



Disproportionate Share Hospital (DSH) Public Workshop

December 19, 2016



Changing Environment

- Since the enactment of ACA, many hospitals have experienced significant decreases in their calculated DSH Limits¹.
- Due to enrollment delays in Nevada, SFY 2017 DSH calculations reflect the first significant DSH Limit reductions. Likely causes:
 - Fewer uninsured Nevadans²-> **lower Uncompensated Care Costs (DSH)**
 - Increased Medicaid utilization -> **increased UPL supplemental payments** (43% increase in supplemental payments to NV hospitals from SFY 2015 to SFY 2017³)
 - Fewer persons who meet the definition of “indigent” -> greater amount of unmet Free Care Obligation (**higher IAF payments**)
- The effects of some of these increases are not immediately reflected in the DSH Limit calculations due to the use of 2-year lag data prior to audit

¹ See *Exhibit A*

² NV uninsured rate for 2015 was 12.3%, down from 22.6% in 2010

<http://www.hhs.gov/healthcare/facts-and-features/state-by-state/how-aca-is-working-for-nevada/index.html#>

³ See *Exhibit B*

DSH Limit Trends¹

The estimated total **Uncompensated Care Costs** for current Nevada DSH hospitals in SFY 2016 (SFY 2014 data) was \$455,780,600.

In SFY 2017, this estimate dropped by 24% to \$347,341,927.

Note: *This decrease in aggregate DSH Limit does not take into account the 43% increase in supplemental payments to NV hospitals from SFY 2015 to SFY 2017³.*

In SFY 2017, public hospitals in Nevada generally saw the largest relative decreases in uncompensated care costs.



Proposed Solutions

1. Revise the DSH program methodology to distribute in a more balanced manner where DSH Limits allow
 - Requires changes to State Plan and NAC
 - Requires revisions to funding structure

2. Revise the IP Public Hospital UPL program to limit payments based on projected DSH Limits and projected supplemental payments
 - Requires changes to State Plan

3. Make no changes
 - With the uncertainty of the ACA, the current trends may reverse themselves



Proposed revisions to the DSH Program

Advantages:

- More evenly distributed DSH program that rewards hospitals based on Uncompensated Care Costs in alignment with CMS intent of the DSH program & Medicaid initiatives, while aiming to improve access to care in Nevada
- Ensures all federally-qualified hospitals receive DSH payments
- Ensures all DSH hospitals receive a minimum annual payment amount

Disadvantages:

- Would require significant revisions to the DSH IGT funding structure
- All hospitals may be impacted by the new methodology due to the varying distribution amounts (some increases, some decreases from current methodology)

Other considerations:

- Proposed methodology would redistribute through every pool after audit using actual DSH year data to incentivize accurate DSH Limit projections
 - » This ensures proper distribution of DSH monies after all data is available and audited
 - Overestimating a DSH Limit may end up in a recoupment even if DSH Limit is not reached
 - Underestimating a DSH Limit is more likely to end up in a redistribution (not always the case currently)



Proposed revisions to the DSH Program cont'd

Changes necessary:

- State Plan Amendment
 - State Plan language changes regarding eligibility, pools, distribution methodology, and audit procedures
- Nevada Administrative Code
 - NAC language changes regarding eligibility, pools, distribution methodology, audit procedures and IGT obligations
 - » DHCFP is currently researching various options for modifying the funding structure of a revised DSH program



Proposed revisions to the IP Public Hospital UPL to limit payments based on projected DSH Limits and projected supplemental payments

Advantages:

- In most circumstances, this would reduce the potential of significant DSH recoupments due to increasing supplemental payments
- Potentially lower county/hospital district IGT obligation due to reduced IP Public Hospital UPL payments

Disadvantages:

- In some circumstances, this would not stop a DSH recoupment from occurring
- An underestimated DSH Limit may result in unnecessary reductions in IP Public Hospital UPL payments to public hospitals
- Does not account for the changes that may occur in the DSH Limit calculations based on factors other than increasing supplemental payments
- Potentially reduces state savings

Changes necessary:

- State Plan Amendment
 - State Plan language changes regarding distribution methodology

Note: *The hospitals appearing most likely to be effected by current DSH Limit trends are the public hospitals*

Exhibit A

DSH Limit Estimates¹

Hospital	Pool	SFY 2016 Uncompensated Care Cost² <i>(SFY 2014 data)</i>	SFY 2017 Uncompensated Care Cost² <i>(SFY 2015 data)</i>	Increase/Decrease (%)	Increase/Decrease (\$)
Nevada		\$455,780,601	\$347,341,927	-23.79%	\$ (108,438,674)
Pool A		\$163,455,987	\$68,006,054	-58.39%	\$ (95,449,933)
University Medical Center	A	\$163,455,987	\$68,006,054	-58.39%	\$ (95,449,933)
Pool B		\$238,720,514	\$233,768,052	-2.07%	\$ (4,952,462)
Boulder City Hospital	B	\$1,601,513	\$3,384,235	111.31%	\$ 1,782,722
Centennial Hills Medical Center	B	\$15,687,604	\$17,566,007	11.97%	\$ 1,878,403
Mountainview Hospital	B	\$26,376,401	\$25,311,326	-4.04%	\$ (1,065,075)
North Vista Hospital	B	\$13,294,324	\$13,804,041	3.83%	\$ 509,717
Southern Hills Hospital	B	\$10,983,932	\$10,296,263	-6.26%	\$ (687,669)
Spring Valley Medical Center	B	\$17,753,614	\$12,384,791	-30.24%	\$ (5,368,823)
St Rose Dominican Hospital - De Lima	B	\$19,666,900	\$18,044,157	-8.25%	\$ (1,622,743)
St Rose Dominican Hospital - San Martin	B	\$17,684,202	\$19,934,797	12.73%	\$ 2,250,595
St Rose Dominican Hospital - Siena	B	\$30,873,995	\$35,078,035	13.62%	\$ 4,204,040
Summerlin Hospital Medical Center	B	\$18,013,614	\$17,014,480	-5.55%	\$ (999,134)
Sunrise Hospital & Medical Center	B	\$66,784,415	\$60,949,920	-8.74%	\$ (5,834,495)
Pool C		\$22,831,417	\$19,010,445	-16.74%	\$ (3,820,972)
Renown Regional Medical Center	C	\$22,831,417	\$19,010,445	-16.74%	\$ (3,820,972)
Pool D		\$4,946,512	\$2,751,580	-44.37%	\$ (2,194,932)
Humboldt General Hospital	D	\$2,581,729	\$1,055,292	-59.12%	\$ (1,526,437)
Mt Grant General Hospital	D	\$551,750	\$423,058	-23.32%	\$ (128,692)
South Lyon Health Center	D	\$313,914	\$390,547	24.41%	\$ 76,633
William Bee Ririe	D	\$1,499,119	\$882,683	-41.12%	\$ (616,436)
Pool E		\$25,826,171	\$23,805,796	-7.82%	\$ (2,020,375)
Banner Churchill Community Hospital	E	\$4,964,345	\$5,324,818	7.26%	\$ 360,473
Carson Tahoe Regional Medical Center	E	\$14,411,237	\$11,370,411	-21.10%	\$ (3,040,826)
Desert View Regional Medical Center	E	\$2,810,936	\$2,321,957	-17.40%	\$ (488,979)
Northeastern Nevada Regional Hospital	E	\$3,639,653	\$4,788,610	31.57%	\$ 1,148,957

¹ For hospitals participating in SFY 2017 DSH program / Estimates do not consider increases in supplemental payments between DSH data year and DSH distribution year

² As reported by hospitals' Uncompensated Care Cost Reports during SFY 2016 and SFY 2017 DSH eligibility

Exhibit B

Nevada Medicaid Supplemental Payments by Hospital

Comparison of Hospital Supplemental Payment Programs	SFY 2015¹	SFY 2017²	Increase/Decrease (%)	Increase/Decrease (\$)
Nevada	\$ 192,691,002	\$ 276,097,536	43.29%	\$ 83,406,534
Clark County	\$ 175,483,984	\$ 244,170,292	39.14%	\$ 68,686,308
Centennial Hills Hospital Medical Center	\$ 533,678	\$ 1,846,099	245.92%	\$ 1,312,421
Desert Springs Hospital Medical Center	\$ 1,401,436	\$ 8,536,157	509.10%	\$ 7,134,721
Mountainview Hospital	\$ 1,534,576	\$ 5,064,243	230.01%	\$ 3,529,667
North Vista Hospital	\$ 1,577,362	\$ 3,926,740	148.94%	\$ 2,349,378
Southern Hills Hospital & Medical Center	\$ 525,151	\$ 1,427,718	171.87%	\$ 902,567
Spring Valley Hospital Medical Center	\$ 1,371,647	\$ 3,792,588	176.50%	\$ 2,420,941
St Rose Dominican Hospital - De Lima	\$ 664,874	\$ 2,043,386	207.33%	\$ 1,378,512
St Rose Dominican Hospital - San Martin	\$ 494,683	\$ 1,708,054	245.28%	\$ 1,213,371
St Rose Dominican Hospital - Siena	\$ 1,328,113	\$ 2,974,743	123.98%	\$ 1,646,630
Summerlin Hospital Medical Center	\$ 1,483,994	\$ 3,739,776	152.01%	\$ 2,255,782
Sunrise Hospital & Medical Center	\$ 6,360,807	\$ 17,025,312	167.66%	\$ 10,664,505
University Medical Center	\$ 155,422,716	\$ 177,129,685	13.97%	\$ 21,706,969
Valley Hospital Medical Center	\$ 2,784,947	\$ 14,955,791	437.02%	\$ 12,170,844
Washoe County / Carson City	\$ 10,806,174	\$ 20,183,000	86.77%	\$ 9,376,826
Carson Tahoe Regional Medical Center	\$ 1,733,957	\$ 3,125,621	80.26%	\$ 1,391,664
Northern Nevada Medical Center	\$ 216,686	\$ 1,340,582	518.67%	\$ 1,123,896
Renown Regional Medical Center	\$ 8,257,017	\$ 13,731,462	66.30%	\$ 5,474,445
Renown South Meadows Medical Center	\$ 65,075	\$ 421,713	548.04%	\$ 356,638
St Marvs Regional Medical Center	\$ 530,279	\$ 1,563,622	194.87%	\$ 1,033,343
Sierra Surgery & Imaging LLC	\$ 3,161	\$ -	-100.00%	\$ (3,161)
Rural	\$ 6,400,844	\$ 11,744,243	83.48%	\$ 5,343,399
Banner Churchill Community Hospital	\$ 785,004	\$ 804,221	2.45%	\$ 19,217
Battle Mountain General Hospital	\$ 271,270	\$ 919,806	239.07%	\$ 648,536
Boulder City Hospital	\$ 38,547	\$ 166,793	332.70%	\$ 128,246
Carson Valley Medical Center	\$ -	\$ -	N/A	\$ -
Desert View Regional Medical Center	\$ 494,296	\$ 394,795	-20.13%	\$ (99,501)
Grover C. Dils Medical Center	\$ 72,837	\$ 149,236	104.89%	\$ 76,399
Humboldt General Hospital	\$ 1,773,398	\$ 3,813,451	115.04%	\$ 2,040,053
Incline Village Community Hospital	\$ -	\$ -	N/A	\$ -
Mesa View Regional Hospital	\$ -	\$ -	N/A	\$ -
Mount Grant General Hospital	\$ 424,149	\$ 981,026	131.29%	\$ 556,877
Northeastern Nevada Regional Hospital	\$ 365,813	\$ 913,047	149.59%	\$ 547,234
Nye Regional Medical Center	\$ 1,756	\$ -	-100.00%	\$ (1,756)
Pershing General Hospital	\$ 197,190	\$ 576,873	192.55%	\$ 379,683
South Lyon Health Center	\$ 325,003	\$ 620,500	90.92%	\$ 295,497
William Bee Ririe	\$ 1,651,580	\$ 2,404,495	45.59%	\$ 752,915

¹ As reported in the CY 2015 DHHS Report on Activities and Operations, published October 1, 2016

<http://dhcftp.nv.gov/uploadedFiles/dhcftpnv.gov/content/Resources/Rates/CY2015Governor'sReport.pdf>

² <http://dhcftp.nv.gov/Resources/Rates/RatesSupplementalPymtMain/>