

Bulletin Number: MSA 08-18

Distribution: Hospitals

Issued: April 1, 2008

Subject: Disproportionate Share Hospital Eligibility Update

Effective: May 1, 2008

Programs Affected: Medicaid

Background

Hospitals have historically submitted Disproportionate Share Hospital (DSH) eligibility information within the Michigan Medicaid Forms (MMF) (General Information Section, Line 7), as well as related information in the CMS-2552 form. The information provided is included in the Medicaid cost reporting requirements. These forms contain information vital to determining each hospital's eligibility for participation in the Michigan Department of Community Health (MDCH) Medicaid DSH program.

Consistent with current policy, hospitals must fall into one of the following categories in order to be eligible to receive Medicaid DSH payments:

1. At least (2) obstetricians with staff privileges at this hospital have agreed to provide obstetric services to individuals who are eligible for Medicaid services.
2. This hospital is located in a rural area (as defined for purposes of section 1886 of the Social Security Act), and at least (2) physicians with staff privileges at this hospital have agreed to provide obstetric services to individuals who are eligible for Medicaid services.
3. This hospital serves as inpatients a population predominantly comprised of individuals under 18 years of age.
4. On December 22, 1987, this hospital did not offer obstetric services to the general population, except in emergencies.

Cost report elements from the second previous state Fiscal Year (FY) have historically been used to determine DSH eligibility (i.e., DSH eligibility for state FY 2008 is determined using Medicaid cost report data collected for hospital FYs ending during state FY 2006). Because of this time delay, potential exists for information used to determine DSH eligibility to be outdated, resulting in the need to develop a system whereby current data are utilized.

DSH Eligibility Update Process

A new process has been developed to ensure current information is used by MDCH when determining DSH eligibility. The process will require hospitals to determine their DSH eligibility status for the current state FY. The DSH Eligibility Status Verification Form will replace previous reporting requirements found in the MMF.

The new form will be distributed annually to confirm DSH eligibility status for the state FY in which DSH payments are made. For state FY 2008, the forms will be distributed in May. For future state FYs, the forms will be distributed in October.

Reporting Needs

It is necessary that each hospital accurately complete the new requirements of the DSH Eligibility Status Verification Form annually. The intent is to provide the most current information available to MDCH in order to make informed decisions regarding the Medicaid DSH program. Note that DSH eligibility will be decided by the current eligibility status of a hospital in the state FY in which DSH payments are made.

Additional communications will follow, including an instructional letter and the DSH Eligibility Status Verification Form to be distributed to all Medicaid hospitals. The letter will include directions on how to complete the form, contact information, and a deadline for submission. Failure by a hospital to submit the DSH Eligibility Status Verification Form will result in the withholding of that hospital's DSH payments.

Manual Maintenance

Retain this bulletin until the information has been incorporated into the Michigan Medicaid Provider Manual.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at ProviderSupport@michigan.gov. When you submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

Approved



Paul Reinhart, Director
Medical Services Administration