

Determination of DSH Payment Amounts for Large Public Non-state Hospitals

Each large public non-state hospital's DSH interim payment amount is calculated using the latest filed Medicare/Medicaid 2552 cost report. For example: Louisiana would obtain the most current cost data from the qualifying DSH hospital's FYE 12/31/15 cost report. The most recently Medicare finalized cost report would either be the FYE 12/31/13 or 12/31/14 cost report for most hospitals in Louisiana. More accurate interim payments can be calculated utilizing the most current cost report and payment data that is in a verifiable format, such as the filed cost report and corresponding paid claims reports, than utilizing data that is more than five years old and may be obsolete. The resulting interim DSH payments more accurately reflect current services and costs of the qualifying hospitals. Description of the data elements used to calculate DSH payments for large public non-state hospitals are as follows:

- I. Total Medicaid Costs are calculated by using the appropriate per diems or cost-to-charge ratios from each hospital's latest filed cost report, then multiplying the ancillary charges and routine days from the most current Medicaid paid claims report as generated by the Medicaid Management Information System (MMIS). Costs for Medicare crossover (dual Medicare/Medicaid eligibles) claims are also included with Medicaid costs.
- II. Total Medicaid Payments are compiled from the most current Medicaid paid claims report for the latest filed cost reporting period, including any supplemental Medicaid payments or Section 1011 payment where applicable.

[Item II is subtracted from I. to determine Medicaid shortfall/longfall.]

- III. Net Uninsured costs are the costs of treating patients with no third party source of coverage for services provided and reducing the costs by any payments received from patients. These costs and payments are derived from each hospital's financial statements or other auditable accounting records.

[The Medicaid shortfall/longfall (determined by subtracting Item II from Item I) added to Item III is the Uncompensated Care Cost amount allowable for the DSH payment.]

Each large public non-state hospital's DSH interim payment amount will subsequently be verified and reconciled to determine final Uncompensated Care Cost limit based on data from the Medicare/Medicaid 2552 cost report for the cost reporting period(s) for dates of service for which the DSH payment is applicable by the independent auditor engaged by the state in accordance with per CMS final rule effective on 1/19/09 (73 Fed. Reg. 77904 pursuant to statute 42 U.S.C. 1923(j)).