

**Disproportionate Share Hospital (DSH)
Supplemental Payment Program**

SFY 2024 Reports

Contents

SFY 2022 Q1 – Q3 Quarterly Report pursuant to NRS 422.390 2

Joe Lombardo
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.



Stacie Weeks, JD
MPH
Administrator

Disproportionate Share Hospital Quarterly Report (State Fiscal Year 2024, Quarter 1 – Quarter 3)

Disproportionate Share Hospital Supplemental Payment Program Authority

Per Nevada Revised Statutes (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 quarters one through three (Q1-Q3) of state fiscal year (SFY) 2024.

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 Medicaid members and uninsured patients. 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).

Federal law establishes an annual DSH allotment amount 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 revisions of the corresponding DSH payments. The FFY 2023 and FFY 2024 preliminary DSH allotments have been released and are subject to revision by CMS. Please note that quarter 4 of federal fiscal year 2023 is quarter one of state fiscal year 2024.

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
- Nevada Administrative Code (NAC) 422.015 – 422.165

Under the Patient Protection and Affordable Care Act (ACA), the federal allotment was scheduled to be reduced by \$8 billion a year for four years beginning in 2014. However, implementation of the reduction has been delayed for several years and will take effect in January 2024. Since Nevada is a Medicaid expansion state, the proposal in the Build Back Better (BBB) act to reduce DSH allotments by 12.5% does not apply.

Intergovernmental Transfer/Non-federal Share

Prior to July 1, 2022, Clark and Washoe counties had contributed to the Intergovernmental Transfer (IGT) as was prescribed by Nevada Administrative Code (NAC) 422.105. This had enabled the state to take the full amount of the federal DSH annual allotment. However, NAC 422.105 has been repealed and revisions to NAC 422.115 reduce the total computable DSH payment. Clark and Washoe counties no longer contribute to the IGT and all Nevada counties will continue to contribute the 1 cent ad valorem tax¹ used as the non-federal share for DSH, as required by state law, NRS 428.285(3). The DSH allotment is the equivalent of the total credits applied for the non-federal share divided by the Federal Medical Assistance Percentage (FMAP) for the current year.

As a result of the NAC changes, the non-federal share amount is received from the counties through the Indigent Tax Levy (NRS 428.285). The total amount of non-federal share remitted by the counties for SFY 2023 is \$12,599,660. For SFY 2024, the state projects to receive a non-federal share of \$13,714,615.

DSH Payment Calculation

The SFY 2024 projected payment total is \$22,432,159.05.

Table 1: DSH Payment Calculation by Quarter. The table below shows the projected federal/state share breakdown of the SFY 2024 DSH payments.

QUARTER	FMAP	FEDERAL PORTION	¹ SMAP	NON-FEDERAL PORTION	TOTAL
1	65.15%	\$3,653,637.90	34.85%	\$1,954,401.86	\$5,608,039.76
2	62.27%	\$3,492,126.36	37.73%	\$2,115,913.40	\$5,608,039.77
3	60.77%	\$3,408,005.76	39.23%	\$2,200,034.00	\$5,608,039.76
4	60.77%	\$3,408,005.76	39.23%	\$2,200,034.00	\$5,608,039.76
TOTAL		\$13,961,775.79		\$8,470,383.26	\$22,432,159.05

¹ State Medical Assistance Percentage (SMAP).

The DSH amounts distributed per hospital are shown in Appendix A of this report.

Verification of DSH Eligibility

Verification of DSH eligibility begins in January of each year and is finished by June to complete the annual calculations prior to the start of the state fiscal year. Fourteen hospitals in Nevada are eligible to receive DSH payments in SFY 2024.

Per NAC 422.165, based on available funds, DHCFFP will transfer a \$50,000 payment to public hospitals that are in a county that does not have any other hospitals and are not eligible for DSH payments. For SFYs 2022, 2023 and 2024, three hospitals are eligible for this payment:

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

¹ The one cent ad-valorem tax applied to SFY 2023 is based on the projected growth in real property value.

DSH Distribution Pools

The hospitals participating in DSH are grouped into pools based on their public versus private status combined with their urban versus rural status. Hospitals receive a percentage of the DSH allotment based on their uncompensated care cost and net patient revenue.

Table 2: Hospital Pool Distribution. Participating hospitals are designated into pools and a percentage of the total DSH allotment is distributed to each pool per NAC 422.115. A revision to NAC 422.115 changed the distribution percentage for each pool in the DSH program, while the hospitals in each pool remain the same. The table below shows the change in the distribution of the DSH payments between DSH pools A through E.

POOL	NAC.422.115 (PRIOR TO 7/1/2022)	REVISED NAC 422.115 (EFFECTIVE 7/1/2022)
A	87.97%	32.46%
B	1.69%	9.49%
C	5.86%	32.90%
D	1.34%	5.90%
E	3.14%	19.25%

The DSH distribution amounts within each hospital pool are based on the following: 50% of the DSH payment for each pool is distributed based on the Uncompensated Care Percentage of each hospital within the pool and 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 Redistributions

A condition of Federal Financial Participation (FFP) for the DSH program requires states to submit an independent certified audit to CMS for each Medicaid State Plan year 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 requires states to recoup DSH payments from hospitals if the initial DSH payment they received exceeded the hospital's final audited Uncompensated Care Costs (UCC).

Through Myers and Stauffer LC, DHCFP's contracted auditor, the independent certified audits for the SFY 2011 through SFY 2019 DSH programs have been completed. For SFY 2018, University Medical Center (UMC) received an overpayment amount of \$34,449,058 and William Bee Ririe Hospital received an overpayment amount of \$513,101. For SFY 2019, University Medical Center received an overpayment amount of \$30,542,113 and William Bee Ririe (WBR) Hospital received an overpayment amount of \$137,844. All participating DSH hospitals receive a copy of the audit and a letter detailing a recoupment or redistribution amount. The annual DSH distribution amounts are calculated based on the hospital's uncompensated care amount from a previous reporting period, and projections of other supplemental payments the hospital will receive. UMC and WBR are not receiving DSH distribution in SFY 2024. The SFY 2020 DSH audit is currently in progress.

Appendix A. DSH Payment Breakdown

Figure 1: SFY 2024 Quarterly Preliminary DSH Distribution Calculation. The figure below shows the projected quarterly payment broken out by pool and hospital. Please note, DSH payments are affected by other supplemental payments received by the hospital. Hospitals may not have an uncompensated care amount after all other supplemental payments are included in the DSH calculations.

SFY 2024 Quarterly Preliminary DSH Distribution Calculation							
Hospital Pools	Hospitals	Total Pool Allotment (SFY 2023 by Quarter)	50% of Total Pool Allotment	Uncompensated Care Cost (UCC)	Hospital Net Patient Revenue	Uncompensated Care Percentage (UCP)	SFY 2024 Projected DSH Quarterly Payment
Pool A		\$ 1,820,369.71	\$910,184.85				
	University Medical Center			(\$280,797,928.60)	\$787,848,614.00	-35.64%	\$0.00
	A SUBTOTAL			(\$280,797,928.60)	\$787,848,614.00		\$0.00
						Unused Pool A allotment*	\$ 1,820,369.71
Pool B		\$ 2,352,572.68	\$1,176,286.34				
	Boulder City Hospital			\$751,829.20	\$30,115,800.00	2.50%	\$107,842.09
	Centennial Hills Medical Center			\$2,795,888.10	\$317,135,669.00	0.88%	\$88,502.00
	Henderson Hospital			\$5,356,361.01	\$340,066,846.00	1.58%	\$165,315.67
	Mountainview Hospital			\$14,140,370.94	\$585,508,039.00	2.42%	\$371,583.29
	North Vista Hospital			(\$21,422,471.41)	\$120,897,033.00	-17.72%	\$0.00
	Southern Hills Hospital			\$7,005,653.96	\$313,977,639.00	2.23%	\$222,585.85
	Spring Valley Medical Center			(\$1,729,976.48)	\$391,056,223.00	-0.44%	\$0.00
	St Rose Dominican Hospital - De Lima			\$4,152,597.18	\$29,990,010.00	13.85%	\$597,798.26
	St Rose Dominican Hospital - San Martin			\$11,208,948.25	\$202,766,234.00	5.53%	\$428,967.87
	St Rose Dominican Hospital - Siena			\$7,030,475.19	\$502,378,068.00	1.40%	\$192,138.92
	Summerlin Hospital Medical Center			(\$10,561,878.11)	\$442,325,051.00	-2.39%	\$0.00
	Sunrise Hospital & Medical Center			\$4,383,554.26	\$815,999,832.00	0.54%	\$107,325.54
	Valley Hospital Medical Center			\$2,209,491.50	\$310,273,099.00	0.71%	\$70,513.20
	B SUBTOTAL			\$25,320,843.59	\$4,402,489,543.00		\$2,352,572.68
Pool C		\$1,845,045.08	\$922,522.54				
	Renown Regional Medical Center			\$49,152,182.20	\$867,334,112.00	5.67%	\$1,845,045.08
	C SUBTOTAL			\$49,152,182.20	\$867,334,112.00		\$1,845,045.08
Pool D		\$138,166.27	\$69,083.14				
	Humboldt General Hospital			(\$1,153,464.65)	\$52,366,851.00	-2.20%	\$0.00
	Mt Grant General Hospital			\$632,735.50	\$14,058,069.00	4.50%	\$105,923.84
	South Lyon Health Center			\$159,225.53	\$5,855,360.00	2.72%	\$32,242.43
	William Bee Ririe			(\$167,105.33)	\$25,031,584.00	-0.67%	\$0.00
	D SUBTOTAL			(\$528,608.95)	\$97,311,864.00		\$138,166.27
Pool E		\$1,272,255.73	\$636,127.87				
	Banner Churchill Community Hospital			\$5,247,117.18	\$53,545,389.00	9.80%	\$742,507.45
	Carson Tahoe Regional Medical Center			\$8,714,138.04	\$337,361,965.00	2.58%	\$529,748.28
	Desert View Regional Medical Center			(\$2,491,274.47)	\$35,014,458.00	-7.11%	\$0.00
	Northeastern Nevada Regional Hospital			(\$1,655,679.73)	\$89,088,480.00	-1.86%	\$0.00
	E SUBTOTAL			\$9,814,301.02	\$515,010,292.00		\$1,272,255.73
				SFY 2024 Quarterly DSH Payments :			\$5,608,039.76

* Unused pool allotment amounts are added to the next hospital pool. The Pool A unused allotment amount is added to the Pool B allotment.