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DIVISION OF HEALTH CARE FINANCING AND POLICY
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DATE: September 15, 2016

TO: Assemblyman Paul Anderson, Chair - Interim Finance Committee
Senator Ben Kieckhefer, Vice Chair - Interim Finance Committee
Rick Combs, Director - Interim Finance Committee

Disproportionate Share Hospital Supplemental Payment Program

Per NRS 422.390, DHCFP is submitting this quarterly report on the Disproportionate Share Hospital (DSH) Supplemental Payment Program for SFY 2017 Q1.

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 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 2016 DSH allotment is currently a preliminary amount and is subject to revision by CMS. CMS has not yet released a preliminary DSH allotment for FFY 2017.

Under the Affordable Care Act, 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. However, subsequent legislation has both modified the amounts and postponed the timing of these reductions until FFY 2018 through FFY 2025. The following table specifies the upcoming reductions to the aggregate Federal DSH allotments. The projected NV DSH allotment is a DHCFP estimate, as CMS has not yet released any state-specific projections.

FFY	Reduction to Aggregate Federal DSH Allotment	Projected NV DSH Allotment
2017	No Reduction	\$51,504,472
2018	\$2,000,000,000	\$47,993,514
2019	\$3,000,000,000	\$46,628,629
2020	\$4,000,000,000	\$45,275,096
2021	\$5,000,000,000	\$43,933,080
2022	\$6,000,000,000	\$42,602,752
2023	\$7,000,000,000	\$41,284,283
2024	\$8,000,000,000	\$39,977,848
2025	\$8,000,000,000	\$40,818,515

Intergovernmental Transfers (IGT)

Based on the FFY 2016 preliminary allotment amount released by CMS and the projected FFY 2017 allotment amount, the SFY 2017 Total IGT is projected to be \$55,704,552. The SFY 2017 IGT breakdown by County is: Clark County \$54,204,552 and Washoe County \$1,500,000.

For SFY 2017 Q1 DCHFP invoiced and collected a total IGT of \$13,926,138. The IGT breakdown by County is: Clark County \$13,551,138 and Washoe County \$375,000.

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 2017, the IAF credit is estimated to be \$8,145,605 for Clark County and \$225,413 for Washoe County, to be applied quarterly.

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-one hospitals in Nevada are eligible for DSH Payments for SFY 2017. All 21 hospitals that are eligible for DSH payments are receiving DSH payments in SFY 2017 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 2017 three hospitals were eligible for this payment:

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

These \$50,000 payments were processed and issued to eligible hospitals August 2016. The funding for these payments is from the State General Fund.

Disproportionate Share Hospital Payments

The SFY 2017 DSH payments are estimated to total \$79,084,552 based on the CMS preliminary FFY 2016 allotment amount of \$50,263,786 and the FFY 2017 allotment projection of \$51,504,472. DSH monthly payments for SFY 2017 Q1 were \$6,451,021 for a quarterly DSH payment total of \$19,353,063.

The Federal Medical Assistance Percentage (FMAP) in place for SFY 2017 Q1 is 64.93%, resulting in a Federal/State share breakdown of:

Federal Portion	State Portion	SFY 2017 Q1 Total
\$12,565,944	\$6,787,119	\$19,353,063

The total quarterly DSH payments for SFY 2017 Q2 are anticipated to be \$19,910,493.

DSH Payment Calculation

The SFY 2017 Q1 Quarterly DSH payment total is \$19,353,063.

The SFY 2017 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.

1st Quarter - SFY 2017 DSH Calculation

Hospital Pools	Hospitals	Total Pool Allotment (SFY 2017 Q1)	Uncompensated Care Cost (UCC)	Hospital Net Patient Revenue	Uncompensated Care Percentage (UCP)	SFY 2017 Q1 Total DSH Payment
Pool A		\$17,024,890				
	University Medical Center		\$68,006,054	\$526,403,619	12.92%	\$17,024,890
	A SUBTOTAL		\$68,006,054	\$526,403,619		\$17,024,890
Pool B		\$327,067				
	Boulder City Hospital		\$3,384,235	\$20,545,883	16.47%	\$26,209
	Centennial Hills Medical Center		\$17,566,007	\$194,827,439	9.02%	\$25,339
	Mountainview Hospital		\$25,311,326	\$331,489,908	7.64%	\$28,759
	North Vista Hospital		\$13,804,041	\$103,174,124	13.38%	\$29,022
	Southern Hills Hospital		\$10,296,263	\$145,727,710	7.07%	\$17,429
	Spring Valley Medical Center		\$12,384,791	\$293,108,917	4.23%	\$14,780
	St Rose Dominican Hospital - De Lima		\$18,044,157	\$105,034,469	17.18%	\$37,489
	St Rose Dominican Hospital - San Martin		\$19,934,797	\$159,279,295	12.52%	\$32,061
	St Rose Dominican Hospital - Siena		\$35,078,035	\$349,149,281	10.05%	\$39,081
	Summerlin Hospital Medical Center		\$17,014,480	\$355,429,850	4.79%	\$18,831
	Sunrise Hospital & Medical Center		\$60,949,920	\$571,752,885	10.66%	\$58,067
	B SUBTOTAL		\$233,768,051	\$2,629,519,761		\$327,067
Pool C		\$1,134,089				
	Renown Regional Medical Center		\$19,010,445	\$581,502,721	3.27%	\$1,134,089
	C SUBTOTAL		\$19,010,445	\$581,502,721		\$1,134,089
Pool D		\$259,331				
	Humboldt General Hospital		\$1,055,292	\$29,824,725	3.54%	\$72,122
	Mt Grant General Hospital		\$423,058	\$6,916,340	6.12%	\$58,647
	South Lyon Health Center		\$390,547	\$5,773,287	6.76%	\$61,216
	William Bee Ririe		\$882,683	\$21,693,939	4.07%	\$67,346
	D SUBTOTAL		\$2,751,580	\$64,208,291		\$259,331
Pool E		\$607,686				
	Banner Churchill Community Hospital		\$5,324,818	\$38,003,956	14.01%	\$199,105
	Carson Tahoe Regional Medical Center		\$11,370,411	\$224,227,174	5.07%	\$192,588
	Desert View Regional Medical Center		\$2,321,957	\$31,910,735	7.28%	\$97,742
	Northeastern Nevada Regional Hospital		\$4,788,610	\$78,450,876	6.10%	\$118,251
	E SUBTOTAL		\$23,805,796	\$372,592,741		\$607,686
SFY 2017 Q1 Quarterly DSH Payments :						\$19,353,063

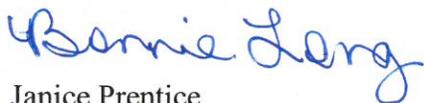
Disproportionate Share Hospital Redistributions

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 Meyers and Stauffer LC, DHCFP's contracted auditor, the independent certified audits for the SFY 2011, SFY 2012, and SFY 2013 DSH programs have been completed. The recently completed audit of the SFY 2013 DSH program did not result in any required recoupments or redistributions.

Please contact me at 775-684-3791, or at jprentice@dhcfp.nv.gov if you have any questions regarding this report.

Sincerely,



Jan
Janice Prentice,
Chief, Reimbursement, Analysis & Payment Unit
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Cc:

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