



### **Medicaid Disproportionate Share Hospital (DSH) Fact Sheet**

Numbers quoted in this Fact Sheet are for all three SUNY hospitals. Downstate represents approximately 40% of the total.

#### **What is DSH?**

- (1) Medicaid has a program to support hospitals that have a large volume of Medicaid patients as a way to improving access. (Medicare has separate DSH program that is all federal money and not part of this NYS budget discussion.)
- (2) As implemented in NYS, public hospitals (SUNYs, Erie County, Nassau County) may be paid up to their cost for providing services. The DSH payment is the difference between their Medicaid (including dual eligible and uninsured) cost and reimbursements received for those patients. It is calculated on a calendar year basis. For 2010 and prior, the Medicaid cost report (ICR) was used for this calculation. Since 2011, the DSH tool has been used.

#### **How is DSH Paid For?**

- (3) As a matching program, these payments are funded partly by NYS and partly by the federal government. DOH has historically put up the NYS match in full for the SUNYs, while Erie and Nassau County have put up the match for their hospitals.
- (4) Historically, DSH payments have been made in three ways. Each month the hospitals get an ICP (Indigent Care Pool) payment. Second, typically in the fall of the calendar year, the hospitals receive a base year payment of \$182 million for the calendar. Finally, typically in the spring of the calendar year, the hospitals receive a reconciliation payment for the difference between the amount due on the DSH tool and the base year and pool payments for the prior-prior-prior calendar year. (For example, a reconciliation payment for calendar 2013 in the spring of 2016.) In December, 2014, a fourth payment stream, the Indigent Care Adjustment (ICA) payment, was initiated by a lump sum payment was provided for calendar 2013, and quarterly ICA payments for 2015 and forward. An ICA payment for 2014 has not been provided. Like the pool and base year payments, the ICA payments are netted against program losses on the DSH tool.

#### **Why are we talking about DSH now?**

- (5) In SFY 2016-17, DOH arbitrarily and unilaterally imposed a \$150 cap on the payments it was willing to make during the state fiscal year. Under that cap, DOH made an estimated 2013 reconciliation payment and a base year payment of \$67 million. Thus, the base payment was \$115 million less than the historical base year payment, and ICA payments for 2014 (of approximately \$71) were not provided. This is approximately \$190 million less than SUNY expected.
- (6) In the proposed SFY 2017-18 budget, a separate cap for the SUNY of \$159 million for SFY 2017-18 and \$170 million for SFY 2018-19 was introduced, but subsequently removed by the legislature. On the other hand, the Hannon bill (S 7947/A10591) which would require DOH to make the full match promptly was not passed.
- (7) As disclosed in the AMCH Committee of the SUNY Board on May 3<sup>rd</sup>, the hospitals expect DSH of around \$494 million for SFY 17-18. This represents ICP, ICA, and base year payment of \$182 million to be included in subsequent calendar year reconciliations and final reconciliations payment for 2014. With a state cap of \$159 million (or a total of \$318 million with the federal match), that will create an additional cash shortfall of \$175 million.