



Draft Report on Medicaid Disproportionate Share Hospital Payments



Medicaid and CHIP Payment and Access Commission

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Overview

- Beginning in February 2016, MACPAC must submit an annual report to Congress on the relationship of disproportionate share hospital (DSH) allotments to:
 - changes in the number of uninsured individuals
 - the amount and sources of hospitals' uncompensated care costs
 - hospitals with high levels of uncompensated care that also provide essential community services
- In this first report, we also provide context on the history of DSH and discuss data challenges

Draft Report Outline

- Chapter 1: Overview of Medicaid DSH Policy and the Role of DSH Payments
- Chapter 2: Analysis of Current and Future DSH Allotments
- Chapter 3: Improving Data as the First Step to a More Targeted DSH Policy
- Appendices: Legislative timeline, state tables, and methods

Overview of Medicaid DSH Policy and the Role of DSH Payments

- History of Medicaid DSH payment policy
- Current state allotments and spending
- Medicaid DSH in relation to other sources of hospital financing
- Deemed DSH hospital characteristics
- Medicaid DSH allotment reductions

Analysis of Current and Future DSH Allotments

- Changes in the number of uninsured individuals
- Changes in the amount of hospitals' uncompensated care
- Hospitals with high levels of uncompensated care that also provide essential community services
- DSH allotment projections
- Potential state responses to allotment reductions

Relationship of DSH Allotments to Factors Identified by Congress

- There is little meaningful relationship between DSH allotments and any of the three factors we examined:
 - the number of uninsured individuals
 - hospitals' uncompensated care costs
 - hospitals with high levels of uncompensated care that also provide essential community services
- Our analysis suggests that DSH allotments and payments could be better targeted

Improving Data as the First Step to a More Targeted DSH Policy

- The lack of complete and timely data on Medicaid shortfall for all hospitals is our most significant data limitation
 - Supplemental payment data are not fully captured
 - Data on provider contributions towards the non-federal share are needed to calculate net payments
- Other data issues also affect our ability to analyze the targeting of DSH payments

Next steps

- We will continue to examine the effects of the ACA on hospital uncompensated care and its implications for DSH policy
- In future reports, we plan to explore policy approaches to improve the targeting of DSH funding
 - Modifying provider eligibility criteria
 - Redefining eligible uncompensated care costs
 - Rebasing state DSH allotments

Draft Recommendation

- The Secretary of the U.S. Department of Health and Human Services (HHS) should collect and report hospital-specific data on all types of Medicaid payments for all hospitals that receive them.
- In addition, the Secretary should collect and report data on the sources of non-federal share necessary to determine net Medicaid payment at the provider level.



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