

**ADDITIONAL CLASS OF DISPROPORTIONATE SHARE PAYMENTS**

The Department will make an additional class of disproportionate share hospital (DSH) payments to certain qualifying hospitals that the Department determines provide a high volume of services to Medical Assistance (MA) eligible and low-income populations. The Department intends for these payments to promote the hospitals' continued participation in the MA Program.

The Department will consider a hospital eligible for this additional class of DSH payments if the hospital is an acute care hospital that meets all of the criteria listed below.

- a) The hospital is located in a county that exceeds the 96<sup>th</sup> percentile of the unduplicated number of persons eligible for Medical Assistance, by county. (January 2010 MA unduplicated eligibility report).
- b) The hospital provides more than 58,000 patient days of service as reported on its 2007-2008 State Fiscal Year (FY) MA cost report (MA-336).
- c) The hospital's ratio of PA MA days to total hospital days is more than 20.0% as reported on its 2007-2008 State FY MA cost report (MA-336).
- d) The hospital's FY 2008 Uncompensated Care percentage of Net Patient Revenue is greater than 2.4%, as reported in the Pennsylvania Health Care Cost Containment Council's Fiscal Year 2008 Financial Analysis, Volume One, General Acute Care Hospitals.
- e) The hospital's FY 2008 operating margin is less than -3.4%, as reported in the Pennsylvania Health Care Cost Containment Council's Fiscal Year 2008 Financial Analysis, Volume One, General Acute Care Hospitals.

Payments will be divided proportionately between qualifying hospitals based on the percentage of each qualifying hospital's MA inpatient days to total MA inpatient days of all qualifying facilities. 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. Any funds available due to the application of the hospital-specific DSH upper payment limit will be redistributed to other hospitals qualifying under this class of disproportionate share payments on a proportionate basis.

For FY 2011-2012, the fiscal impact as a result of this additional class of disproportionate share payments is \$4.258 million (\$1.913 million in State General Funds and \$2.345 million in Federal Funds).

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