

Table of Contents

State/Territory Name: Hawaii

State Plan Amendment (SPA)#: 12-003

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services

JAN 28 2013

Patricia McManaman
Director, Department of Human Services
P.O. Box 339
Honolulu, HI 96809-0339

RE: Hawaii State Plan Amendment 12-003

Dear Ms. McManaman:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number 12-003. This amendment provides for disproportionate share hospital payments for the State fiscal year ending September 30, 2012.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 12-003 is approved effective June 29, 2012. We are enclosing the HCFA-179 and the amended plan pages.

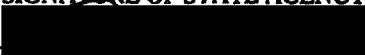

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

A solid black rectangular box used to redact the signature of Cindy Mann.

Cindy Mann
Director
Center for Medicaid and CHIP Services

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 12-003	2. STATE HAWAII
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) MEDICAL ASSISTANCE	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE June 29, 2012	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.253 42 CFR 447 Subpart E Section 1923 of the Act		7. FEDERAL BUDGET IMPACT: a. FFY 2012 : \$10,000,000 b. FFY 2013 : \$10,000,000	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: ATTACHMENT 4.19-A, pages 42 to 43a June 29, 2012		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): N/A-- Attachment 4.19-A, pages 42-43a	
10. SUBJECT OF AMENDMENT: DISPROPORTIONATE SHARE PAYMENTS			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED AS APPROVED BY GOVERNOR <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Med-QUEST Division Program & Policy Development Office P. O. Box 700190 Kapolei, Hawaii 96709-0190	
13. TYPED NAME: PATRICIA MCMANAMAN			
14. TITLE: DIRECTOR			
15. DATE SUBMITTED: 6/26/2012			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: JAN 28 2013	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME:		22. TITLE:	
23. REMARKS: Pen and ink changes made by RO to Boxes 6, 7, and 9 with state concurrence.			

specialized ward and whether or not the individual remains in the hospital for lack of suitable placement elsewhere.

4. "Uncompensated care costs" means the costs of providing care to the uninsured, shortfall in reimbursement of the cost of providing inpatient and outpatient services under the QUEST managed care program, and any shortfall in reimbursement of the cost of providing inpatient or outpatient services on a fee-for-service basis to Medicaid eligible patients. The State will adhere to the OBRA '93 hospital specific DSH limits (42 USC 1396r-4(g)) and is net of any profit earned on fee-for-service or managed care reimbursement. "Shortfall" means the cost of providing service less the payment received for the service, either pursuant to the state plan or pursuant to the section 1115 waiver and is net of any profit earned on fee-for-service or managed care reimbursement.
5. "Governmental DSH Provider" means a hospital meeting the tests in Paragraph 3 (above) that is owned and operated by the Hawaii Health Systems Corporation.

B. PAYMENT ADJUSTMENT

1. With respect to DSH State plan rate year ending September 30, 2012, DSH providers (which do not include Governmental DSH providers) shall receive payments from a pool of funds in the amount of one million, seven hundred and fifty thousand dollars (\$1,750,000.00) (total computable).
 - a. The distribution of funds from the pool shall be the basis of each qualifying hospital's proportionate share of uncompensated cost (as defined in paragraph A-4 above), as reported on the most recent available hospital cost reports.

JAN 28 2013

TN No.	<u>12-003</u>	Approval Date:	JAN 28 2013	Effective Date:	<u>June 29, 2012</u>
Supersedes					
TN No.	<u>11-002</u>				

- b. In no event shall the total payments to a DSH provider for DSH State plan rate year ending September 30, 2012 exceed the uncompensated care costs of the provider for DSH State plan rate year ending September 30, 2012. If the provider has uncompensated care costs attributable to DSH State plan rate year ending September 30, 2012 that are less than the amount of the payments that would be made to that provider pursuant to subparagraph (a) above (or to the payments redistribution described in this sentence), the payments to that provider shall be reduced to the amount of its uncompensated care costs attributable to DSH State plan rate year ending September 30, 2012 and the difference shall be distributed to the remaining DSH providers in accordance with subparagraph (a) above.
- c. Any overpayment to a DSH hospital, based on the results of the DSH audit and reporting requirements per 42 CFR 447.299 and 42 CFR 455 Subpart D or otherwise, including the determination of a hospital's uncompensated care cost limit and its DSH qualification using actual period data, will be recouped from the hospital and redistributed to other DSH hospitals in accordance with paragraph (a) above.
2. With respect to DSH State plan rate year ending September 30, 2012, Governmental DSH providers will receive DSH payments based on each qualifying governmental DSH hospital's uncompensated care cost (as defined in paragraph A-4 above) attributable to DSH State plan rate year ending September 30, 2012.
- a. The federal share of the DSH payments to government hospitals under this paragraph 2., when combined with the federal share of the DSH payment made to DSH hospitals under paragraph 1., shall not exceed ten million (\$10,000,000.00).
- b. No payment shall be made to any governmental hospital in excess of its total inpatient and outpatient hospital uncompensated care costs.
- c. In the event that the aggregate uncompensated care costs of the governmental DSH hospitals exceed the maximum allotment available for the governmental DSH hospitals, each governmental DSH hospital's uncompensated costs shall be reduced pro rata so that the aggregate of uncompensated care costs is equal to the maximum allotment available for the governmental DSH hospitals. Any overpayment to a governmental hospital, based on the results of the DSH audit and reporting requirements per 42 CFR 447.299 and 42 CFR 455 Subpart D or otherwise, including the determination of a hospital's uncompensated care cost limit and its DSH qualification using actual period data, will be recouped from the hospital and redistributed to other governmental DSH hospitals based on the proportion of each remaining hospital's uncompensated care cost to the aggregate of the remaining hospitals' uncompensated care costs.
3. No payment will be made to any hospital in excess of its total inpatient and outpatient hospital uncompensated care costs.

C. PAYMENT METHOD

Payments will be made in up to four installments for each DSH State plan rate year.

DSH payments for government DSH providers will be reconciled in accordance with the methodology set forth in the Protocol referred to in Section B.

TN No. 12-003
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D. SOURCE OF DATA

The calculations to be made in determining the payment amounts in accordance with Section B.1. above shall be based on cost reports for each hospital's most current fiscal year concluded by June 30, 2011. The calculations to be made in determining the payment amounts in accordance with Section B.2. above shall be based on hospital reported data for the current year.

E. COST PROTOCOL

Uncompensated cost of government DSH providers will be determined in accordance with the following Cost Protocol:

Government-Owned Hospital
Uncompensated Care Cost (UCC) Protocol

Introduction

This protocol directs the method that will be used to determine uncompensated care (UCC) payments to government-owned hospitals as allowed by this Section VIII (Disproportionate Share Payments).

Summary of Medicare Cost Report Worksheets

Expenditures will be determined according to costs reported on the hospitals' 2552 Medicare cost reports as follows:

Worksheet A

The hospital's trial balance of total expenditures, by cost center. The primary groupings of cost centers are:

- (i) overhead;
- (ii) routine;
- (iii) ancillary;
- (iv) outpatient;
- (v) other reimbursable; and
- (vi) non-reimbursable.

Worksheet A also includes A-6 reclassifications (moving cost from one cost center to another) and A-8 adjustments (which can be increasing or decreasing adjustments to cost centers). Reclassifications and adjustments are made in accordance with Medicare reimbursement principles.

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