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**State/Territory Name: Wisconsin**

**State Plan Amendment (SPA) #: 19-0017**

This file contains the following documents in the order listed:

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

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



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**Financial Management Group**

February 24, 2020

Ms. Heather K. Smith  
State Medicaid Director  
Department of Health Services  
1 West Wilson St.  
P.O. Box 309  
Madison, WI 53701-0309

RE: Wisconsin State Plan Amendment (SPA) 19-0017


Dear Ms. Smith:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 19-0017. Effective for services on or after December 11, 2019, this amendment modifies Disproportionate Share Hospital (DSH) Payments. Specifically, this amendment modifies payments to hospitals that serve a disproportionate share of low-income patients and meet eligibility requirements.

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 and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 19-0017 is approved effective December 11, 2019. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,

  
Kristin Fan  
Director

Enclosure

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>	1. TRANSMITTAL NUMBER <b>19-0017</b>	2. STATE Wisconsin
	3. PROGRAM IDENTIFICATION: <b>Title XIX Of The Social Security Act (Medicaid)</b>	
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	4. PROPOSED EFFECTIVE DATE <b>12/11/2019</b>	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

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 1902(a)(55) 42 CFR 447.250	7. FEDERAL BUDGET IMPACT a. FFY 2019 <b>\$29,225K</b> b. FFY 2020 <b>\$29,225K</b>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <b>Attachment 4.19-A pages 36 and 37.....</b>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <b>Same</b>

10. SUBJECT OF AMENDMENT  
**Disproportionate Share Hospital Payment Modification**

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

*C. Adams*

12. SIGNATURE OF STATE AGENCY OFFICIAL	16. RETURN TO <b>Laura Brauer State Plan Amendment Coordinator Department of Health Services 1 W. Wilson St. P.O. Box 309 Madison, WI 53701-0309</b>
13. TYPED NAME <b>Jim Jones</b>	
14. TITLE <b>State Medicaid Director</b>	
15. DATE SUBMITTED <b>12/20/2019</b>	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: <b>February 24, 2020</b>
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>December 11, 2019</b>	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: <b>Kristin Fan</b>	22. TITLE: <b>Director, FMG</b>

23. REMARKS:

#### 9230 Supplemental DSH Payments for In-State Hospitals

The following section establishes supplemental disproportionate share hospital (DSH) payments for qualifying hospitals located in the State of Wisconsin. To be eligible for supplemental DSH payments under this section, hospitals must meet minimum federal requirements for Medicaid DSH payments as specified in §1923(b) and (d) of the Social Security Act [42 U.S.C. 1396r-4(b) and (d)] as well as the qualifying criteria outlined below.

**9231 Introduction.** Hospitals located in the State of Wisconsin may receive a supplemental DSH payment for serving a disproportionate share of low-income patients. Per 49.45(3m)(a) the annual aggregate DSH pool amount is equal to \$47,500,000 in state share general purpose revenue (GPR) plus the matching federal share of payments; a qualifying provider will receive a proportion of this pool. The DSH payment amount shall not exceed the costs incurred by the hospital during the applicable state fiscal year of furnishing hospital services (net of payments under Title XIX, other than under §1923, and net of any self-pay amounts or any other third-party payments by or on behalf of uninsured patients) with respect to individuals who are eligible under Title XIX or have no health insurance or other third party health coverage for hospital services during the state fiscal year.

**9232 Qualifying Criteria.** The hospital must meet the following criteria:

- a) The hospital is recognized as a hospital by DQA.
- b) The hospital is located in the State of Wisconsin.
- c) The hospital provides a wide array of services, including services provided through an emergency department recognized by DQA.
- d) The hospital has a Medicaid inpatient utilization rate (MIUR) greater than or equal to 6 percent. A hospital's MIUR is defined as the fraction (expressed as a percentage) whose numerator is the hospital's number of inpatient days attributable to patients who (for such days) were eligible for WMP and whose denominator is the total number of the hospital's inpatient days. Medicaid inpatient days (the numerator) will include WMP HMO recipient days and recipient days of other states' Medicaid programs reported by a hospital.
- e) The hospital meets applicable, minimum requirements to be a DSH under 42 USC 1396r-4 and any other applicable federal law.
- f) The hospital must meet the obstetrician requirements as specified in §9212.

**9233 Amounts of DSH Allotment and Payments.** The amount of the DSH payment, when combined with all other DSH payments under the Plan, shall not exceed the State DSH allotment for Wisconsin for the relevant federal fiscal year, as published by CMS pursuant to § 1923(f) of the Social Security Act [42 USC § 1396r-4(f)]. The Department sets forth a methodology as defined in §9234 for distributing supplemental DSH payments under this section among qualifying hospitals. The amount of the supplemental DSH payment to each hospital in any state fiscal year, when combined with all other DSH payments to the hospital, will not exceed the hospital's uncompensated costs including Medicaid shortfall amounts for that state fiscal year as determined under § 1923(g)(1)(A) of the Social Security Act [42 USC § 1396r-4(g)(1)(A)]. The total amount of the DSH payment will not be less than a hospital's minimum payment adjustment under the tests set forth in § 1923(c) of the Social Security Act [42 USC § 1396r-4(c)].

9234 DSH Allocation Methodology. The Department distributes supplemental DSH payments in accordance with an annual budget set on a state fiscal year basis. To distribute this supplemental DSH money among the qualifying hospitals, the Department performs a series of calculations using the following formulas:

- a) The sum of all supplemental DSH payments made to hospitals equals the annual budget amount:  
 **$Annual\ Budget = Payment\ to\ Hospital\ 1 + Payment\ to\ Hospital\ 2 + \dots + Payment\ to\ Hospital\ n$**
- b) The supplemental DSH payment made to each separately licensed, qualifying hospital for a given state fiscal year under this section is the lesser of 1) the product of its "DSH add-on percentage" and its "projected WMP inpatient fee-for-service payments" and 2) \$7,950,000:  
 **$Payment\ to\ Hospital\ i = \min(DSH\ Add-On\ Percentage \times Projected\ WMP\ IP\ FFS\ Payments, \$7,950,000)$**
- c) A hospital's projected WMP inpatient fee-for-service payment for a given calendar year is the projected payment developed through the rate setting process from one year prior; for example, the projected payments for SFY 2020 are drawn from CY 2019 projected payments.
- d) A hospital's DSH add-on percentage is its "DSH add-on factor" minus 100% (in other words, the DSH add-on factor compares base payments to total (base + DSH) payments while the DSH add-on percentage compares base payments to DSH supplemental payments only):  
 **$DSH\ Add-On\ Percentage\ of\ Hospital\ i = DSH\ Add-On\ Factor\ of\ Hospital\ i - 1$**
- e) A hospital's DSH add-on factor is a function of the "base DSH add-on factor" and the amount by which its MIUR exceeds 6 percent, such that a hospital with a higher MIUR receives a higher DSH add-on factor:  
 **$DSH\ Add-On\ Factor\ of\ Hospital\ i = Base\ DSH\ Add-On\ Factor + ((MIUR\ of\ Hospital\ i - 0.06) \times 0.75)$**
- f) A hospital's MIUR is the ratio of its Medicaid inpatient days to its total inpatient days, drawn from a data period two years prior to the given state fiscal year:  
 **$MIUR\ of\ Hospital\ i = Hospital\ i's\ Total\ Medicaid\ Inpatient\ Days / Hospital\ i's\ Total\ Inpatient\ Days$**
- g) The base DSH add-on factor is determined per the constraints provided by the equations above. Since one of those equations (for the DSH supplemental payment) is nonlinear, there is no clean formula for the base DSH add-on factor; rather, it can only be derived by iteratively solving the above system of equations. This is possible due to the fact that every other variable involved in the above equations has a known value.

Given the base DSH add-on factor for a given state fiscal year, the Department employs the above formulas to calculate the DSH supplemental payment to each qualifying hospital.