

ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS

The Department will make an additional class of disproportionate share hospital (DSH) payments to certain qualifying acute care general hospitals that provide a high volume of Medical Assistance (MA) acute care and psychiatric services and incur significant uncompensated care costs. The Department intends for these payments to promote the hospitals' continued participation in the MA Program.

The Department considers a hospital eligible for this additional class of DSH payments if the hospital meets all of the following criteria, based on the Fiscal Year 2002-2003 MA Cost Report, unless otherwise specified:

- (a) The hospital is enrolled in the MA Program as an acute care general hospital with an excluded psychiatric unit;
- (b) The hospital provides MA inpatient days of care in excess of the 85th percentile of MA inpatient days provided by all enrolled acute care general hospitals with an excluded psychiatric unit;
- (c) The hospital's number of MA admissions exceeds the 85th percentile of MA admissions of all enrolled acute care general hospitals with an excluded psychiatric unit;
- (d) The hospital provides inpatient psychiatric days of care to Pennsylvania MA recipients in excess of the 90th percentile of such days provided by all enrolled acute care general hospitals with an excluded psychiatric unit;
- (e) The hospital's percentage of uncompensated care to net patient revenue exceeds the 90th percentile of this percentage for all enrolled acute care general hospitals with an excluded psychiatric unit according to the Pennsylvania Health Care Cost Containment Council (PHC4) Financial Analysis 2004; and
- (f) The Hospital's operating margin is less than the 15th percentile of the operating margins of all enrolled acute care general hospitals with an excluded psychiatric unit according to the PHC4 Financial Analysis 2004.

The Department will proportionately divide payments between qualified hospitals based on the percentage of each qualifying hospital's MA inpatient days to total MA inpatient days of all qualifying hospitals. In making these payments, the Department will ensure that no acute care general hospital will receive any DSH payment that is in excess of its hospital-specific limit and the Commonwealth will not exceed its aggregate annual DSH allotment.

For FY 2011-2012, the fiscal impact as a result of this additional class of DSH payments is \$1.669 million (\$0.750 million in State General Funds).

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