



NH Department of Health and Human Services

Disproportionate Share Hospital (DSH) Payment Program

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Presentation Overview

1. What is the Medicaid DSH Program?
2. What is the Medicaid Enhancement Tax?
3. Changes as a result of SB 369 (2014)
4. Summary of DHHS Agency Budget Request
5. Summary Hospital Reported Uncompensated Care and DSH payments, SFY 2012 – 2014



Disproportionate Share Hospital (DSH) Payment Program

- A Medicaid payment to hospitals to reimburse for care for which they have not been paid known as “Uncompensated Care” or UCC. Paid once per year. Funded in New Hampshire by the Medicaid Enhancement Tax (MET) and federal Medicaid matching dollars.
- How the MET is used to fund DSH payments, and the DSH payments, are strictly governed by federal regulations including annual federal audit.
- NH’s DSH program has been and continues to be under close scrutiny by the Centers for Medicare and Medicaid Services (CMS) and the subject of litigation.
- Both MET & the DSH program have undergone significant changes over the past 4 years most recently via HB 369 (2014).



Medicaid Enhancement Tax (MET)

Net Patient Services Revenue X Tax Rate = MET owed by a hospital

NPSR

- “Net Patient Service Revenue” means the amount of money a hospital charged for inpatient and outpatient hospital services after subtracting bad debts, charity care, and other payer discounts.

MET TAX

- The Department of Revenue Administration manages all aspects of the collection of the MET. Paid on annual basis.
- The tax rate in 2016 is 5.45% and in 2017 the rate is reduced to 5.4%
- Rehabilitation hospitals are exempt from the MET and do not receive a DSH payment.

Uncompensated Care and Medicaid Fund

- 100% of MET is deposited into a dedicated fund, called the Uncompensated Care and Medicaid Fund, used for reimbursement of hospital uncompensated care costs and other Medicaid provider and program payments.



DSH Changes in SB 369 (2014)

In SFY2015, Laws 2014, ch. 158; a.k.a. SB369, is enacted.

- Provides an increase to hospital DSH payments for FY15-FY19
- Reduces MET rates to 5.45, and then 5.4% in FY2016 and FY2017 respectively, if UCC levels and MET revenues meet established thresholds.
- For CAHs, assures 75% reimbursement of uncompensated care
- For non-CAHs, assures 50% reimbursement of uncompensated care in FY16 and FY17; and 55% reimbursement of UCCs in FY18 and 19, and thereafter, *however*
- These % reimbursement levels for non-CAHs are subject to specific MET revenue requirements and maximum caps on the amount of funding for DSH payments for each of these future years (FY2015 – FY2019)
- Removes rehabilitation hospitals from having to pay the MET and also from receipt of DSH payments effective in FY2015
 - The rehabilitation hospitals currently meet the federal regulations and thus are exempt from paying the MET with CMS' approval.
- Enactment of ch. 158 satisfies one of the major conditions for the settlement of the constitutional challenges to the MET.
- Securing CMS approval of the State Plan Amendment needed to implement these DSH changes is the other key condition for settlement of the constitutional challenges to the MET.



Expenditures from the Uncompensated Care and Medicaid Fund

- Uncompensated Care Costs (UCC) equal what it cost the hospital to provide care for the uninsured and Medicaid patients minus payments the hospital received from Medicaid or other payers for those costs.

Critical Access Hospital (CAH) First Priority	Non-Critical Access Hospital (NonCAH) Second Priority	Provider Payments Third Priority
CAHs will be reimbursed at an amount equal to 75% of UCC	NonCAHs will be reimbursed at an amount equal to 50% of UCC; Rehabilitation Hospitals are excluded	Remaining funds shall be used to support current Medicaid provider payments.
13 rural hospitals with fewer than 25 beds	13 largest hospitals	



Summary MET & DSH Budget Projections: DHHS Agency Budget

	SFY 2014 5.50% Tax	*SFY 2015 5.50% Tax	SFY 2016 5.45% Tax	SFY 2017 5.40% Tax
Total MET Agency Income in DHHS Agency Budget (Appropriation 7940 & 7943)	\$180 M	\$209 M	\$221 M	\$228 M
Distribution of MET Revenue in DHHS Agency Budget:	SFY 2014	SFY 2015	SFY 2016	SFY 2017
Critical Access Hospitals	\$14.46 M	\$26.10 M	\$21.84 M	\$22.54 M
Non-Critical Access Hospitals	\$12.04 M	\$18.71 M	\$78.34 M	\$80.84 M
Subtotal MET revenue used to fund DSH Payments to Hospitals	\$26.50 M	\$44.81 M	\$100.18 M	\$103.38 M
Medicaid Provider Payments	\$153.89 M	\$163.99 M	\$120.16 M	\$124.52 M
Total Distribution MET agency income	\$180 M	\$208.8 M	\$220.34	\$227.90

1. SFY 2015, 2016 and 2017 Agency Income and Distribution based upon the SB 369 which is based upon the Medicaid Enhancement Tax Term Sheet (page 3, F(1), that was developed with the hospitals.
2. Timeline of annual activities:
 - a. January: hospitals provide Dept. of Revenue Administration with non-binding estimate of their individual tax liability.
 - b. March: hospitals submit "Hospital Uncompensated Care Data Request" to DHHS.
 - c. April: hospitals file MET tax return and pay the MET.
 - d. May 31st: DHHS makes DSH payments to qualifying hospitals.
3. Table does not include DSH payment matching federal funds.

* As of 4/17/15, SFY 2015 est. MET return to DRA estimated \$198M



Summary Hospital Reported Uncompensated Care and DSH Payments SFY 2012 - 2014

CAHs	SFY 2012	SFY 2013	SFY 2014
Uncompensated Care reported by CAHs	\$52,424,630	\$56,672,094	\$64,658,294
Total DSH Payments to CAHs	\$48,735,473	\$52,889,190	\$48,493,720
Non-CAHs	SFY 2012	SFY 2013	SFY 2014
Uncompensated Care reported by Non-CAHs	\$269,538,583	\$271,897,558	\$362,726,980
Total DSH payments to Non-CAHs	\$500,000	\$500,000	\$43,704,371
CAH + Non-CAH	SFY 2012	SFY 2013	SFY 2014
Total Uncompensated Care reported by Hospitals	\$320,963,312	\$328,569,652	\$427,385,274
Total DSH payments CAH + Non-CAH Hospitals	\$49,235,473	\$53,389,190	\$92,198,091

SFY 2012 – 2104 DSH Payments considered interim payments pending Federal DSH Audit.



Points of Contact

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