



# NH Department of Health and Human Services

## Disproportionate Share Hospital (DSH) Payment Program

Senate Finance

May 1, 2017



# Disproportionate Share Hospital (DSH) Payment Program

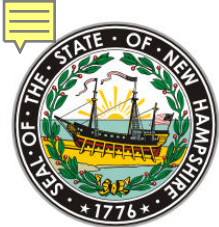
- A Medicaid payment to hospitals to reimburse for care for which they have not been paid known as “Uncompensated Care” or UCC. Funded in New Hampshire by the Medicaid Enhancement Tax (MET) and federal Medicaid matching dollars.
- The structure of how MET is used to fund DSH payments, and the DSH payments, is governed by State law (codification of the settlement term sheet) as well as federal regulations.



# DSH Changes in SB 369 (2014)

Laws 2014, ch. 158; a.k.a. SB369:

- 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.



# Expenditures from the Uncompensated Care and Medicaid Fund

- Uncompensated Care Costs (UCC) equal what it cost the hospital to provide care for Medicaid patients minus Medicaid payments the hospital as well as what it cost the hospital to provide care for the uninsured less any payment received for those services for the uninsured.

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	SFY 2018* 5.25% Tax	SFY 2019* 5.25% Tax
<b>Total MET Agency Income in DHHS Agency Budget</b>	\$180 M	\$209 M	\$221 M	\$228 M	\$235.90	\$243.40
<b>Subtotal MET revenue used to fund DSH Payments to Hospitals</b>	\$26.50 M	\$34.51 M	\$103.75 M	\$108.01 M	\$83.07 M	\$82.94 M
<b>Medicaid Provider Payments</b>	\$153.89 M	\$163.99 M	\$108.77 M	\$118.71 M	\$152.83 M	\$160.46 M
<b>Total Distribution MET agency income</b>	\$180 M	\$198.5 M	\$212.49	\$226.70	\$235.90	\$243.40

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-May: hospitals submit Hospital Uncompensated Care Data to DHHS.
  - c. April: hospitals file MET tax return and pay the MET.
  - d. May 31<sup>st</sup>: DHHS makes DSH payments to qualifying hospitals.
3. Table does not include DSH payment matching federal funds.

\*\* Estimate

\* SFYs 2018-2019 Governor's Budget