

# Improving Your Medicare DSH Payment

HUMAN  ARC

**Three Rivers AAHAM**  
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# Objective

- What is Medicare DSH?
- The Value of Medicare DSH.
- What You Can Do!

# Disproportionate Share Hospital

- Established in 1986
  - *Provides additional reimbursement to those hospitals that serve a disproportionate share of low-income patients*
- Medicare DSH - Federal
- Medicaid DSH - State

# Medicare DSH

- Utilized industry available proxies to determine “low income”
  - Inpatient Medicaid utilization
  - SSI factor
- Increase in payment occurs when the minimum threshold is met.

# Medicare DSH Formula

## Formula Part 1:

$$\text{MIUR} = \frac{\text{"Eligible" Medicaid IP Days}}{\text{Total Facility Days}}$$

# Medicare DSH Formula

Formula Part 2:

$$\text{SSI} = \frac{\text{SSI Days}}{\text{Total Medicare Day}}$$

# Medicare DSH Formula

## Formulas:

$$\text{MIUR} = \frac{\text{"Eligible" Medicaid IP Days}}{\text{Total Facility Days}}$$

$$\text{SSI} = \frac{\text{SSI Days}}{\text{Total Medicare Day}}$$

The above formulas serve as proxies for "low income patients" – added together they form the ***DSH %***

# Medicare DSH

## Current Payment Adjustments

### DSH Adjustment Formula (2004) :

If DSH% < 15%  
DRG % Add on = 0%

If DSH% > 15% < 20.2%  
DRG % Add on = 2.5% + [.65 \* (DSH% - 15%)]

If DSH% > 20.2%  
DRG % Add on = 5.88% + [.825 \* (DSH% - 20.2%)]

# Western PA Average

## Formulas:

MIUR Avg. Hospital = 14.6%

(Ranges from high of 31% and low of 8.6%)

SSI Avg. Hospital = 7.4%

(Ranges from high of 13.8% and low of 4.5%)

Avg. Hospital ***DSH % of 22.0%***

# Medicare DSH

## Current Payment Adjustments

DSH Additional Payment :

DRG % Add on =  $5.88\% + [.825 * (22.0\% - 20.2\%)] = 7.4\%$

W PA Avg. DRG Pmt		\$4,476
Est. Avg. DRG Case Wt (CMI) X	<u>1.5000</u>	
Avg. DRG pmt for W Pa Hosp		\$6,714
<b>DSH Add On at 7.4%</b>		<b>\$ 497</b>
Indirect Med Ed Adj		<u>0</u>
Total DRG payment		\$7,211
Less deductibles		<u>952</u>
Total Medicare Payment – Remit		<u>\$6,259</u>

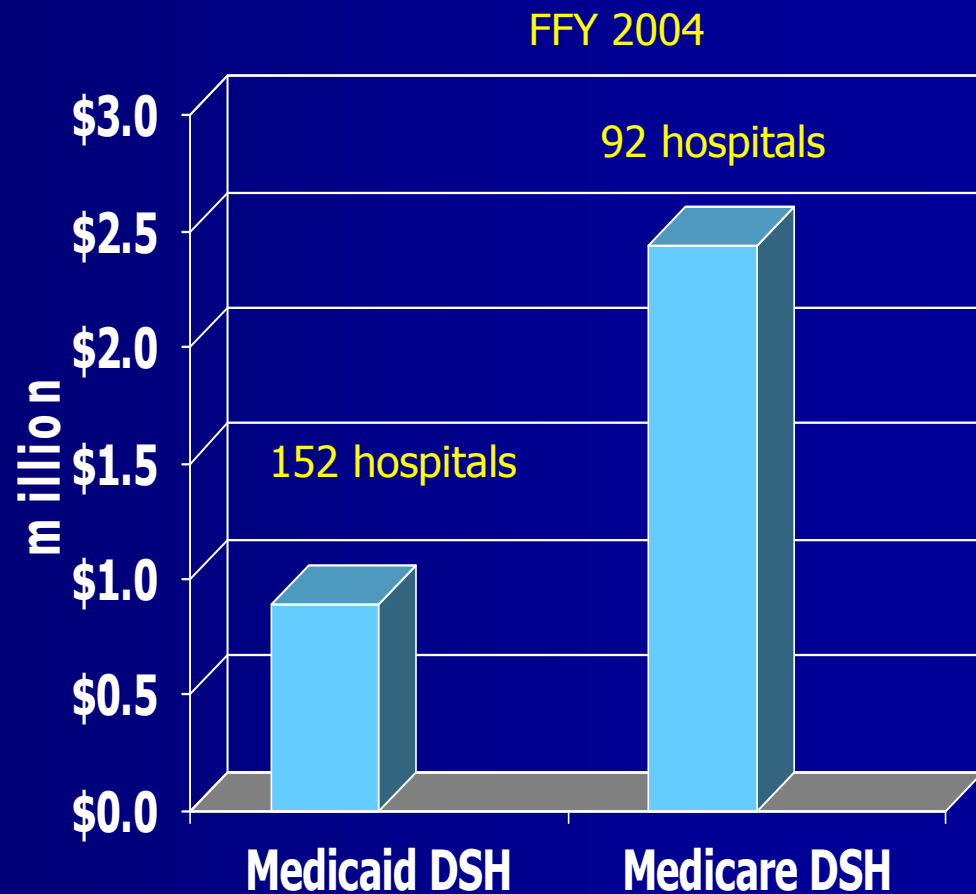
# DSH Reimbursement Pennsylvania Recipient Hospitals

## Medicaid DSH:

\$0.9 million per hospital

## Medicare DSH:

\$2.4 million per hospital



# The Value of Medicare DSH

## Medicare DSH Providers

- 92 PA hospitals received \$224 million
- Value of each additional day...

### Statewide Value in FFY 2004

Value of 10  
add'l days

✓\$3,780 (XIX)

✓\$7,880 (SSI)

	Medicaid Day	SSI Day
<b>Average</b>	<b>\$ 378</b>	<b>\$ 788</b>
High	\$ 610	\$1,557
Low	\$ 182	\$ 205

# The Value of Medicare DSH

## Non Medicare DSH Providers

- Focus on increasing your SSI/Medicaid Days
- Value of being a Medicare DSH facility...

### 02-05 Data

Proj'd DSH Pct	Approx. Medicare Pmts	"Reach" to 15% DSH Level		
		SSI Days Required	Caid Days Required	Est'd DSH Payment
10.2%	\$28,465,213	1,478	2,723	\$711,630
11.7%	\$27,461,375	985	1,589	\$686,534
11.8%	\$26,654,637	867	1,521	\$666,366
<b>14.30%</b>	<b>\$27,061,225</b>	<b>189</b>	<b>381</b>	<b>\$676,531</b>
		<b>13.90%</b>	<b>7.40%</b>	

# State SSI %'s Relative to Poverty Level

	Poverty Rate	SSI Ratio	Ratio
<b>Penn.</b>	<b>8.0%</b>	<b>7.0%</b>	<b>87%</b>

## Low SSI ratio States:

	Poverty Rate	SSI Ratio	Ratio
Ohio	7.4%	5.7%	77%
Michigan	8.9%	6.7%	76%
Wisconsin	7.5%	5.5%	74%
Indiana	6.6%	4.4%	67%
Iowa	7.4%	4.4%	59%

## High SSI ratio States:

	Poverty Rate	SSI Ratio	Ratio
Calif.	7.3%	17.9%	245%
Florida	7.9%	10.7%	135%
Georgia	8.5%	11.3%	132%
Nevada	8.1%	9.4%	117%
Mass.	8.7%	8.8%	101%

# What Can You Do?

- Challenge credibility of the (CMS supplied) SSI %.
- Complete retrospective data match prior to submitting cost report.
- Proactively focus on converting patients to SSI & Medicaid "eligible days.
- Dedicate a resource to monitor/track DSH % (controller/reimbursement).

# Questions



# Contact Information

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