# SFY 2019 Reports

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DATE: September 13, 2018

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 fourth quarter (Q1) of state fiscal year (SFY) 2019.

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

Nevada Department of Health and Human Services
Helping People — It’s Who We Are And What We Do
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 and FFY 2019 DSH allotments are currently preliminary amounts and are 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. However, subsequent legislation has both modified the amounts and postponed the timing of these reductions until FFY 2020 through FFY 2025. The national aggregate allotment reductions are set to begin in FFY 2020 as follows:

- $4,000,000,000 for FFY 2020
- $8,000,000,000 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

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

On July 28, 2017, CMS released a proposed rule\(^1\) delineating the methodology to calculate and implement the annual allotment reductions. Based on the proposed methodology, the preliminary reduced FFY 2018 DSH allotment for Nevada was projected to be $48,319,364. This represented a reduction of $3,665,150 from the unreduced allotment of $51,984,514 Nevada would have expected without the ACA DSH reductions.

On February 9, 2018, federal legislation was passed\(^2\) that delayed the proposed DSH allotment reductions until FFY 2020. CMS advised Nevada that the projected allotment had been increased to the unreduced projection of $51,984,514 for FFY 2018. The SFY 2018 DSH Supplemental Payments are projected to increase to $78,980,941.70. The SFY 2018 Q4 DSH Supplemental Payments will be increased to reflect the revised preliminary DSH allotment for FFY 2018.

On November 3, 2017, CMS released a final rule\(^3\) finalizing FFY 2015 DSH allotment amounts. The FFY 2015 preliminary allotment for Nevada was increased from $50,113,446 to the final FFY 2015 allotment amount of $50,162,819. This increase in the FFY 2015 DSH allotment for Nevada resulted in additional DSH payments to Nevada DSH hospitals totaling $76,714. These payments were applicable to the SFY 2016 Q1 DSH program and were paid retroactively in November 2017.


\(^2\) [https://www.congress.gov/115/bills/hr1892/BILLS-115hr1892enr.pdf](https://www.congress.gov/115/bills/hr1892/BILLS-115hr1892enr.pdf)

Intergovernmental Transfers (IGT)

Based on the FFY 2018 and FFY 2019 preliminary allotment amounts released by CMS, the SFY 2019 total IGT is projected to be $55,633,537. The SFY 2019 IGT breakdown by County is: Clark County $54,133,537 and Washoe County $1,500,000.

For SFY 2019 Q1 DCHFP will invoice a total IGT of $10,933,031.00. The quarterly IGT breakdown by County is: Clark County $10,630,585 and Washoe County $302,446.

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 2019, the IAF credit is estimated to be $8,449,933 for Clark County and $228,107 for Washoe County, to be applied quarterly.

DSH Payment Calculation

The SFY 2019 Q1 Quarterly DSH payment total is $19,765,974.

The Federal Medical Assistance Percentage (FMAP) for SFY 2019 Q1 is 65.75%, resulting in a Federal/State share breakdown of:

<table>
<thead>
<tr>
<th>Federal Portion</th>
<th>State Portion</th>
<th>SFY 2019 Q1 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12,996,128</td>
<td>$6,769,846</td>
<td>$19,765,974</td>
</tr>
</tbody>
</table>

The SFY 2019 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 2019 DSH payments are estimated to total $81,070,360 based on the current FFY 2018 and FFY 2019 preliminary allotment amounts of $51,984,514 and $53,024,204, respectively. DSH monthly payments for SFY 2019 Q1 are projected to average $6,588,658 for a quarterly DSH payment total of $19,765,974.

SFY 2019 Q1 DSH payments are currently delayed due to contract negotiations with Clark County.
### 1st Quarter - SFY 2019 DSH Calculation

<table>
<thead>
<tr>
<th>Pool</th>
<th>Hospital Pools</th>
<th>Hospitals</th>
<th>Total Pool Allotment (SFY 2019 Q1)</th>
<th>Uncompensated Care Cost (UCC)</th>
<th>Hospital Net Patient Revenue</th>
<th>Uncompensated Care Percentage (UCP)</th>
<th>SFY 2019 Q1 Total DSH Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>University Medical Center</td>
<td>$17,388,128</td>
<td>$72,441,051</td>
<td>$625,307,954</td>
<td>11.58%</td>
<td>$17,388,128</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>A SUBTOTAL</strong></td>
<td><strong>$17,388,128</strong></td>
<td><strong>$72,441,051</strong></td>
<td><strong>$625,307,954</strong></td>
<td></td>
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</tr>
<tr>
<td>B</td>
<td>Boulder City Hospital</td>
<td>$2,244,021</td>
<td>$25,030,357</td>
<td>9.76%</td>
<td>$20,453</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Centennial Hills Medical Center</td>
<td>$16,343,587</td>
<td>$252,145,257</td>
<td>6.48%</td>
<td>$25,454</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Henderson Hospital</td>
<td>$11,135,025</td>
<td>$149,865,610</td>
<td>7.43%</td>
<td>$23,039</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mountainview Hospital</td>
<td>$20,483,750</td>
<td>$376,657,224</td>
<td>5.44%</td>
<td>$26,817</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>North Vista Hospital</td>
<td>$1,481,660</td>
<td>$97,556,519</td>
<td>1.52%</td>
<td>$4,071</td>
<td></td>
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<tr>
<td></td>
<td>Southern Hills Hospital</td>
<td>$12,092,770</td>
<td>$174,024,334</td>
<td>6.95%</td>
<td>$22,911</td>
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<tr>
<td></td>
<td>Spring Valley Medical Center</td>
<td>$17,957,368</td>
<td>$332,327,201</td>
<td>5.40%</td>
<td>$24,714</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>St Rose Dominican Hospital - De La Salle</td>
<td>$17,693,701</td>
<td>$96,523,432</td>
<td>18.33%</td>
<td>$48,982</td>
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</tr>
<tr>
<td></td>
<td>St Rose Dominican Hospital - San Martin</td>
<td>$15,018,960</td>
<td>$160,438,533</td>
<td>9.36%</td>
<td>$29,839</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>St Rose Dominican Hospital - Siena</td>
<td>$22,777,785</td>
<td>$440,232,554</td>
<td>5.17%</td>
<td>$28,166</td>
<td></td>
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<tr>
<td></td>
<td>Summerlin Hospital Medical Center</td>
<td>$14,109,802</td>
<td>$414,571,801</td>
<td>3.40%</td>
<td>$17,823</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sunrise Hospital &amp; Medical Center</td>
<td>$55,586,854</td>
<td>$621,121,498</td>
<td>8.95%</td>
<td>$61,775</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Valley Hospital Medical Center</td>
<td>$0</td>
<td>$290,191,628</td>
<td>0.00%</td>
<td>$0</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td><strong>B SUBTOTAL</strong></td>
<td><strong>$207,121,083</strong></td>
<td><strong>$3,430,685,948</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Renown Regional Medical Center</td>
<td>$1,158,286</td>
<td>$34,268,096</td>
<td>$714,741,253</td>
<td>4.79%</td>
<td>$1,158,286</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>C SUBTOTAL</strong></td>
<td><strong>$1,158,286</strong></td>
<td><strong>$34,268,096</strong></td>
<td><strong>$714,741,253</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Humboldt General Hospital</td>
<td>$0</td>
<td>$29,516,924</td>
<td>0.00%</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mt Grant General Hospital</td>
<td>$0</td>
<td>$7,742,238</td>
<td>0.00%</td>
<td>$0</td>
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</tr>
<tr>
<td></td>
<td>South Lyon Health Center</td>
<td>$318,459</td>
<td>$5,418,849</td>
<td>5.88%</td>
<td>$213,320</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>William Bee Rie</td>
<td>$137,844</td>
<td>$24,577,171</td>
<td>0.56%</td>
<td>$51,544</td>
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<tr>
<td></td>
<td><strong>D SUBTOTAL</strong></td>
<td><strong>$456,303</strong></td>
<td><strong>$67,255,182</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Banner Churchill Community Hospital</td>
<td>$620,652</td>
<td>$6,792,882</td>
<td>$39,124,818</td>
<td>17.36%</td>
<td>$234,909</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carson Tahoe Regional Medical Center</td>
<td>$11,565,447</td>
<td>$267,419,651</td>
<td>4.32%</td>
<td>$180,138</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Desert View Regional Medical Center</td>
<td>$3,853,108</td>
<td>$36,570,852</td>
<td>10.54%</td>
<td>$139,238</td>
<td></td>
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<tr>
<td></td>
<td>Northeastern Nevada Regional Hospital</td>
<td>$2,980,945</td>
<td>$87,582,780</td>
<td>3.40%</td>
<td>$66,367</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>E SUBTOTAL</strong></td>
<td><strong>$25,192,382</strong></td>
<td><strong>$430,698,101</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>SFY 2019 Q1 Quarterly DSH Payments</strong></td>
<td><strong>$19,765,974</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The total quarterly DSH payments for SFY 2019 Q1 are anticipated to be $19,765,974.

### 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 hospitals in Nevada are eligible to receive DSH Payments in SFY 2019. All 20 of the eligible hospitals will receive DSH payments for SFY 2019 Q1.
September 13, 2018
Page 5

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 2019 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 Meyers and Stauffer LC, DHCFP’s contracted auditor, the independent certified audits for the SFY 2011 through SFY 2015 DSH programs have been completed. The audit of the SFY 2015 DSH program did not result in any required recouplings or redistributions.

Please contact Sarah Lamb at 775-684-3621, or at s.lamb@dhsfp.nv.gov if you have any questions regarding this report.

Sincerely,

Ellen CRECELIO
Chief Financial Officer
Division of Health Care Financing and Policy

Cc: Marta Jensen, Administrator – DHCFP
    Cody Phinney, Deputy Administrator – DHCFP
    Sarah Lamb, Management Analyst IV - DHCFP
    Gina Callister, Supplemental Reimbursement Analyst – DHCFP
    Patrick McDonnell, Publications & Outreach Coordinator – DHCFP
    Budd Milazzo, Administrative Services Officer IV, DHHS
DATE: December 14, 2018

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) 2019.

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).

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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 and FFY 2019 DSH allotments are currently preliminary amounts and are subject to revision by CMS.

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   a. States that have the lowest percentage of uninsured
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For SFY 2019 Q2 DCHFP will invoice a total IGT of $12,125,316.00. The quarterly IGT breakdown by County is: Clark County $11,819,952 and Washoe County $305,364.

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 2019, the IAF credit is estimated to be $8,450,589 for Clark County and $227,450 for Washoe County, to be applied quarterly.

DSH Payment Calculation

The SFY 2019 Q2 Quarterly DSH payment total is $20,514,933.

The Federal Medical Assistance Percentage (FMAP) for SFY 2019 Q2 is 64.87%, resulting in a Federal/State share breakdown of:

<table>
<thead>
<tr>
<th>Federal Portion</th>
<th>State Portion</th>
<th>SFY 2019 Q2 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13,308,037</td>
<td>$7,206,896</td>
<td>$20,514,933</td>
</tr>
</tbody>
</table>

The SFY 2019 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 2019 DSH payments are estimated to total $81,310,769 based on the current FFY 2018 and FFY 2019 preliminary allotment amounts of $51,984,514 and $53,024,204, respectively. DSH monthly payments for SFY 2019 Q2 are projected to average $6,838,311 for a quarterly DSH payment total of $20,514,933.

SFY 2019 Q1 and SFY 2019 Q2 DSH payments to eligible hospitals have been delayed due to contract negotiations with Clark County.
### 2nd Quarter - SFY 2019 DSH Calculation

<table>
<thead>
<tr>
<th>Hospital Pools</th>
<th>Hospitals</th>
<th>Total Pool Allotment (SFY 2019 Q2)</th>
<th>Uncompensated Care Cost (UCC)</th>
<th>Hospital Net Patient Revenue</th>
<th>Uncompensated Care Percentage (UCP)</th>
<th>SFY 2019 Q2 Total DSH Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pool A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
<td><strong>$18,046,986</strong></td>
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<td>Pool B</td>
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<td>$97,556,519</td>
<td>1.52%</td>
<td>$4,224</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Southern Hills Hospital</td>
<td>$12,092,770</td>
<td>$174,024,334</td>
<td>6.95%</td>
<td>$23,778</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Spring Valley Medical Center</td>
<td>$17,957,368</td>
<td>$332,327,201</td>
<td>5.40%</td>
<td>$25,650</td>
<td></td>
</tr>
<tr>
<td></td>
<td>St Rose Dominican Hospital De Lima</td>
<td>$17,693,701</td>
<td>$96,523,432</td>
<td>18.33%</td>
<td>$50,838</td>
<td></td>
</tr>
<tr>
<td></td>
<td>St Rose Dominican Hospital - San Martin</td>
<td>$15,018,960</td>
<td>$160,438,533</td>
<td>9.36%</td>
<td>$30,969</td>
<td></td>
</tr>
<tr>
<td></td>
<td>St Rose Dominican Hospital - Sierra</td>
<td>$22,777,785</td>
<td>$440,232,554</td>
<td>5.17%</td>
<td>$29,235</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Summerlin Hospital Medical Center</td>
<td>$14,109,802</td>
<td>$414,571,801</td>
<td>3.40%</td>
<td>$18,498</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sunrise Hospital &amp; Medical Center</td>
<td>$55,588,654</td>
<td>$621,121,498</td>
<td>8.95%</td>
<td>$64,116</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Valley Hospital Medical Center</td>
<td>$0</td>
<td>$290,191,628</td>
<td>0.00%</td>
<td>$0</td>
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<tr>
<td></td>
<td><strong>B SUBTOTAL</strong></td>
<td><strong>$207,121,083</strong></td>
<td><strong>$3,430,685,948</strong></td>
<td></td>
<td><strong>$346,701</strong></td>
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</tr>
<tr>
<td>Pool C</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Renown Regional Medical Center</td>
<td>$1,202,175</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>C SUBTOTAL</strong></td>
<td><strong>$34,268,096</strong></td>
<td><strong>$714,741,253</strong></td>
<td></td>
<td><strong>$1,202,175</strong></td>
<td></td>
</tr>
<tr>
<td>Pool D</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Humboldt General Hospital</td>
<td>$0</td>
<td>$29,516,924</td>
<td>0.00%</td>
<td>$0</td>
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<tr>
<td></td>
<td>Mt Grant General Hospital</td>
<td>$0</td>
<td>$7,742,238</td>
<td>0.00%</td>
<td>$0</td>
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</tr>
<tr>
<td></td>
<td>South Lyon Health Center</td>
<td>$318,459</td>
<td>$5,418,849</td>
<td>5.88%</td>
<td>$35,046</td>
<td></td>
</tr>
<tr>
<td></td>
<td>William Bee Ririe</td>
<td>$137,844</td>
<td>$24,577,171</td>
<td>0.56%</td>
<td>$28,767</td>
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<tr>
<td></td>
<td><strong>D SUBTOTAL</strong></td>
<td><strong>$456,303</strong></td>
<td><strong>$67,255,182</strong></td>
<td></td>
<td><strong>$63,813</strong></td>
<td></td>
</tr>
<tr>
<td>Pool E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Banner Churchill Community Hospital</td>
<td>$6,792,882</td>
<td>$39,124,818</td>
<td>17.36%</td>
<td>$323,706</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carson Tahoe Regional Medical Center</td>
<td>$11,565,447</td>
<td>$267,419,651</td>
<td>4.32%</td>
<td>$248,229</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Desert View Regional Medical Center</td>
<td>$3,853,108</td>
<td>$36,570,852</td>
<td>10.54%</td>
<td>$191,868</td>
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<tr>
<td></td>
<td>Northeastern Nevada Regional Hospital</td>
<td>$2,980,945</td>
<td>$87,582,780</td>
<td>3.40%</td>
<td>$91,455</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>E SUBTOTAL</strong></td>
<td><strong>$25,192,382</strong></td>
<td><strong>$430,698,101</strong></td>
<td></td>
<td><strong>$855,258</strong></td>
<td></td>
</tr>
</tbody>
</table>

The total quarterly DSH payments for SFY 2019 Q2 are anticipated to be $20,514,933.

### 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 hospitals in Nevada are eligible to receive DSH Payments in SFY 2019. All 20 of the eligible hospitals will receive DSH payments for SFY 2019 Q2.
September 13, 2018
Page 5

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 2019 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 Meyers and Stauffer LC, DHCFP’s contracted auditor, the independent certified audits for the SFY 2011 through SFY 2015 DSH programs have been completed. The audit of the SFY 2015 DSH program did not result in any required recoupments or redistributions.

Please contact Sarah Lamb at 775-684-3621, or at s.lamb@dhecfp.nv.gov if you have any questions regarding this report.

Sincerely,

Ellen M. Crecelius
Chief Financial Officer
Division of Health Care Financing and Policy

Cc: Marta Jensen, Administrator – DHCFP
    Cody Phinney, Deputy Administrator – DHCFP
    Sarah Lamb, Management Analyst IV - DHCFP
    Gina Callister, Supplemental Reimbursement Analyst – DHCFP
    Patrick McDonnell, Publications & Outreach Coordinator – DHCFP
    Budd Milazzo, Administrative Services Officer IV, DHHS
DATE: March 15, 2019

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 third quarter (Q3) of state fiscal year (SFY) 2019.

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
March 15, 2019
Page 2

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 and FFY 2019 DSH allotments are currently preliminary amounts and are 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. However, subsequent legislation has both modified the amounts and postponed the timing of these reductions until FFY 2020 through FFY 2025. The national aggregate allotment reductions are set to begin in FFY 2020 as follows:

- $4,000,000,000 for FFY 2020
- $8,000,000,000 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

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

On July 28, 2017, CMS released a proposed rule¹ delineating the methodology to calculate and implement the annual allotment reductions. Based on the proposed methodology, the preliminary reduced FFY 2018 DSH allotment for Nevada was projected to be $48,319,364. This represented a reduction of $3,665,150 from the unreduced allotment of $51,984,514 Nevada would have expected without the ACA DSH reductions.

On February 9, 2018, federal legislation was passed² that delayed the proposed DSH allotment reductions until FFY 2020. CMS advised Nevada that the projected allotment had been increased to the unreduced projection of $51,984,514 for FFY 2018. The SFY 2018 DSH Supplemental Payments are projected to increase to $78,980,941.70. The SFY 2018 Q4 DSH Supplemental Payments will be increased to reflect the revised preliminary DSH allotment for FFY 2018.


²https://www.congress.gov/115/bills/hr1892/BILLS-115hr1892eng.pdf

Nevada Department of Health and Human Services
Helping People — It’s Who We Are And What We Do
Intergovernmental Transfers (IGT)

Based on the FFY 2018 and FFY 2019 preliminary allotment amounts released by CMS, the SFY 2019 total IGT is projected to be $55,633,537. The SFY 2019 IGT breakdown by County is: Clark County $54,133,537 and Washoe County $1,500,000.

For SFY 2019 Q3 DCHFP will invoice a total IGT of $12,125,317.27. The quarterly IGT breakdown by County is: Clark County $11,819,952.27 and Washoe County $305,365.00.

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 2019, the IAF credit is estimated to be $8,450,589.90 for Clark County and $227,450.10 for Washoe County, to be applied quarterly.

DSH Payment Calculation

The SFY 2019 Q3 Quarterly DSH payment total is $20,514,930.

The Federal Medical Assistance Percentage (FMAP) for SFY 2019 Q3 is 64.87%, resulting in a Federal/State share breakdown of:

<table>
<thead>
<tr>
<th>Federal Portion</th>
<th>State Portion</th>
<th>SFY 2019 Q3 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13,308,035</td>
<td>$7,206,895</td>
<td>$20,514,930</td>
</tr>
</tbody>
</table>

The SFY 2019 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 2019 DSH payments are estimated to total $81,310,767 based on the current FFY 2018 and FFY 2019 preliminary allotment amounts of $51,984,514 and $35,024,204, respectively. DSH monthly payments for SFY 2019 Q3 are projected to average $6,838,310 for a quarterly DSH payment total of $20,514,930.

SFY 2019 Q1, SFY 2019 Q2 and SFY 2019 Q3 DSH payments to eligible hospitals have been delayed due to contract negotiations with Clark County. The Intergovernmental Transfer (IGT) contract with Clark County was approved by the Board of Examiners on March 12th, 2019. DHCFP expects to issue all DSH payments to date to hospitals within the next few weeks upon receipt of the IGT funds from Clark County.
The total quarterly DSH payments for SFY 2019 Q3 are anticipated to be $20,514,930.

**Verification of DSH Eligibility**

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March 15, 2019
Page 5

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Please contact Sarah Lamb at 775-684-3621, or at slamb@dhcfp.nv.gov if you have any questions regarding this report.

Sincerely,

[Signature]

Budd Milazzo
Chief Financial Officer
Division of Health Care Financing and Policy

Cc: Suzanne Bierman, Administrator - DHCFP
Cody Phinney, Deputy Administrator – DHCFP
Sarah Lamb, Management Analyst IV - DHCFP
Gina Callister, Supplemental Reimbursement Analyst – DHCFP
Patrick McDonnell, Publications & Outreach Coordinator – DHCFP