

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS TO QUALIFYING TEACHING HOSPITALS

The Department of Public Welfare (Department) has established an additional class of disproportionate share (DSH) payments to qualifying teaching hospitals that provide psychiatric services to Medical Assistance (MA) recipients. Across the Commonwealth there is a shortage of psychiatrists, notably those involved in the public health sector. The Department is working to recruit and retain psychiatrists to work in underserved rural and urban areas throughout the Commonwealth. These payments are intended to help offset the medical education costs of psychiatrists incurred by the hospitals providing psychiatric services to MA recipients and the uninsured.

The Department will consider any psychiatric unit of a general acute care hospital enrolled in Pennsylvania MA with psychiatric medical education costs that exceed \$100,000, according to the Fiscal Year (FY) 2005-2006 MA Cost Report, eligible for this additional class of DSH payments if it meets one of the following criteria:

1. The hospital provides at least 40,000 psychiatric days of service to Pennsylvania MA recipients as reported on the FY 2005-06 MA Cost Report; or
2. The hospital's inpatient psychiatric medical education costs for Pennsylvania MA recipients exceed \$500,000 as reported on the FY 2005-06 MA Cost Report; or
3. The hospital's uncompensated care to net patient revenue is greater than 5.0% as reported by Pennsylvania Health Care Cost Containment Council for Fiscal Year 2007.

Payments to qualifying teaching hospitals will be divided equally among all qualifying teaching hospitals, resulting in a payment of \$166,667 to each qualifying teaching hospital.

All payment limitations are still applicable, including those limitations that the Commonwealth may not exceed its aggregate annual DSH allotment and that no hospital may receive DSH payments in excess of its hospital-specific limit.

Fiscal Impact

The Fiscal Year 2009-2010 fiscal impact, as a result of this DSH payment is \$500,000 (\$225,950 in State General Funds and \$274,050 in Federal Funds).