clark County \$47,459,997 and Washoe County \$1,351,350.

For SFY 2021 Q1, DCHFP will invoice a total IGT of \$9,992,095.50. The first quarter IGT breakdown by County is: Clark County \$9,715,414.85 and Washoe County \$276,680.65.

Beginning in 2014, the IGT amount due from the counties has been offset by a credit from the Indigent Accident Fund (IAF) pursuant to NAC 422.105(4). For SFY 2021, the IAF credit is estimated to be \$8,598,337.61 for Clark County and \$244,627.39 for Washoe County, to be applied quarterly.

**DSH Payment Calculation**

The SFY 2021 Q1 Quarterly DSH payment total is \$11,568,081.51.

The Federal Medical Assistance Percentage (FMAP) for SFY 2021 Q1 is 63.93%, resulting in a Federal/State share breakdown of:

<b>Federal Portion</b>	<b>State Portion</b>	<b>SFY 2021 Q1 Total</b>
\$7,395,474.51	\$4,172,607.00	\$11,568,081.51

The SFY 2021 Q1 DSH distribution within each hospital pool is based on the following:

1. 50% of the DSH payment for each pool is distributed based on the Uncompensated Care Percentage of each hospital within the pool.
2. 50% of the DSH payment for each pool is distributed based on the amount of Uncompensated Care provided by each hospital within the pool.

**Disproportionate Share Hospital Payments**

The SFY 2021 DSH payments are estimated to total \$69,299,995.46 based on the 102% of the current FFY 2020 preliminary reduced allotment amount of \$47,888,308.

SFY 2021 Q1 DSH payments have not yet been issued.

1st Quarter - SFY 2021 DSH Calculation						
Hospital Pools	Hospitals	Total Pool Allotment (SFY 2021 Q1)	Uncompensated Care Cost (UCC)	Hospital Net Patient Revenue	Uncompensated Care Percentage (UCP)	SFY 2021 Q1 Total DSH Payment
<b>Pool A</b>		<b>\$10,176,441.30</b>				
	University Medical Center		\$109,577,401.00	\$669,985,814.00	16.36%	\$10,176,441.30
	<b>A SUBTOTAL</b>		<b>\$109,577,401.00</b>	<b>\$669,985,814.00</b>		<b>\$10,176,441.30</b>
<b>Pool B</b>		<b>\$195,500.55</b>				
	Boulder City Hospital		\$2,325,296.00	\$28,001,857.00	8.30%	\$7,559.58
	Centennial Hills Medical Center		\$19,400,190.00	\$276,893,483.00	7.01%	\$13,226.82
	Henderson Hospital		\$20,321,434.00	\$210,675,784.00	9.65%	\$14,648.37
	Mountainview Hospital		\$28,833,771.00	\$467,885,104.00	6.16%	\$15,875.16
	North Vista Hospital		\$2,437,465.00	\$106,012,214.00	2.30%	\$3,500.82
	Southern Hills Hospital		\$15,330,454.00	\$214,458,197.00	7.15%	\$11,701.14
	Spring Valley Medical Center		\$23,534,925.00	\$366,438,627.00	6.42%	\$13,969.77
	St Rose Dominican Hospital - De Lima		\$13,079,484.00	\$37,281,555.00	35.08%	\$34,742.37
	St Rose Dominican Hospital - San Martin		\$18,898,399.00	\$177,994,255.00	10.62%	\$15,319.44
	St Rose Dominican Hospital - Siena		\$17,964,933.00	\$484,032,990.00	3.71%	\$9,791.40
	Summerlin Hospital Medical Center		\$20,662,879.00	\$454,793,738.00	4.54%	\$11,665.29
	Sunrise Hospital & Medical Center		\$54,510,760.00	\$618,769,241.00	8.81%	\$29,471.25
	Valley Hospital Medical Center		\$13,017,602.00	\$296,209,644.00	4.39%	\$14,029.14
	<b>B SUBTOTAL</b>		<b>\$250,317,592.00</b>	<b>\$3,739,446,689.00</b>		<b>\$195,500.55</b>
<b>Pool C</b>		<b>\$677,889.57</b>				
	Renown Regional Medical Center		\$65,157,872.00	\$787,147,813.00	8.28%	\$677,889.57
	<b>C SUBTOTAL</b>		<b>\$65,157,872.00</b>	<b>\$787,147,813.00</b>		<b>\$677,889.57</b>
<b>Pool D</b>		<b>\$155,012.31</b>				
	Humboldt General Hospital		(\$3,364,119.00)	\$45,465,468.00	-7.40%	\$0.00
	Mt Grant General Hospital		\$171,505.00	\$297,002,149.00	0.06%	\$6,731.37
	South Lyon Health Center		\$323,624.00	\$37,704,517.00	0.86%	\$89,277.87
	William Bee Ririe		(\$1,464,092.00)	\$80,042,926.00	-1.83%	\$59,003.07
	<b>D SUBTOTAL</b>		<b>(\$4,333,082.00)</b>	<b>\$460,215,060.00</b>		<b>\$155,012.31</b>
<b>Pool E</b>		<b>\$363,237.78</b>				
	Banner Churchill Community Hospital		\$6,335,999.00	\$45,465,468.00	13.94%	\$116,103.87
	Carson Tahoe Regional Medical Center		\$13,488,329.00	\$297,002,149.00	4.54%	\$112,766.97
	Desert View Regional Medical Center		\$3,340,431.00	\$37,704,517.00	8.86%	\$69,396.24
	Northeastern Nevada Regional Hospital		\$4,944,840.00	\$80,042,926.00	6.18%	\$64,970.70
	<b>E SUBTOTAL</b>		<b>\$28,109,599.00</b>	<b>\$460,215,060.00</b>		<b>\$363,237.78</b>
						<b>SFY 2021 Q1 Quarterly DSH Payments : \$11,568,081.51</b>

The total quarterly DSH payments for SFY 2021 Q1 are \$11,568,081.51.

## Verification of DSH Eligibility

Verification of DSH eligibility begins in January of each year and finished by June in order to complete the annual calculations.

Twenty three hospitals in Nevada are eligible to receive DSH Payments in SFY 2021. Twenty two of the eligible hospitals will receive DSH payments for SFY 2021 Q1.

Per NAC 422.165 – Based on available funds, DHCFP will transfer a \$50,000 payment to public hospitals that are located in a county that does not have any other hospitals and are not eligible for DSH payments. For SFY 2021 three hospitals are eligible for this payment:

1. Grover C. Dils Medical Center
2. Battle Mountain General Hospital
3. Pershing County General Hospital

## Disproportionate Share Hospital Redistributions

Effective January 2009, in order to receive Federal Financial Participation for the DSH program, CMS requires states to submit an independent certified audit and report to ensure the appropriate use of Medicaid DSH payments and compliance with hospital-specific payment limits. Beginning with the DSH audits for SFY 2011, CMS is requiring states to recoup DSH payments from hospitals if the initial DSH payment they received exceeded the hospital's final Uncompensated Care Costs based on audit.

Through Myers and Stauffer LC, DHCFP's contracted auditor, the independent certified audits for the SFY 2011 through SFY 2017 DSH programs have been completed.

Please contact Sarah Lamb at 775-684-3621, or at [s.lamb@dncfp.nv.gov](mailto:s.lamb@dncfp.nv.gov) if you have any questions regarding this report.

Sincerely,

*Tiffany M. Lewis*

Tiffany Lewis  
Chief Financial Officer  
Division of Health Care Financing and Policy

Cc: Suzanne Bierman, Administrator - DHCFP  
Cody Phinney, Deputy Administrator – DHCFP  
Sarah Lamb, Administrative Services Officer III - DHCFP  
Gina Callister, Management Analyst III – DHCFP  
Patrick McDonnell, Publications & Outreach Coordinator – DHCFP

Steve Sisolak  
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Suzanne Bierman, JD, MPH  
Administrator

DATE: December 15, 2020

TO: Senator Joyce Woodhouse, Chair - Interim Finance Committee  
Assemblywoman Maggie Carlton, Vice Chair - Interim Finance Committee  
Rick Combs, Director - Interim Finance Committee

### **Disproportionate Share Hospital Supplemental Payment Program**

Per NRS 422.390, the Division of Health Care Financing and Policy (DHCFP) is submitting this quarterly report on the Disproportionate Share Hospital (DSH) Supplemental Payment Program for the second quarter (Q2) of state fiscal year (SFY) 2021.

Title XIX of the Social Security Act authorizes Federal grants to States for Medicaid programs that provide medical assistance to low-income families, the elderly and persons with disabilities. Section 1902(a)(13)(A)(iv) of the Act requires that States make Medicaid payment adjustments for hospitals that serve a disproportionate share of low-income patients with special needs. Section 1923 of the Act contains more specific requirements related to such disproportionate share hospital payments, including aggregate annual state-specific limits on Federal Financial Participation (FFP) under Section 1923(f), and hospital-specific limits on DSH payments under section 1923(g).

#### **DSH Authority - Policy:**

- DSH Audit Final Rule, Federal Register Vol. 73, No. 245
- Social Security Act Sec. 1923
- 42 CFR 447 Subpart E (447.296 – 447.299)
- State Plan 4.19-A pages 21 – 25
- NRS 422.380 – 422.390
- NAC 422.015 – 422.165

#### **DSH Allotments**

DSH allotments reflect the annual maximum amount of FFP available to the State for the DSH program. The DSH allotment is determined by the Centers for Medicare and Medicaid Services (CMS) as the higher of (1) the federal fiscal year (FFY) 2004 DSH allotment or (2) the prior year's DSH allotment increased by the percentage of change in the consumer price index for all urban consumers (CPI-U) for the prior fiscal year. The resulting amount must not exceed the greater of (1) the DSH allotment for the previous fiscal year or (2) 12% of total State Plan medical assistance expenditures during the fiscal year. CMS often updates the allotment amounts prior to

finalization, which results in revision of the corresponding DSH payments. The FFY 2018 has been finalized and FFY 2019 and FFY 2020 preliminary DSH allotments have been released and is subject to revision by CMS.

Under the Affordable Care Act (ACA), DSH allotments were scheduled to be reduced beginning in FFY 2014 and continuing through FFY 2020 due to decreases in the rate of uninsured and under-insured individuals as estimated by the Congressional Budget Office. Subsequent legislation has both modified the amounts and postponed the timing of these reductions until FFY 2021 through FFY 2026. However, in May 2020 the CARES Act was signed postponing the allotment reduction for FFY 2021 to December 11, 2020. The national aggregate allotment reductions if implemented in FFY 2021 are as follows:

- \$4,000,000,000 for FFY 2021
- \$8,000,000,000 for FFY 2022
- \$8,000,000,000 for FFY 2023
- \$8,000,000,000 for FFY 2024
- \$8,000,000,000 for FFY 2025
- \$8,000,000,000 for FFY 2026

Federal Regulations require CMS to allocate the ACA DSH reductions to states based on the following criteria:

1. The largest percentage of reductions must be imposed on:
  - a. States that have the lowest percentage of uninsured
  - b. States that do not target DSH payments to hospitals with high volumes of Medicaid inpatients
  - c. States that do not target DSH payments to hospitals with high levels of uncompensated care
2. A smaller percentage of reductions must be imposed on “Low DSH” states

### **Intergovernmental Transfers (IGT)**

Based on the projected FFY 2021 preliminary allotment amount, the SFY 2021 total IGT is projected to be \$39,796,607. The SFY 2021 IGT breakdown by County is: Clark County \$38,689,576 and Washoe County \$1,107,031.

For SFY 2021 Q2, DCHFP will invoice a total IGT of \$7,738,410.50. The first quarter IGT breakdown by County is: Clark County \$7,523,111.36 and Washoe County \$215,299.14.

Beginning in 2014, the IGT amount due from the counties has been offset by a credit from the Indigent Accident Fund (IAF) pursuant to NAC 422.105(4). For SFY 2021, the IAF credit is estimated to be \$8,597,130.57 for Clark County and \$245,834.43 for Washoe County, to be applied quarterly.



### **DSH Payment Calculation**

The SFY 2021 Q2 Quarterly DSH payment total is \$13,867,590.63.

The Federal Medical Assistance Percentage (FMAP) for SFY 2021 Q2 is 69.50%, resulting in a Federal/State share breakdown of:

<b>Federal Portion</b>	<b>State Portion</b>	<b>SFY 2021 Q2 Total</b>
\$9,637,975.50	\$4,229,615.13	\$13,867,590.63

The SFY 2021 Q2 DSH distribution within each hospital pool is based on the following:

1. 50% of the DSH payment for each pool is distributed based on the Uncompensated Care Percentage of each hospital within the pool.
2. 50% of the DSH payment for each pool is distributed based on the amount of Uncompensated Care provided by each hospital within the pool.

### **Disproportionate Share Hospital Payments**

The SFY 2021 DSH payments are estimated to total \$56,770,823.45 based on the preliminary allotment released by CMS in the amount of \$38,551,902.

SFY 2021 Q1 and Q2 DSH payments have been issued.

2nd Quarter - SFY 2021 DSH Calculation						
Hospital Pools	Hospitals	Total Pool Allotment (SFY 2021 Q2)	Uncompensated Care Cost (UCC)	Hospital Net Patient Revenue	Uncompensated Care Percentage (UCP)	SFY 2021 Q2 Total DSH Payment
<b>Pool A</b>		<b>\$12,199,319.49</b>				
	University Medical Center		\$109,577,401.00	\$669,985,814.00	16.36%	\$12,199,319.49
	<b>A SUBTOTAL</b>		<b>\$109,577,401.00</b>	<b>\$669,985,814.00</b>		<b>\$12,199,319.49</b>
<b>Pool B</b>		<b>\$234,362.28</b>				
	Boulder City Hospital		\$2,325,296.00	\$28,001,857.00	8.30%	\$9,062.28
	Centennial Hills Medical Center		\$19,400,190.00	\$276,893,483.00	7.01%	\$15,856.08
	Henderson Hospital		\$20,321,434.00	\$210,675,784.00	9.65%	\$17,560.20
	Mountainview Hospital		\$28,833,771.00	\$467,885,104.00	6.16%	\$19,030.83
	North Vista Hospital		\$2,437,465.00	\$106,012,214.00	2.30%	\$4,196.73
	Southern Hills Hospital		\$15,330,454.00	\$214,458,197.00	7.15%	\$14,027.10
	Spring Valley Medical Center		\$23,534,925.00	\$366,438,627.00	6.42%	\$16,746.66
	St Rose Dominican Hospital - De Lima		\$13,079,484.00	\$37,281,555.00	35.08%	\$41,648.49
	St Rose Dominican Hospital - San Martin		\$18,898,399.00	\$177,994,255.00	10.62%	\$18,364.65
	St Rose Dominican Hospital - Siena		\$17,964,933.00	\$484,032,990.00	3.71%	\$11,737.74
	Summerlin Hospital Medical Center		\$20,662,879.00	\$454,793,738.00	4.54%	\$13,984.14
	Sunrise Hospital & Medical Center		\$54,510,760.00	\$618,769,241.00	8.81%	\$35,329.53
	Valley Hospital Medical Center		\$13,017,602.00	\$296,209,644.00	4.39%	\$16,817.85
	<b>B SUBTOTAL</b>		<b>\$250,317,592.00</b>	<b>\$3,739,446,689.00</b>		<b>\$234,362.28</b>
<b>Pool C</b>		<b>\$812,640.81</b>				
	Renown Regional Medical Center		\$65,157,872.00	\$787,147,813.00	8.28%	\$812,640.81
	<b>C SUBTOTAL</b>		<b>\$65,157,872.00</b>	<b>\$787,147,813.00</b>		<b>\$812,640.81</b>
<b>Pool D</b>		<b>\$54,748.68</b>				
	Humboldt General Hospital		(\$3,364,119.00)	\$45,465,468.00	-7.40%	\$0.00
	Mt Grant General Hospital		\$171,505.00	\$297,002,149.00	0.06%	\$3,380.28
	South Lyon Health Center		\$323,624.00	\$37,704,517.00	0.86%	\$51,368.40
	William Bee Ririe		(\$1,464,092.00)	\$80,042,926.00	-1.83%	\$0.00
	<b>D SUBTOTAL</b>		<b>(\$4,333,082.00)</b>	<b>\$460,215,060.00</b>		<b>\$54,748.68</b>
<b>Pool E</b>		<b>\$566,519.37</b>				
	Banner Churchill Community Hospital		\$6,335,999.00	\$45,465,468.00	13.94%	\$181,079.97
	Carson Tahoe Regional Medical Center		\$13,488,329.00	\$297,002,149.00	4.54%	\$175,875.63
	Desert View Regional Medical Center		\$3,340,431.00	\$37,704,517.00	8.86%	\$108,232.98
	Northeastern Nevada Regional Hospital		\$4,944,840.00	\$80,042,926.00	6.18%	\$101,330.79
	<b>E SUBTOTAL</b>		<b>\$28,109,599.00</b>	<b>\$460,215,060.00</b>		<b>\$566,519.37</b>
			<b>SFY 2021 Q2 Quarterly DSH Payments : \$13,867,590.63</b>			

The total quarterly DSH payments for SFY 2021 Q2 are \$13,867,590.63.

## **Verification of DSH Eligibility**

Verification of DSH eligibility begins in January of each year and finished by June in order to complete the annual calculations.

Twenty three hospitals in Nevada are eligible to receive DSH Payments in SFY 2021. Twenty one of the eligible hospitals will receive DSH payments for SFY 2021 Q2.

Per NAC 422.165 – Based on available funds, DHCFP will transfer a \$50,000 payment to public hospitals that are located in a county that does not have any other hospitals and are not eligible for DSH payments. For SFY 2021 three hospitals are eligible for this payment:

1. Grover C. Dils Medical Center
2. Battle Mountain General Hospital
3. Pershing County General Hospital

## **Disproportionate Share Hospital Redistributions**

Effective January 2009, in order to receive Federal Financial Participation for the DSH program, CMS requires states to submit an independent certified audit and report to ensure the appropriate use of Medicaid DSH payments and compliance with hospital-specific payment limits. Beginning with the DSH audits for SFY 2011, CMS is requiring states to recoup DSH payments from hospitals if the initial DSH payment they received exceeded the hospital's final Uncompensated Care Costs based on audit.

Through Myers and Stauffer LC, DHCFP's contracted auditor, the independent certified audits for the SFY 2011 through SFY 2017 DSH programs have been completed. The SFY 2018 DSH audit process has started.

Please contact Sarah Lamb at 775-684-3621, or at [s.lamb@dncfp.nv.gov](mailto:s.lamb@dncfp.nv.gov) if you have any questions regarding this report.

Sincerely,

Tiffany Lewis  
Chief Financial Officer  
Division of Health Care Financing and Policy

Cc: Suzanne Bierman, Administrator - DHCFP  
Cody Phinney, Deputy Administrator – DHCFP  
Sarah Lamb, Administrative Services Officer III – DHCFP  
Tim Ryan, Management Analyst IV - DHCFP  
Gina Callister, Management Analyst III – DHCFP  
Patrick McDonnell, Publications & Outreach Coordinator – DHCFP

Steve Sisolak  
Governor



Richard Whitley, MS  
Director

# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF HEALTH CARE FINANCING AND POLICY

*Helping people. It's who we are and what we do.*



Suzanne Bierman,  
JD MPH  
Administrator

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DATE: March 15, 2021

TO: Senator Joyce Woodhouse, Chair - Interim Finance Committee  
Assemblywoman Maggie Carlton, Vice Chair - Interim Finance Committee  
Brenda Erdoes, Director - Interim Finance Committee

## **Disproportionate Share Hospital Supplemental Payment Program**

Per NRS 422.390, the Division of Health Care Financing and Policy (DHCFP) is submitting this quarterly report on the Disproportionate Share Hospital (DSH) Supplemental Payment Program for the third quarter (Q3) of state fiscal year (SFY) 2021.

Title XIX of the Social Security Act authorizes Federal grants to States for Medicaid programs that provide medical assistance to low-income families, the elderly and persons with disabilities. Section 1902(a)(13)(A)(iv) of the Act requires that States make Medicaid payment adjustments for hospitals that serve a disproportionate share of low-income patients with special needs. Section 1923 of the Act contains more specific requirements related to such disproportionate share hospital payments, including aggregate annual state-specific limits on Federal Financial Participation (FFP) under Section 1923(f), and hospital-specific limits on DSH payments under section 1923(g).

DSH Authority - Policy:

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## **DSH Allotments**

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finalization, which results in revision of the corresponding DSH payments. The FFY 2018 has been finalized and FFY 2019 and FFY 2020 preliminary DSH allotments have been released and is subject to revision by CMS.

Under the Affordable Care Act (ACA), DSH allotments were scheduled to be reduced beginning in FFY 2014 and continuing through FFY 2020 due to decreases in the rate of uninsured and under-insured individuals as estimated by the Congressional Budget Office. Subsequent legislation has both modified the amounts and postponed the timing of these reductions until FFY 2021 through FFY 2026. However, in January 2021 the allotment reduction was postponed to FFY 2024. The national aggregate allotment reductions if implemented in FFY 2024 are as follows:

- \$4,000,000,000 for FFY 2024
- \$8,000,000,000 for FFY 2025
- \$8,000,000,000 for FFY 2026
- \$8,000,000,000 for FFY 2027
- \$8,000,000,000 for FFY 2028
- \$8,000,000,000 for FFY 2029

Federal Regulations require CMS to allocate the ACA DSH reductions to states based on the following criteria:

1. The largest percentage of reductions must be imposed on:
  - a. States that have the lowest percentage of uninsured
  - b. States that do not target DSH payments to hospitals with high volumes of Medicaid inpatients
  - c. States that do not target DSH payments to hospitals with high levels of uncompensated care
2. A smaller percentage of reductions must be imposed on “Low DSH” states

### **Intergovernmental Transfers (IGT)**

Based on the projected FFY 2021 preliminary unreduced allotment amount, the SFY 2021 total IGT is now projected to be \$52,409,226.04. The SFY 2021 IGT breakdown by County is: Clark County \$50,959,403.50 and Washoe County \$1,449,822.54.

For SFY 2021 Q3, DCHFP will invoice a total IGT of \$10,891,565.27. The third quarter IGT breakdown by County is: Clark County \$10,590,347.16 and Washoe County \$301,218.11. In addition, DCHFP has invoiced an additional IGT for SFY 2021 Q1 and Q2 due to the postponement of the DSH allotment reductions. Those amounts are \$3,153,154.77 for each quarter. The breakdown by County is: Clark County \$3,067,235.80 each quarter and Washoe County \$85,918.97 each quarter.

Beginning in 2014, the IGT amount due from the counties has been offset by a credit from the Indigent Accident Fund (IAF) pursuant to NAC 422.105(4). For SFY 2021, the IAF credit is estimated to be \$8,597,130.57 for Clark County and \$245,834.43 for Washoe County, to be applied quarterly.

### **DSH Payment Calculation**

The SFY 2021 Q3 Quarterly DSH payment total is \$19,727,274.12. In addition, there was \$5,859,683.47 paid out in catch up payments for SFY 2021 Q2 DSH due to the CMS allotment reduction postponement.

The Federal Medical Assistance Percentage (FMAP) for SFY 2021 Q3 is 69.50%, resulting in a Federal/State share breakdown of:

<b>Federal Portion</b>	<b>State Portion</b>	<b>SFY 2021 Q3 Total</b>
\$13,710,455.51	\$6,016,818.61	\$19,727,274.12

The SFY 2021 Q3 DSH distribution within each hospital pool is based on the following:

1. 50% of the DSH payment for each pool is distributed based on the Uncompensated Care Percentage of each hospital within the pool.
2. 50% of the DSH payment for each pool is distributed based on the amount of Uncompensated Care provided by each hospital within the pool.

### **Disproportionate Share Hospital Payments**

The SFY 2021 DSH payments are estimated to total \$74,349,873.80 based on the preliminary unreduced allotment released by CMS on 12/28/2020 in the amount of \$54,841,822.

SFY 2021 DSH payments have been issued through Q3.

3rd Quarter - SFY 2021 DSH Calculation						
Hospital Pools	Hospitals	Total Pool Allotment (SFY 2021 Q3)	Uncompensated Care Cost (UCC)	Hospital Net Patient Revenue	Uncompensated Care Percentage (UCP)	SFY 2021 Q3 Total DSH Payment
<b>Pool A</b>		<b>\$17,354,083.02</b>				
	University Medical Center		\$109,577,401.00	\$669,985,814.00	16.36%	\$17,354,083.02
	<b>A SUBTOTAL</b>		<b>\$109,577,401.00</b>	<b>\$669,985,814.00</b>		<b>\$17,354,083.02</b>
<b>Pool B</b>		<b>\$333,390.96</b>				
	Boulder City Hospital		\$2,325,296.00	\$28,001,857.00	8.30%	\$12,891.51
	Centennial Hills Medical Center		\$19,400,190.00	\$276,893,483.00	7.01%	\$22,555.98
	Henderson Hospital		\$20,321,434.00	\$210,675,784.00	9.65%	\$24,980.19
	Mountainview Hospital		\$28,833,771.00	\$467,885,104.00	6.16%	\$27,072.21
	North Vista Hospital		\$2,437,465.00	\$106,012,214.00	2.30%	\$5,970.03
	Southern Hills Hospital		\$15,330,454.00	\$214,458,197.00	7.15%	\$19,954.20
	Spring Valley Medical Center		\$23,534,925.00	\$366,438,627.00	6.42%	\$23,822.91
	St Rose Dominican Hospital - De Lima		\$13,079,484.00	\$37,281,555.00	35.08%	\$59,246.85
	St Rose Dominican Hospital - San Martin		\$18,898,399.00	\$177,994,255.00	10.62%	\$26,124.54
	St Rose Dominican Hospital - Siena		\$17,964,933.00	\$484,032,990.00	3.71%	\$16,697.46
	Summerlin Hospital Medical Center		\$20,662,879.00	\$454,793,738.00	4.54%	\$19,893.06
	Sunrise Hospital & Medical Center		\$54,510,760.00	\$618,769,241.00	8.81%	\$50,257.86
	Valley Hospital Medical Center		\$13,017,602.00	\$296,209,644.00	4.39%	\$23,924.16
	<b>B SUBTOTAL</b>		<b>\$250,317,592.00</b>	<b>\$3,739,446,689.00</b>		<b>\$333,390.96</b>
<b>Pool C</b>		<b>\$1,156,018.26</b>				
	Renown Regional Medical Center		\$65,157,872.00	\$787,147,813.00	8.28%	\$1,156,018.26
	<b>C SUBTOTAL</b>		<b>\$65,157,872.00</b>	<b>\$787,147,813.00</b>		<b>\$1,156,018.26</b>
<b>Pool D</b>		<b>\$130,968.96</b>				
	Humboldt General Hospital		(\$3,364,119.00)	\$45,465,468.00	-7.40%	\$0.00
	Mt Grant General Hospital		\$171,505.00	\$297,002,149.00	0.06%	\$67,002.15
	South Lyon Health Center		\$323,624.00	\$37,704,517.00	0.86%	\$63,966.81
	William Bee Ririe		(\$1,464,092.00)	\$80,042,926.00	-1.83%	\$0.00
	<b>D SUBTOTAL</b>		<b>(\$4,333,082.00)</b>	<b>\$460,215,060.00</b>		<b>\$130,968.96</b>
<b>Pool E</b>		<b>\$752,812.92</b>				
	Banner Churchill Community Hospital		\$6,335,999.00	\$45,465,468.00	13.94%	\$240,626.10
	Carson Tahoe Regional Medical Center		\$13,488,329.00	\$297,002,149.00	4.54%	\$233,710.35
	Desert View Regional Medical Center		\$3,340,431.00	\$37,704,517.00	8.86%	\$143,824.20
	Northeastern Nevada Regional Hospital		\$4,944,840.00	\$80,042,926.00	6.18%	\$134,652.27
	<b>E SUBTOTAL</b>		<b>\$28,109,599.00</b>	<b>\$460,215,060.00</b>		<b>\$752,812.92</b>
<b>SFY 2021 Q3 Quarterly DSH Payments :</b>						<b>\$19,727,274.12</b>

The total quarterly DSH payments for SFY 2021 Q3 are \$19,727,274.12.

## **Verification of DSH Eligibility**

Verification of DSH eligibility begins in January of each year and finished by June in order to complete the annual calculations.

Twenty three hospitals in Nevada are eligible to receive DSH Payments in SFY 2021. Twenty one of the eligible hospitals will receive DSH payments for SFY 2021 Q3.

Per NAC 422.165 – Based on available funds, DHCFP will transfer a \$50,000 payment to public hospitals that are located in a county that does not have any other hospitals and are not eligible for DSH payments. For SFY 2021 three hospitals are eligible for this payment:

1. Grover C. Dils Medical Center
2. Battle Mountain General Hospital
3. Pershing County General Hospital

## **Disproportionate Share Hospital Redistributions**

Effective January 2009, in order to receive Federal Financial Participation for the DSH program, CMS requires states to submit an independent certified audit and report to ensure the appropriate use of Medicaid DSH payments and compliance with hospital-specific payment limits. Beginning with the DSH audits for SFY 2011, CMS is requiring states to recoup DSH payments from hospitals if the initial DSH payment they received exceeded the hospital's final Uncompensated Care Costs based on audit.

Through Myers and Stauffer LC, DHCFP's contracted auditor, the independent certified audits for the SFY 2011 through SFY 2017 DSH programs have been completed. The SFY 2018 DSH audit process has started.

Please contact Sarah Lamb at 775-684-3621, or at [s.lamb@dncfp.nv.gov](mailto:s.lamb@dncfp.nv.gov) if you have any questions regarding this report.

Sincerely,

Tiffany Lewis  
Chief Financial Officer  
Division of Health Care Financing and Policy

Cc: Suzanne Bierman, Administrator - DHCFP  
Cody Phinney, Deputy Administrator – DHCFP  
Sarah Lamb, Administrative Services Officer III – DHCFP  
Tim Ryan, Management Analyst IV - DHCFP  
Gina Callister, Management Analyst III – DHCFP  
Patrick McDonnell, Publications & Outreach Coordinator – DHCFP



Steve Sisolak  
Governor



Richard Whitley, MS  
Director

# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF HEALTH CARE FINANCING AND POLICY

*Helping people. It's who we are and what we do.*



Suzanne Bierman,  
JD MPH  
Administrator

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DATE: June 15, 2021

TO: Senator Joyce Woodhouse, Chair - Interim Finance Committee  
Assemblywoman Maggie Carlton, Vice Chair - Interim Finance Committee  
Brenda Erdoes, Director - Interim Finance Committee

## **Disproportionate Share Hospital Supplemental Payment Program**

Per NRS 422.390, the Division of Health Care Financing and Policy (DHCFP) is submitting this quarterly report on the Disproportionate Share Hospital (DSH) Supplemental Payment Program for the fourth quarter (Q4) of state fiscal year (SFY) 2021.

Title XIX of the Social Security Act authorizes Federal grants to States for Medicaid programs that provide medical assistance to low-income families, the elderly and persons with disabilities. Section 1902(a)(13)(A)(iv) of the Act requires that States make Medicaid payment adjustments for hospitals that serve a disproportionate share of low-income patients with special needs. Section 1923 of the Act contains more specific requirements related to such disproportionate share hospital payments, including aggregate annual state-specific limits on Federal Financial Participation (FFP) under Section 1923(f), and hospital-specific limits on DSH payments under section 1923(g).

DSH Authority - Policy:

- DSH Audit Final Rule, Federal Register Vol. 73, No. 245
- Social Security Act Sec. 1923
- 42 CFR 447 Subpart E (447.296 – 447.299)
- State Plan 4.19-A pages 21 – 25
- NRS 422.380 – 422.390
- NAC 422.015 – 422.165

## **DSH Allotments**

DSH allotments reflect the annual maximum amount of FFP available to the State for the DSH program. The DSH allotment is determined by the Centers for Medicare and Medicaid Services (CMS) as the higher of (1) the federal fiscal year (FFY) 2004 DSH allotment or (2) the prior year's DSH allotment increased by the percentage of change in the consumer price index for all urban consumers (CPI-U) for the prior fiscal year. The resulting amount must not exceed the greater of (1) the DSH allotment for the previous fiscal year or (2) 12% of total State Plan medical assistance expenditures during the fiscal year. CMS often updates the allotment amounts prior to

finalization, which results in revision of the corresponding DSH payments. The FFY 2018 has been finalized and FFY 2019 and FFY 2020 preliminary DSH allotments have been released and is subject to revision by CMS.

Under the Affordable Care Act (ACA), DSH allotments were scheduled to be reduced beginning in FFY 2014 and continuing through FFY 2020 due to decreases in the rate of uninsured and under-insured individuals as estimated by the Congressional Budget Office. Subsequent legislation has both modified the amounts and postponed the timing of these reductions until FFY 2021 through FFY 2026. However, in January 2021 the allotment reduction was postponed to FFY 2024. The national aggregate allotment reductions if implemented in FFY 2024 are as follows:

- \$4,000,000,000 for FFY 2024
- \$8,000,000,000 for FFY 2025
- \$8,000,000,000 for FFY 2026
- \$8,000,000,000 for FFY 2027
- \$8,000,000,000 for FFY 2028
- \$8,000,000,000 for FFY 2029

Federal Regulations require CMS to allocate the ACA DSH reductions to states based on the following criteria:

1. The largest percentage of reductions must be imposed on:
  - a. States that have the lowest percentage of uninsured
  - b. States that do not target DSH payments to hospitals with high volumes of Medicaid inpatients
  - c. States that do not target DSH payments to hospitals with high levels of uncompensated care
2. A smaller percentage of reductions must be imposed on “Low DSH” states

### **Intergovernmental Transfers (IGT)**

Based on the projected FFY 2021 preliminary unreduced allotment amount, the SFY 2021 total IGT is now projected to be \$52,409,226.04. The SFY 2021 IGT breakdown by County is: Clark County \$50,959,403.50 and Washoe County \$1,449,822.54.

For SFY 2021 Q4, DCHFP will invoice a total IGT of \$10,891,565.27. The third quarter IGT breakdown by County is: Clark County \$10,590,347.15 and Washoe County \$301,218.08.

Beginning in 2014, the IGT amount due from the counties has been offset by a credit from the Indigent Accident Fund (IAF) pursuant to NAC 422.105(4). For SFY 2021, the IAF credit is estimated to be \$8,598,014.87 for Clark County and \$244,950.13 for Washoe County, to be applied quarterly.

### **DSH Payment Calculation**

The SFY 2021 Q4 Quarterly DSH payment total is \$19,727,274.08.

The Federal Medical Assistance Percentage (FMAP) for SFY 2021 Q4 is 69.50%, resulting in a Federal/State share breakdown of:

<b>Federal Portion</b>	<b>State Portion</b>	<b>SFY 2021 Q4 Total</b>
\$13,710,455.49	\$6,016,818.60	\$19,727,274.09

The SFY 2021 Q4 DSH distribution within each hospital pool is based on the following:

1. 50% of the DSH payment for each pool is distributed based on the Uncompensated Care Percentage of each hospital within the pool.
2. 50% of the DSH payment for each pool is distributed based on the amount of Uncompensated Care provided by each hospital within the pool.

### **Disproportionate Share Hospital Payments**

The SFY 2021 DSH payments are estimated to total \$74,349,873.80 based on the preliminary unreduced allotment released by CMS on 12/28/2020 in the amount of \$54,841,822.

SFY 2021 DSH payments have been issued through May 2021. The June 2021 payments are in process.

The total quarterly DSH payments for SFY 2021 Q4 are \$19,727,274.09.

4th Quarter - SFY 2021 DSH Calculation						
Hospital Pools	Hospitals	Total Pool Allotment (SFY 2021Q4)	Uncompensated Care Cost (UCC)	Hospital Net Patient Revenue	Uncompensated Care Percentage (UCP)	SFY 2021 Q4 Total DSH Payment
<b>Pool A</b>		<b>\$17,354,083.03</b>				
	University Medical Center		\$109,577,401.00	\$669,985,814.00	16.36%	\$17,354,083.03
	<b>A SUBTOTAL</b>		<b>\$109,577,401.00</b>	<b>\$669,985,814.00</b>		<b>\$17,354,083.03</b>
<b>Pool B</b>		<b>\$333,390.90</b>				
	Boulder City Hospital		\$2,325,296.00	\$28,001,857.00	8.30%	\$12,891.51
	Centennial Hills Medical Center		\$19,400,190.00	\$276,893,483.00	7.01%	\$22,555.97
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	<b>B SUBTOTAL</b>		<b>\$250,317,592.00</b>	<b>\$3,739,446,689.00</b>		<b>\$333,390.90</b>
<b>Pool C</b>		<b>\$1,156,018.27</b>				
	Renown Regional Medical Center		\$65,157,872.00	\$787,147,813.00	8.28%	\$1,156,018.27
	<b>C SUBTOTAL</b>		<b>\$65,157,872.00</b>	<b>\$787,147,813.00</b>		<b>\$1,156,018.27</b>
<b>Pool D</b>		<b>\$130,968.94</b>				
	Humboldt General Hospital		(\$3,364,119.00)	\$45,465,468.00	-7.40%	\$0.00
	Mt Grant General Hospital		\$171,505.00	\$297,002,149.00	0.06%	\$67,002.15
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	<b>D SUBTOTAL</b>		<b>(\$4,333,082.00)</b>	<b>\$460,215,060.00</b>		<b>\$130,968.94</b>
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	<b>E SUBTOTAL</b>		<b>\$28,109,599.00</b>	<b>\$460,215,060.00</b>		<b>\$752,812.95</b>
			<b>SFY 2021 Q4 Quarterly DSH Payments : \$19,727,274.09</b>			

## **Verification of DSH Eligibility**

Verification of DSH eligibility begins in January of each year and finished by June in order to complete the annual calculations.

Twenty three hospitals in Nevada are eligible to receive DSH Payments in SFY 2021. Twenty one of the eligible hospitals will receive DSH payments for SFY 2021 Q4.

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2. Battle Mountain General Hospital
3. Pershing County General Hospital

## **Disproportionate Share Hospital Redistributions**

Effective January 2009, in order to receive Federal Financial Participation for the DSH program, CMS requires states to submit an independent certified audit and report to ensure the appropriate use of Medicaid DSH payments and compliance with hospital-specific payment limits. Beginning with the DSH audits for SFY 2011, CMS is requiring states to recoup DSH payments from hospitals if the initial DSH payment they received exceeded the hospital's final Uncompensated Care Costs based on audit.

Through Myers and Stauffer LC, DHCFCP's contracted auditor, the independent certified audits for the SFY 2011 through SFY 2017 DSH programs have been completed. The SFY 2018 DSH audit process is in process.

Please contact Sarah Lamb at 775-684-3621, or at [s.lamb@dhcfcf.nv.gov](mailto:s.lamb@dhcfcf.nv.gov) if you have any questions regarding this report.

Sincerely,

Tiffany Lewis  
Chief Financial Officer  
Division of Health Care Financing and Policy

Cc: Suzanne Bierman, Administrator - DHCFCP  
Cody Phinney, Deputy Administrator – DHCFCP  
Sarah Lamb, Administrative Services Officer III – DHCFCP  
Tim Ryan, Management Analyst IV - DHCFCP  
Gina Callister, Management Analyst III – DHCFCP  
Patrick McDonnell, Publications & Outreach Coordinator – DHCFCP