

**Distribution:** Hospital 02-10

**Issued:** August 27, 2002

**Subject:** Special Indigent Funds DSH Pool

**Effective:** September 27, 2002

**Programs Affected:** Medicaid, Children's Special Health Care Services

## **SPECIAL INDIGENT FUNDS DSH POOL**

In order to ensure that Medicaid Disproportionate Share Hospital (DSH) payments are used efficiently to provide continued access to medical care for indigent patients, the Department of Community Health (DCH) is changing the eligibility criteria for an existing DSH pool.

### **CURRENT POLICY**

Hospital Bulletin 99-07 (effective October 1, 1999) established a DSH pool limited to children's hospitals in counties with populations greater than two million. Under the policy, eligible hospitals must have an agreement with DCH to fund indigent care in counties except for those counties where indigent care is provided under separately approved Indigent Care Agreements (ICAs).

### **REVISED POLICY**

The DCH will continue the funding of an Indigent Funds DSH (IFDSH) Pool. The size of the pool will be determined based upon the proportionate share of state funds appropriated for indigent care plus the corresponding federal matching funds. The total size of this pool will be \$45 million.

Eligible hospitals must be located in counties with populations greater than two million, meet the minimum federal requirements for Medicaid DSH payments, and meet one of the following additional criteria:

- Be a hospital serving primarily children with at least \$100 million in annual Medicaid charges, or
- Be a hospital with at least 6,000 Medicaid newborn deliveries.

Charges will include those from both the Medicaid fee for service and the Medicaid HMO programs. The paid claims file, used to rebase hospitals on April 1, 2002, will be used to determine which hospitals had at least 6,000 newborn deliveries. No agreement will be needed to participate in this pool.

In computing the individual hospital's maximum payment from the IFDSH Pool, all other DSH payments that a hospital receives will be counted against the hospital's DSH ceiling before allocating payments from the IFDSH Pool.

Funds from the pool will be distributed equally to hospitals meeting the initial criteria above up to each hospital's DSH ceiling. Once all hospitals meeting the initial criteria have reached their individual DSH ceilings, funds will then be distributed equally to those hospitals meeting the second criteria. Funds will continue to be distributed to hospitals in this second group until all hospitals have reached their DSH ceilings or until the pool is exhausted of funds. Any funds remaining in the pool after distributions to all eligible hospitals have been made will lapse back to the state. Only the state portion of the DSH funds will lapse back to the state. Federal matching funds will not be claimed on any funds that lapse. Any funds from this pool that lapse back to the state will not be redistributed to any other DSH pools.

Aggregate Medicaid reimbursement to Medicaid inpatient hospitals will not be allowed to exceed the federally imposed upper payment limit for DSH payments. Payments will be made only to those hospitals that have accepted cost reports on file with DCH by August 31<sup>st</sup> of the state fiscal year prior to the one in which the payment is made.

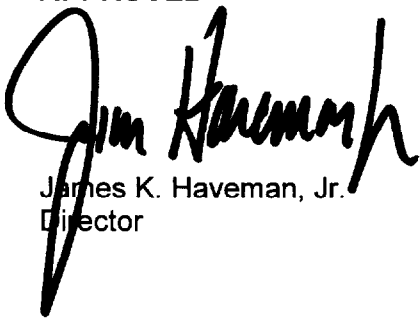
#### **MANUAL UPDATE**

Hospital Bulletin 99-07, issued September 1, 1999, is obsolete. Discard. Manual pages will be updated in the future; **retain this Bulletin.**

#### **QUESTIONS**

Any questions regarding this bulletin should be directed to: Provider Support, P.O. Box 30479, Lansing, Michigan 48909-7979, or e-mail at [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail be sure to include your name, affiliation, and a phone number so you may be contacted if necessary. Providers may phone toll free 1-800-292-2550.

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