



Required Analyses of DSH Allotments



Medicaid and CHIP Payment and Access Commission

Madeline Britvec and Robert Nelb

Overview

- Background
- Updates to statutorily required data elements
 - Number of uninsured individuals
 - Amounts and sources of hospital uncompensated care
 - Hospitals with high levels of uncompensated care that also provide essential community services
- Next steps

Number of Uninsured

- 28.5 million people were uninsured in 2017
 - 8.8 percent of the U.S. population
 - Not statistically different from 2016
- Between 2013 and 2017:
 - The number of uninsured declined by 13.3 million, a 32 percent decrease
 - Larger declines in states that expanded Medicaid under the ACA

Uncompensated Care Data Sources

- Medicare cost reports
 - Charity care
 - Bad debt
- Medicaid DSH audits
 - Unpaid costs of care for the uninsured
 - Medicaid shortfall
- American Hospital Association (AHA) annual survey

Medicare Cost Report Data

- In 2016, hospitals reported a total of \$35.0 billion in uncompensated care costs
 - \$3.1 billion less than in 2015 (8 percent decline)
 - Larger declines in states that expanded Medicaid in 2016 (Montana and Louisiana)
- Due to recent changes in Medicare cost report instructions, data are not comparable with 2013

DSH Audit Data

- We compared uncompensated care reported for hospitals that were included in DSH audits for both state plan rate year (SPRY) 2013 and 2014
 - 92 percent of all DSH hospitals
 - SPRY 2014 ended June 30, 2014 for most states
- For these hospitals, the increase in Medicaid shortfall (\$4.6 billion) was larger than the decline in unpaid costs of care for the uninsured (\$1.7 billion)

Uncompensated Care for DSH Hospitals (billions)

Medicaid expansion status as of June 30, 2014	Unpaid costs of care for the uninsured				Medicaid shortfall			
	SPRY 2013	SPRY 2014	Difference (2014 less 2013)	Percent change	SPRY 2013	SPRY 2014	Difference (2014 less 2013)	Percent change
Expansion states	\$11.8	\$9.5	-\$2.3	-19%	\$6.2	\$9.0	\$2.8	46%
Non-expansion states	13.1	13.7	0.6	5%	0.2	2.0	1.8	810%
All states	24.9	23.2	-1.7	-7%	6.4	11.0	4.6	73%

Notes: DSH is disproportionate share hospital. SPRY is state plan rate year. Analysis limited to hospitals that received DSH payments in both SPRY 2013 and 2014 that provided complete information necessary to calculate Medicaid shortfall (n=2,494). Analysis excludes DSH hospitals in New Hampshire, three hospitals in Tennessee, and one hospital in Virginia that did not include payments from third-party payers when calculating Medicaid shortfall (n=20). All Medicaid expansion states in this analysis expanded Medicaid January 1, 2014, except for Michigan, which expanded Medicaid March 1, 2014.

Source: MACPAC, 2018, analysis of 2016 Medicare cost reports and 2014 as-filed Medicaid DSH audits.

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Comparison with Other Sources

- Hospitals reported a \$5.7 billion decrease in uncompensated care on Medicare cost reports between 2013 and 2014
 - DSH hospitals in our analysis reported a \$3.5 billion decline during this period
 - Medicare cost report data capture a full year of ACA coverage expansions
- The AHA annual survey reported a \$0.9 billion increase in Medicaid shortfall between 2013 and 2014 for all hospitals

Components of Medicaid Shortfall Reported on DSH Audits (billions)

Category	Expansion			Non-expansion		
	SPRY 2013	SPRY 2014	Percent change	SPRY 2013	SPRY 2014	Percent change
Base payments	\$49.1	\$53.8	10%	\$38.8	\$39.5	2%
Non-DSH supplemental payments	6.2	6.2	0%	7.2	7.2	-1%
Total Medicaid payments	55.3	60.1	9%	46.0	46.7	2%
Medicaid costs	61.5	69.1	12%	46.4	48.9	5%
Medicaid shortfall	6.2	9.0	46%	0.2	2.0	810%

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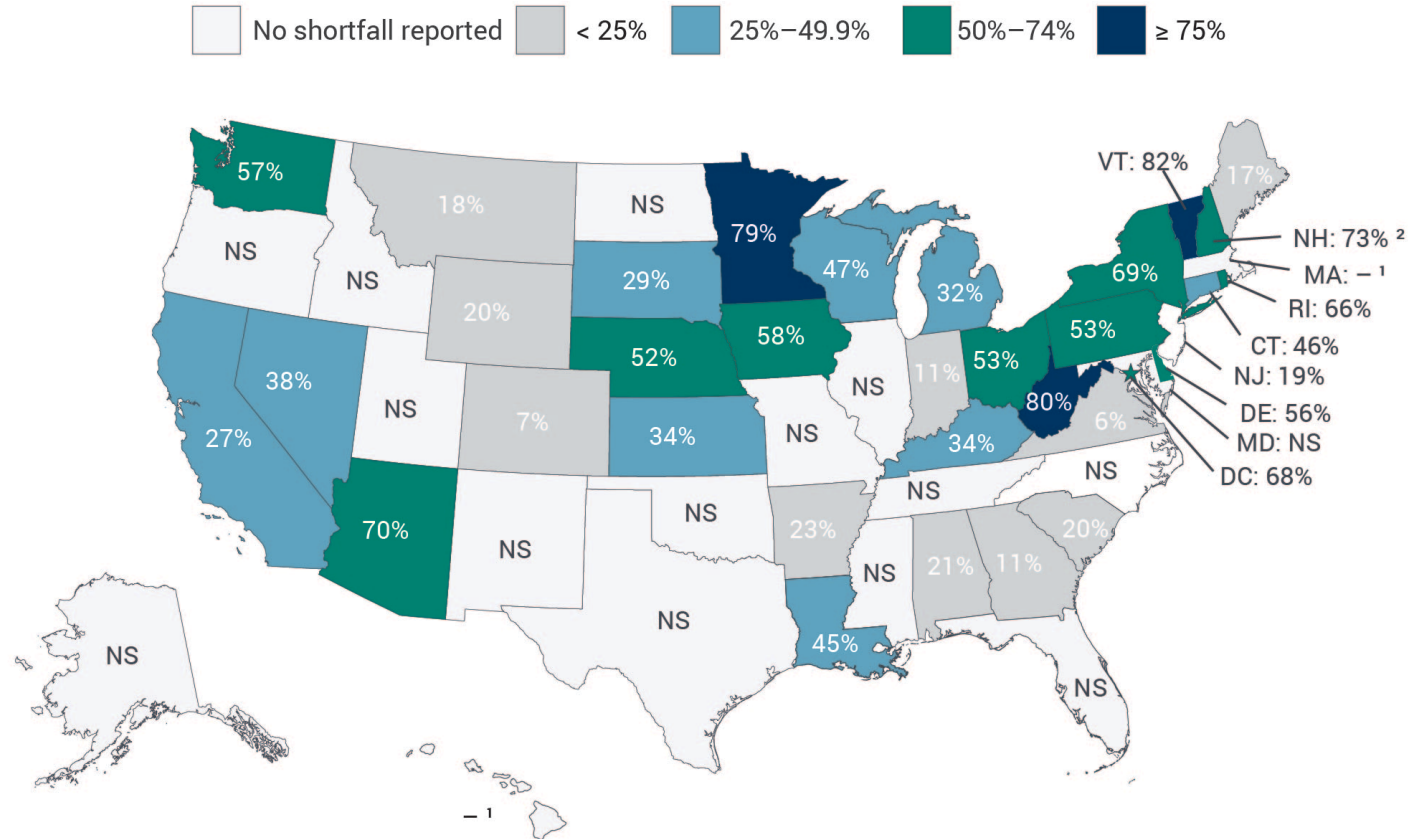
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Medicaid Shortfall as a Share of Uncompensated Care Costs for DSH Hospitals, SPRY 2014



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¹ Hawaii and Massachusetts did not submit SPRY 2014 DSH audits because they did not make any DSH payments in SPRY 2014.

² Medicaid shortfall costs reported in New Hampshire exclude third-party payments received for Medicaid-enrolled patients.

Source: MACPAC, 2018, analysis of as-filed 2014 DSH audit data.

October 25, 2018

Essential Community Services

- The number of providers meeting MACPAC's working definition of essential community services is largely unchanged
 - 832 hospitals met deemed DSH criteria in SPRY 2014
 - 99 percent of these hospitals provided at least one service in MACPAC's working definition
 - 83 percent provided three or more services

Next Steps

- Draft chapter for the March 2019 report will be presented at the December 2018 meeting
- Report will include updated analyses of the characteristics of DSH hospitals



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