

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

SFY 2016 Reports

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DATE: September 15, 2015

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 revised quarterly report on the Disproportionate Share Hospital Supplemental Payment Program for SFY 2016 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 (DSH) payments, including aggregate annual state-specific limits on Federal financial participation 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 maximum amount of federal DSH funding available to the State. 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 for the prior fiscal

year. The resulting amount must not exceed the greater of (1) the DSH allotment for the previous year or (2) 12% of total State Plan medical assistance expenditures during the FFY. CMS often updates the allotment amounts prior to finalization which results in revision of the corresponding DSH payments. The FFY 2015 DSH allotment is currently a preliminary amount and subject to revision by CMS. CMS has not yet released a preliminary DSH allotment for FFY 2016.

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 underinsured 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 DHCFFP estimate, as CMS has not released any projection.

FFY	Reduction to Aggregate Federal DSH Allotment	Projected NV DSH Allotment
2016	No Reduction	\$51,030,100
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 2015 preliminary allotment amount released by CMS and the projected FFY 2016 allotment amount, the SFY 2016 Total IGT is projected to be \$55,242,510. The SFY 2016 IGT breakdown by County is: Clark County \$53,742,510 and Washoe County \$1,500,000.

For SFY 2016 Q1 DCHFP invoiced and collected a total IGT of \$13,810,627.50. The IGT breakdown by County is: Clark County \$13,435,627.50 and Washoe County \$375,000.00.

Beginning in 2014, the IGT amount due from the counties has been offset by a credit from the Indigent Accident Fund (IAF). For SFY 2016, the IAF credit is estimated to be \$7,384,349.41 for Clark County and \$206,103.59 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.

Out of 45 Hospitals in Nevada, 22 are eligible for DSH Payments for SFY 2016. All 22 hospitals that are eligible for DSH payments are receiving DSH payments in SFY 2016 Q1.

Per NAC 422.165 – Based on available funds, DHCFP will transfer a \$50,000.00 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 2016 three hospitals were eligible for this payment:

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

These \$50,000.00 payments were processed and issued to eligible hospitals July 2015. The funding for these payments is from the State General Fund.

Disproportionate Share Hospital Payments

The SFY 2016 DSH payments are estimated to total \$78,410,431.00 based on the CMS preliminary FFY 2015 allotment amount of \$50,113,446.00 and the projected FFY 2016 allotment of \$51,030,099.68. DSH monthly payments for SFY 2016 Q1 were \$6,488,689.39 for a quarterly DSH payment total of \$19,466,068.17.

The FMAP in place for SFY 2016 Q1 is 64.36%, resulting in a Federal/State share breakdown of:

Federal Portion	State Portion	SFY 2016 Q1 Total
\$12,528,361.50	\$6,937,706.67	\$19,466,068.17

The total quarterly DSH payments for SFY 2016 Q2 are anticipated to be \$19,648,119.

DSH Payment Calculation

The SFY 2016 Q1 Quarterly DSH payment total is \$19,466,068.17.

The SFY 2016 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 2016 DSH Calculation

Hospital Pools	Hospitals	Total Pool Allotment	Uncompensated Care Cost (UCC)	Hospital Net Patient Revenue	Uncompensated Care Percentage (UCP)	SFY 2016 Q1 Total DSH Payment
Pool A		\$17,124,300				
	University Medical Center		\$163,455,987	\$448,345,984	36.46%	\$17,124,300
	A SUBTOTAL		\$163,455,987	\$448,345,984	36.46%	\$17,124,300
Pool B		\$328,977				
	Boulder City Hospital		\$1,601,513	\$18,108,051	8.84%	\$12,704
	Centennial Hills Medical Center		\$15,687,604	\$180,578,843	8.69%	\$21,113
	Mountainview Hospital		\$26,376,401	\$275,250,957	9.58%	\$28,839
	North Vista Hospital		\$13,294,324	\$125,707,357	10.58%	\$22,153
	Southern Hills Hospital		\$10,983,932	\$120,969,026	9.08%	\$18,756
	Spring Valley Medical Center		\$17,753,614	\$292,945,868	6.06%	\$18,895
	St Rose Dominican Hospital - De Lima		\$19,666,900	\$95,787,353	20.53%	\$39,249
	St Rose Dominican Hospital - San Martin		\$17,684,202	\$137,656,776	12.85%	\$27,849
	St Rose Dominican Hospital - Siena		\$30,873,995	\$342,529,124	9.01%	\$30,836
	Summerlin Hospital Medical Center		\$18,013,614	\$336,229,497	5.36%	\$18,122
	Sunrise Hospital & Medical Center		\$66,784,415	\$529,781,939	12.61%	\$57,567
	Valley Hospital Medical Center		\$30,154,028	\$276,694,093	10.90%	\$32,894
	B SUBTOTAL		\$268,874,541	\$2,732,238,883	124.08%	\$328,977
Pool C		\$1,140,711				
	Renown Regional Medical Center		\$22,831,417	\$518,888,855	4.40%	\$1,140,711
	C SUBTOTAL		\$22,831,417	\$518,888,855	4.40%	\$1,140,711
Pool D		\$260,844				
	Humboldt General Hospital		\$2,581,729	\$32,877,165	7.85%	\$103,415
	Mt Grant General Hospital		\$551,750	\$7,247,478	7.61%	\$48,813
	South Lyon Health Center		\$313,914	\$4,892,729	6.42%	\$37,154
	William Bee Ririe		\$1,499,119	\$21,128,319	7.10%	\$71,462
	D SUBTOTAL		\$4,946,511	\$66,145,691	28.98%	\$260,844
Pool E		\$611,236				
	Banner Churchill Community Hospital		\$4,964,345	\$37,061,697	13.39%	\$179,926
	Carson Tahoe Regional Medical Center		\$14,411,237	\$198,632,686	7.26%	\$236,174
	Desert View Regional Medical Center		\$2,810,936	\$30,832,588	9.12%	\$115,741
	Northeastern Nevada Regional Hospital		\$3,639,653	\$90,647,832	4.02%	\$79,395
	E SUBTOTAL		\$25,826,171	\$357,174,803	33.78%	\$611,236
	SFY 2016 Q1 Total DSH Distribution :	\$19,466,068	\$485,934,628	\$4,122,794,216		
				SFY 2016 Q1 Quarterly DSH Payments :		\$19,466,068

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.

DHCFP has received the audit results of DSH payments for SFY 2012 from Meyers and Stauffer LC, our contracted auditor. The results indicate that during SFY 2012, one hospital (Humboldt General Hospital) received DSH payments that exceeded their Uncompensated Care Costs in the amount of \$599,664.00. Per NRS 422.387 (b) & (c), DHCFP will redistribute the amount of the overpayment to the remaining eligible hospitals in the pool upon completion of the recoupment from Humboldt General Hospital.

September 15, 2015

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

Sincerely,



Janice Prentice,
Chief, Rates and Cost Containment
Department of Health Care Financing and Policy

Cc: Marta Jensen, Acting Administrator – DHECFP
Bonnie Long, Chief Financial Officer – DHECFP
Debra Sisco, RACC Supervisor – DHECFP
Lynne Foster, HIPPA Privacy Officer - DHECFP



BRIAN SANDOVAL
Governor

STATE OF NEVADA
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RICHARD WHITLEY, MS
Director

MARTA JENSEN
Acting Administrator

DATE: December 15, 2015

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 revised quarterly report on the Disproportionate Share Hospital Supplemental Payment Program for SFY 2016 Q2.

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 (DSH) payments, including aggregate annual state-specific limits on Federal financial participation under Section 1923(f), and hospital-specific limits on DSH payments under section 1923(g).

DSH Authority - Policy:

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DSH Allotments

DSH allotments reflect the maximum amount of federal DSH funding available to the State. 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 for the prior fiscal year. The resulting amount must not exceed the greater of (1) the DSH allotment for the previous year or (2) 12% of total State Plan medical assistance expenditures during the FFY. CMS often updates the allotment amounts prior to finalization which results in revision of the

corresponding DSH payments. Both the FFY 2015 and FFY 2016 DSH allotments are currently preliminary amounts and are subject to revision by CMS.

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 released any projection.

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
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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 2015 and FFY 2016 preliminary allotment amounts released by CMS, the SFY 2016 Total IGT is projected to be \$54,635,820. This is a reduction from the original projection of \$55,242,510. The SFY 2016 IGT breakdown by County is: Clark County \$53,135,820 and Washoe County \$1,500,000.

For SFY 2016 Q2 DHCFP invoiced and collected a total IGT of \$13,810,627.50. The IGT breakdown by County is: Clark County \$13,435,627.50 and Washoe County \$375,000.00.

Beginning in 2014, the IGT amount due from the counties has been offset by a credit from the Indigent Accident Fund (IAF). For SFY 2016, the IAF credit is estimated to be \$7,382,060.79 for Clark County and \$208,392.21 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.

Out of 45 Hospitals in Nevada, 22 are eligible for DSH Payments for SFY 2016. All 22 hospitals that are eligible for DSH payments are receiving DSH payments in SFY 2016 Q2.

Per NAC 422.165 – Based on available funds, DHCFP will transfer a \$50,000.00 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 2016 three hospitals were eligible for this payment:

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

These \$50,000.00 payments were processed and issued to eligible hospitals July 2015. The funding for these payments is from the State General Fund.

Disproportionate Share Hospital Payments

The SFY 2016 DSH payments are estimated to total \$77,525,269 based on the CMS preliminary FFY 2015 and FFY 2016 allotment amounts of \$50,113,446 and \$50,263,786, respectively. This estimated total reflects a decrease of \$885,162 in estimated payments from previous projections due to the release of the FFY 2016 preliminary allotment amount. DSH monthly payments for SFY 2016 Q2 were \$6,451,022 for a quarterly DSH payment total of \$19,353,066.

The FMAP in place for SFY 2016 Q2 is 64.93%, resulting in a Federal/State share breakdown of:

Federal Portion	State Portion	SFY 2016 Q2 Total
\$12,565,950	\$6,787,116	\$19,353,066

The total quarterly DSH payments for SFY 2016 Q3 are anticipated to be \$19,353,066.

DSH Payment Calculation

The SFY 2016 Q2 Quarterly DSH payment total is \$19,353,066.

The SFY 2016 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.

2nd Quarter - SFY 2016 DSH Calculation

Hospital Pools	Hospitals	Total Pool Allotment (SFY 2016 Q2-Q4)	Uncompensated Care Cost (UCC)	Hospital Net Patient Revenue	Uncompensated Care Percentage (UCP)	SFY 2016 Q2 Total DSH Payment
Pool A		\$51,074,680				
	University Medical Center		\$163,455,987	\$448,345,984	36.46%	\$17,024,892
	A SUBTOTAL		\$163,455,987	\$448,345,984	36.46%	\$17,024,892
Pool B		\$981,200				
	Boulder City Hospital		\$1,601,513	\$18,108,051	8.84%	\$12,630
	Centennial Hills Medical Center		\$15,687,604	\$180,578,843	8.69%	\$20,991
	Mountainview Hospital		\$26,376,401	\$275,250,957	9.58%	\$28,671
	North Vista Hospital		\$13,294,324	\$125,707,357	10.58%	\$22,023
	Southern Hills Hospital		\$10,983,932	\$120,969,026	9.08%	\$18,648
	Spring Valley Medical Center		\$17,753,614	\$292,945,868	6.06%	\$18,786
	St Rose Dominican Hospital - De Lima		\$19,666,900	\$95,787,353	20.53%	\$39,021
	St Rose Dominican Hospital - San Martin		\$17,684,202	\$137,656,776	12.85%	\$27,687
	St Rose Dominican Hospital - Siena		\$30,873,995	\$342,529,124	9.01%	\$30,657
	Summerlin Hospital Medical Center		\$18,013,614	\$336,229,497	5.36%	\$18,018
	Sunrise Hospital & Medical Center		\$66,784,415	\$529,781,939	12.61%	\$57,234
	Valley Hospital Medical Center		\$30,154,028	\$276,694,093	10.90%	\$32,703
	B SUBTOTAL		\$268,874,541	\$2,732,238,883	124.08%	\$327,069
Pool C		\$3,402,269				
	Renown Regional Medical Center		\$22,831,417	\$518,888,855	4.40%	\$1,134,090
	C SUBTOTAL		\$22,831,417	\$518,888,855	4.40%	\$1,134,090
Pool D		\$777,993				
	Humboldt General Hospital		\$2,581,729	\$32,877,165	7.85%	\$102,816
	Mt Grant General Hospital		\$551,750	\$7,247,478	7.61%	\$48,531
	South Lyon Health Center		\$313,914	\$4,892,729	6.42%	\$36,939
	William Bee Ririe		\$1,499,119	\$21,128,319	7.10%	\$71,046
	D SUBTOTAL		\$4,946,511	\$66,145,691	28.98%	\$259,332
Pool E		\$1,823,059				
	Banner Churchill Community Hospital		\$4,964,345	\$37,061,697	13.39%	\$178,881
	Carson Tahoe Regional Medical Center		\$14,411,237	\$198,632,686	7.26%	\$234,801
	Desert View Regional Medical Center		\$2,810,936	\$30,832,588	9.12%	\$115,068
	Northeastern Nevada Regional Hospital		\$3,639,653	\$90,647,832	4.02%	\$78,933
	E SUBTOTAL		\$25,826,171	\$357,174,803	33.78%	\$607,683
	SFY 2016 Q2-Q4					
	Total DSH Distribution :	\$58,059,201	\$485,934,628	\$4,122,794,216		
					SFY 2016 Q2 Quarterly DSH Payments :	\$19,353,066

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.

DHCFP has received the audit results of DSH payments for SFY 2012 from Meyers and Stauffer LC, our contracted auditor. The results indicate that during SFY 2012, one hospital (Humboldt General Hospital) received DSH payments that exceeded their Uncompensated Care Costs in the amount of \$599,664.00. Per NRS 422.387 (b) & (c), DHCFP recouped and redistributed the amount of the overpayment to the remaining eligible hospitals in the pool in September 2015. This redistribution resulted in the following payments to hospitals in Pool D:

Hospital	Original SFY 2012 DSH Payment	SFY 2012 DSH Redistribution	Final SFY 2012 DSH Payment
Humboldt General Hospital	\$599,664	(\$599,664)	\$0
Mt Grant General Hospital	\$124,654	\$249,927	\$374,581
South Lyon Medical Center	\$176,767	\$116,253	\$293,020
William Bee Ririe Hospital	\$237,598	\$233,484	\$471,082

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

Sincerely,



Janice Prentice,
 Chief, Rates and Cost Containment
 Department of Health Care Financing and Policy

Cc: Marta Jensen, Acting Administrator – DHCFP
 Bonnie Long, Chief Financial Officer – DHCFP
 Debra Sisco, RACC Supervisor – DHCFP
 Lynne Foster, HIPPA Privacy Officer - DHCFP