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State/Territory Name: Utah

State Plan Amendment (SPA) #: UT-10-002

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

JUN 23 2010

Mr. Michael T. Hales, Director
Division of Health Care Financing
Utah Department of Health
P.O. Box 143101
Salt Lake City, UT 84114-3101

Re: Utah 10-002

Dear Mr. Hales:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-002. Effective for services on or after January 1, 2010, this amendment updates the reimbursement methodology for Disproportionate Share Hospital (DSH) Program payments for rural government-owned hospitals.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 10-002 is approved effective January 1, 2010. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Christine Storey at (303) 844-7044.

Sincerely,

A solid black rectangular redaction box covering the signature area of the letter.

Cindy Mann
Director, CMCS

cc: Craig Devashrayee, UT DOH

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:
10-002-UT

2. STATE:
Utah

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTHCARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2010

5. TYPE OF PLAN MATERIAL (Check One)

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. FFY 2010 \$0

b. FFY 2011 \$0

BOB
BOB

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Pages 10 and 10.1 of ATTACHMENT 4.19-A

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Pages 10 and 10.1 of ATTACHMENT 4.19-A

10. SUBJECT OF AMENDMENT

Rural Disproportionate Share Hospital (DSH) Payments

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

David N. Sundwall, MD

14. TITLE:

Executive Director, Utah Department of Health

15. DATE SUBMITTED:

March 31, 2010

16.

16. RETURN TO:

Craig Devashrayee, Manager
Technical Writing Unit
Utah Department of Health
PO Box 143102
Salt Lake City, UT 84114-3102

17. DATE RECEIVED:

18. DATE APPROVED:

6-23-10

FOR REGIONAL USE ONLY

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN - 1 2010

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:



22. TITLE:

Deputy Director, CMCS

PLAN APPROVED - ONE COPY ATTACHED

23. REMARKS

INPATIENT HOSPITAL
Section 400 Adjustments for Disproportionate Share Hospitals

409 Introduction – This section establishes criteria for identifying and paying disproportionate share hospitals (DSH). For the purpose of paying disproportionate share hospitals, there are six types of hospitals: first, private hospitals licensed as general acute hospitals located in urban counties; second, general acute hospitals located in rural counties; third, the State Psychiatric Hospital; fourth, the State Teaching Hospital; fifth, children’s hospital; and sixth, frontier county hospitals in economically depressed areas.

Funds from facilities not qualifying for the total annual supplemental payment amounts under Section 415 and 419 will be pooled together for redistribution to other qualifying hospitals under Section 415 and 419. Qualifying hospitals having maximized their annual supplemental DSH payment amount and that have not exceeded their uncompensated care cost will share in the pool based on each hospital’s portion of the remaining uncompensated care costs. For example:

HOSP	CAP	Uncomp. Care Cost (UCC)	DSH Payment to CAP	Room to CAP (Pool)	Remaining UCC	% of Remaining UCC	Additional DSH from Pool	Total DSH Paid
A	\$862,000	\$200,000	\$200,000	(\$662,000)	\$0	0%	\$0	\$200,000
B	\$862,000	\$862,000	\$862,000	\$0	\$0	0%	\$0	\$862,000
C	\$862,000	\$900,000	\$862,000	\$0	\$38,000	16%	\$38,000	\$900,000
D	\$1,000,000	\$1,200,000	\$1,000,000	\$0	\$200,000	84%	\$200,000	\$1,200,000
Total	\$3,586,000	\$3,162,000	\$2,924,000	(\$662,000)	\$238,000	100%	\$238,000	\$3,162,000

DSH funds not otherwise paid to qualifying hospitals shall be available, subject to the uncompensated care cost limits, to the State Teaching Hospital. DSH payments will not exceed the federal allotment and match amounts for any given period.

If any payments made under this section are disallowed in future periods, those disallowed amounts will be redistributed to other qualifying facilities. The redistribution of those payments will be based on the amount of remaining uncompensated care costs in the period of the disallowance and paid proportionally to the amounts previously paid for the period. Redistributions will not be counted against a facility’s current year uncompensated care costs, unless the disallowance was for the current year.

T.N. No. 10-002

Approval Date JUN 23 2010

Supersedes T.N. # 08-013

Effective Date 1-1-10

INPATIENT HOSPITAL
Section 400 Adjustments for Disproportionate Share Hospitals

410 Definitions – For purposes of this section, the following definitions apply:

- A. Medicaid Inpatient Utilization Rate (MIUR) is the percentage derived by dividing Medicaid hospital Inpatient days (including Medicaid managed care inpatient days) by total inpatient days.
- B. Low Income Utilization Rate (LIUR) is the percentage derived by dividing total Medicaid revenues (including Medicaid managed care revenues) plus PCN revenues by total revenues and adding that percentage to the percentage derived from dividing total charges for charity care by total charges.
- C. Indigent patient days is the total of Medicaid patient days (including managed care days) plus PCN (see description in Section D which follows) patient days and other documented charity care days.
- D. PCN is a term used to describe the Utah Primary Care Network plan operated for low income recipients. The PCN became effective on July 1, 2002.
- E. Uncompensated Care means the amount of non-reimbursed costs written-off as non-recoverable for services rendered to the uninsured and includes the difference between the cost of providing services to those eligible for medical assistance under the State Plan and the payment for those services by the State, by Medicaid, or any other payer. (Uninsured is defined as any individual who does not have any credible third-party coverage for hospital services covered in this section. Qualifying hospitals should make every reasonable effort to determine if an individual has credible third-party coverage. The hospitals are the definitive source for uninsured information).

410.1 Uncompensated Care Cost (UCC) Calculation — For each qualifying hospital, the Department will calculate UCC by applying the provider-specific cost-to-charge ratios to charges for services provided to Title XIX and uninsured patients, and subtracting applicable payments from the costs of those services. For purposes of the cost-to-charge ratio calculation, the Department will use the then most recently filed and available provider-specific cost report ratio information.

411 Obstetrical Services Requirement — Hospitals offering non-emergency obstetrical services must have at least two obstetricians providing such services. For rural hospitals, an "obstetrician" is defined to include any physician with staff privileges who performs non-emergency obstetrical services at the hospital. This requirement does not apply to children's hospitals nor to hospitals which did not offer non-emergency obstetrical services as of December 22, 1987.

412 Minimum Utilization Rate — All DSH hospitals must maintain a minimum of 1% Medicaid Inpatient Utilization Rate.

T.N. No. 10-002

Approval Date JUN 23 2010

Supersedes T.N. # 08-013

Effective Date 1-1-10