TRANSMITTAL SHEET FOR NOTICE OF INTENDED ACTION

Control No: 560 . Department or Ag	gency: <u>Alabama Medica</u>	ud Agency .
Rule No: <u>560-X-2306</u>		•
Rule Title: <u>Disproportionate Share H</u>	Iospital (DSH) Payments	
New Rule; X Amend;	; Repeal;	Adoption by Reference
Would the absence of the proposed rule health, welfare, or safety?	e significantly harm or end	anger the public NO
Is there a reasonable relationship betwe of the public health, safety, or welfare?	een the state's police power	and the protection Yes
Is there another, less restrictive method protect the public?	of regulation available tha	at could adequately No
Does the proposed rule have the effect of any goods or services involved and,	of directly or indirectly incif so, to what degree?	reasing the costs No
Is the increase in cost, if any, more harm result from the absence of the proposed	nful to the public than the larule?	harm that mightNo
Are all facets of the rulemaking process they have, as their primary effect, the present t	designed solely for the purotection of the public?	rpose of, and so Yes
Does the proposed rule have any econor	mic impact?	<u>No</u>
If the proposed rule has an economic impoy a fiscal note prepared in accordance value and 1975. ***********************************	with subsection (f) of Secti	on 41-22-23, <u>Code of</u>
Certification of Authorized Official	· · · · · · · · · · · · · · · · · · ·	*************
I certify that the attached proposed rule herequirements of Chapter 22, Title 41, Compplicable filing requirements of the Admire Reference Service.	de of Alabama 1975 and th	hat it conforms to all
Signature of certifying officer: 216 Date: 9-39-11 **********************************	phana Hz	<u>a</u>
OR APD USE ONLY	· · · · · · · · · · · · · · · · · · ·	**************************************
UBLISHED IN VOLUME	ISSUE NO	O
DITED AND APPROVED BY	DOC	CUMENT NO.

ALABAMA MEDICAID AGENCY

NOTICE OF INTENDED ACTION

RULE NO. & TITLE: 560-X-23-.06 – Disproportionate Share Hospital (DSH) Payments

INTENDED ACTION: Amend 560-X-23-.06

<u>SUBSTANCE OF PROPOSED ACTION</u>: The above-referenced rule is being amended to clarify payment methodology as defined in the State Plan Attachments 4.19-B and 3.1-A. The payment methodology for outpatient hospital will change from an encounter payment methodology to a fee for service payment methodology.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Written or oral comments may be submitted to the Alabama Medicaid Agency, 501 Dexter Avenue, Post Office Box 5624, Montgomery, Alabama 36103-5624, 334-242-5833. Agency business hours are 8:00 a.m. to 5:00 p.m. Monday through Friday.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

Written/Oral comments concerning this change must be received by the Alabama Medicaid Agency no later than December 5, 2011.

CONTACT PERSON AT AGENCY: Stephanie McGee Azar, Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue, Post Office Box 5624, Montgomery, Alabama 36103-5624.

R. Bob Mullins, Jr., MD

Commissioner

Rule No. 560-X-23-.06 Disproportionate Share Hospital (DSH) Payments

- 1) For the period October 1, 2009, through September 30, 2011, Non-State Government Owned and Operated Hospitals and State Owned Hospitals which are qualified to, and which do, certify public expenditures claimable for Federal Financial Participation (FFP) in accordance with 42 CFR 433.51(b) will be paid a DSH payment based on the difference between the hospital's reasonable costs incurred in serving Medicaid inpatients, as determined in Attachment 4.19-A of the Medicaid State Plan, and the interim payments made under paragraph (c) of this Rule.
- (21) For the period from October 1, 200911, to September 30, 20143, the Alabama Medicaid Agency shall appropriate and expend the full disproportionate share allotment to hospitals under Section 1923(f)(3) of the Security Act (the Act) in a manner consistent with the hospital-specific DSH limits under section 1923(q) of the Act.
- (a) Payments to disproportionate share hospitals shall be made to all hospitals qualifying for DSH payments under Section 1923(b) and 1923 (d) of the Act.
- (b) Medicaid shall pay qualifying public and state owned disproportionate share hospitals an amount equal to each hospital's allowable uncompensated care cost under the hospital specific DSH limit in Section 1923(g) of the Act during state fiscal year 2007. State owned institutions for mental disease shall receive no more than the same disproportionate share hospital payments the institutions received in state fiscal year 2009.
- share hospitals as defined on Exhibit C of AL-09-005 Attachment 4.19-A of the Medicaid State Plan shall receive an amount such that the sum of net inpatient hospital base payments, net outpatient hospital base payments and DSH payments does not exceed each hospital's DSH limit under 1923(g) of the Social Security Act. are equal to the greater of 2007 total Medicaid inpatient, outpatient and DSH payments or ninety-five percent of allowable Medicaid costs. For purposes of cost determination, Medicaid costs shall be the allowable costs on CMS Form 2552 for all services identified as inpatient and outpatient hospital costs.
- (d) The DSH allotment remaining after DSH payments have been made to public and state owned hospitals shall be paid to private hospitals as defined in Exhibit C of AL-09-005 Attachment 4.19-A of the Medicaid State Plan. DSH payments shall be paid to eligible private hospitals. as follows:
- (1) A payment equal to 7.93 percent of each hospital's cligible uncompensated care costs in state fiscal year 2007; and
- pro rata share of the DSH allotment remaining following payment under subsection (a). The payment shall be based upon each hospital's eligible uncompensated care costs under the hospital specific DSH limit in Section (1923 (g) of the Act during state fiscal year 2007, divided by the total share nospitals during state fiscal year 2007.
- (e) Total DSH payments to each hospital shall be made during the first month of the state fiscal year.

<u>Author</u>: Keith Boswell, Director, Provider Audit/Reimbursement.

Statutory Authority: State Plan, Title XIX, Social Security Act, 42 C.F.R. Section 401, et seq.

History: Effective June 9, 1986. Amended: Emergency Rule filed and effective September 2, 1010. Amended: Filed September 20, 2010; effective December 17, 2010. Amended: Emergency Rule filed and effective October 1, 2011. Filed September 23, 2011. Amended: Filed October 20, 2011; effective January 16, 2012.