

Description of Disproportionate Share Hospitals Eligibility Formulas

Medicaid Inpatient Utilization Rate (MUR) and Low-Income Utilization Rate (LIUR) are based on hospitals' data.

The Department of Healthcare Services' Disproportionate Share Hospital (DSH) Program annually identifies hospitals, which are licensed to provide acute inpatient services, that are eligible for DSH payments. DSH payments are intended to reimburse qualified hospitals for the uncompensated care costs incurred in the course of treating a comparatively higher volume of Medi-Cal and uninsured patients. Only eligible hospitals have the opportunity to share the available DSH funds each year.

Eligibility is determined annually according to criteria established in state and federal law. The Medicaid inpatient utilization rate (MUR) and low-income utilization rate (LIUR) measure the proportion of Medicaid and uninsured care to the total care for each hospital. To be eligible, a hospital must have either a LIUR in excess of 25.0 percent with a MUR of at least one percent or a MUR of at least one standard deviation above the statewide mean. Utilization rates are based on Medicaid paid claims data, County Organized Health System (COHS) data, and reports filed with the Office of Statewide Health Planning and Development (OSHPD). The two attachments show the data elements for the calculation of MUR and LIUR for state fiscal year 2009-10. The formulas for the future years are identical except the time periods.

Source:

Safety Net Financing Division
Disproportionate Share Hospital Eligibility Unit
Department of Healthcare Services

LOW INCOME PERCENT FORMULA FOR FISCAL YEAR 2010/11

(Annual Financial Disclosure Report Submitted on 2008)

$$\text{Low Income Percent} = (\text{Medicaid Fraction}) + (\text{Charity Fraction})$$

Medicaid Fraction¹

$$\text{Medicaid} = 100 * \left[\frac{\left(\text{Medi-Cal paid patient revenue} \right) + \left(\text{Total cash subsidies from state and local governments} \right)}{\text{Total paid patient revenue}} \right]$$

Where,

$$\text{Medi-Cal paid Patient Revenue} = \left(\begin{array}{l} \text{Medi-Cal net} \\ \text{patient revenue} \\ \text{(L1246005)} \end{array} \right) + \left(\begin{array}{l} \text{Medi-Cal} \\ \text{Short/Doyle} \\ \text{net patient revenue}^2 \end{array} \right) - \text{Absolute Value} \left| \begin{array}{l} \text{Disproportionate} \\ \text{share payments} \\ \text{(L1242605)} \end{array} \right| + \left(\begin{array}{l} \text{Medi-Cal managed care} \\ \text{net patient revenue} \\ \text{(L1246007)} \end{array} \right)$$

$$\begin{array}{l} \text{Total Cash Subsidies} \\ \text{From State and} \\ \text{Local Governments} \end{array} = \text{Absolute value} \left| \begin{array}{l} \text{U.C. gross clinical} \\ \text{teaching support} \\ \text{(L1244523)} \end{array} \right| + \left(\begin{array}{l} \text{County indigent program} \\ \text{net patient revenue} \\ \text{(L1246009 + L1246010)} \end{array} \right) + \left(\begin{array}{l} \text{County Indigent Program} \\ \text{managed care net patient} \\ \text{(L1246011)} \end{array} \right)$$

$$\text{Total Paid Patient Revenue} = \left(\begin{array}{l} \text{Total net patient revenue} \\ \text{(L0811001)} \end{array} \right) - \text{Absolute value} \left| \begin{array}{l} \text{Disproportionate} \\ \text{share payments} \\ \text{(L1242605)} \end{array} \right|$$

1. Unless otherwise noted, all data comes from the OSHPD Annual Financial Disclosure Report for the hospital's fiscal year ending in 2008.
2. From the Medi-Cal Short/Doyle paid claims files for calendar year of service 2008 with dates of payment through February 2010.

Charity Fraction^{1,2}

$$\text{Charity} = 100 * \left[\frac{\left(\begin{array}{c} \text{Total other} \\ \text{inpatient charity} \end{array} \right) - \left(\begin{array}{c} \text{Inpatient portion of total cash subsidies} \\ \text{from state and local governments} \end{array} \right)}{\text{Gross inpatient revenue} \\ \text{(L1241521)}} \right]$$

Where,

$$\begin{aligned}
\text{Total Other Inpatient Charity} = & \left(\begin{array}{c} \text{County indigent} \\ \text{program gross} \\ \text{inpatient revenue} \\ \text{(L1241509)} \end{array} \right) + \left(\begin{array}{c} \text{County Indigent Program} \\ \text{managed care gross} \\ \text{inpatient revenue} \\ \text{(L1241511)} \end{array} \right) - \left(\begin{array}{c} \text{County indigent} \\ \text{program gross} \\ \text{inpatient charity} \\ \text{(L1243009)} \end{array} \right) - \left(\begin{array}{c} \text{Inpatient} \\ \text{County Indigent Program managed} \\ \text{care Patient Charity} \\ \text{L1243011 x B}^* \end{array} \right) + \left(\begin{array}{c} \text{Gross} \\ \text{inpatient} \\ \text{charity} \end{array} \right) \\
& - \left(\begin{array}{c} \text{Gross inpatient} \\ \text{charity} \\ \text{Gross patient} \\ \text{charity} \\ \text{(L1243023)} \end{array} \right) * \left(\begin{array}{c} \text{Hill Burton} \\ \text{gross patient} \\ \text{charity} \\ \text{(L0835001)} \end{array} \right) + \left(\begin{array}{c} \text{U.C. gross} \\ \text{inpatient teaching} \\ \text{allowances} \\ \text{(L1244017)} \end{array} \right) + \text{Absolute value} \left| \begin{array}{c} \text{U.C. gross} \\ \text{inpatient clinical} \\ \text{teaching support} \\ \text{(L1244517)} \end{array} \right|
\end{aligned}$$

Where,

$$\begin{aligned}
\text{Gross Inpatient Charity} = & \left(\begin{array}{c} \text{Non-Medi-Cal gross} \\ \text{inpatient charity} \\ \text{(L1243001 + L1243009} \\ \text{+ L1243013 + L1243019)} \end{array} \right) + \left(\begin{array}{c} \text{Inpatient} \\ \text{Non - Medi - Cal Managed} \\ \text{Care Gross Patient Charity} \\ \text{L1243003 x A}^* \\ \text{+ L1243011 x B}^* \\ \text{+ L1243015 x C}^* \end{array} \right) + \left(\begin{array}{c} \text{Other Indigent} \\ \text{Gross inpatient} \\ \text{Charity} \\ \text{(L1243017)} \end{array} \right) + \\
& \left(\begin{array}{c} \text{Medi-Cal gross} \\ \text{inpatient revenue} \\ \text{(L1241505)} \\ \text{Medi-Cal gross} \\ \text{patient revenue} \\ \text{(L1241505 + L1241506)} \end{array} \right) * \left(\begin{array}{c} \text{Medi-Cal gross} \\ \text{patient charity} \\ \text{(L1243005)} \end{array} \right) + \left(\begin{array}{c} \text{Inpatient Medi - Cal} \\ \text{managed Care gross} \\ \text{Patient Charity} \\ \text{L1243007 x D}^* \end{array} \right)
\end{aligned}$$

Inpatient Portion of Total Cash Subsidies from State = Absolute value and Local Governments	U.C. gross inpatient clinical teaching support (L1244517)	+	(County indigent program) net inpatient revenue (L1246009)	+	Inpatient County Indigent Program Managed Care Net Patient Revenue L1246011 x B*
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1. If Charity is less than zero then Charity = 0.
2. Unless otherwise noted, all data comes from the OSHPD Annual Financial Disclosure Report for the hospital's fiscal year ending in 2008.

*Inpatient ratio as follows:

A = L1241503/(L1241503 [Inpatient] + L1241504 [Outpatient]) (Medicare Managed Care)

B = L1241511/(L1241511 [Inpatient] + L1241512 [Outpatient]) (County Indigent Managed Care)

C = L1241515/(L1241515 [Inpatient] + L1241516 [Outpatient]) (Other 3rd Party Managed Care)

D = L1241507/(L1241507 [Inpatient] + L1241508 [Outpatient]) (Medi-Cal Managed Care)

Safety Net Financing Division
 Disproportionate Share Hospital Eligibility Unit
 December 27, 2010

MEDICAID UTILIZATION RATE FORMULA FOR SFY 2010/11
 (Annual Financial Disclosure Report Submitted in Calendar Year (CY) 2008)

$$\text{Medicaid Utilization Rate} = 100 * \left(\frac{\text{Medi-Cal Days}}{\text{Total Patient Days}} \right)$$

Where,

$$\text{Medi-Cal Days} = (\text{Total Paid Medi-Cal Days}^1) + (\text{Estimated Out of State Medi-Cal Days})$$

Where,

$$\text{Estimated Out of State Medi-Cal Days} = (\text{Total Paid Medi-Cal Days}^1) * \left(\frac{\text{Discharge File}^2 \text{ Out of State Medi-Cal Beneficiary Days}}{\text{Discharge File}^2 \text{ Total Medi-Cal Days}} \right)$$

$$\text{Total Patient Days}^3 = \left(\begin{array}{c} \text{Total Days} \\ (\text{L0415004} + \text{L0415005} \\ + \text{L4104011}) \end{array} \right) - \left(\begin{array}{c} \text{Chemical Dependency Days} \\ (\text{L0407504} + \text{L0407505}) \end{array} \right) - \left(\begin{array}{c} \text{Sub-Acute Days} \\ (\text{L0410004} + \text{L0410105}) \end{array} \right) \\
- \left(\begin{array}{c} \text{Long Term Care Days} \\ (\text{L0411004} + \text{L0411005} + \text{L0411504} \\ + \text{L0411505} + \text{L0412004} + \text{L0412005} \\ + \text{L0412504} + \text{L0412505}) \end{array} \right) - \left(\begin{array}{c} \text{Skilled Nursing \& Other Services} \\ (\text{L0410504} + \text{L0410505} \\ + \text{L0414504} + \text{L0414505}) \end{array} \right)$$

1. From the Medi-Cal paid claims files, Medi-Cal Inpatient Psychiatric paid claims files, Medi-Cal Short/Doyle paid claims files, and the San Mateo, Santa Barbara, Solano, Napa, Santa Cruz, Yolo and Monterey County plans paid claims files for dates of service in CY 2008, with dates of payment through February 2010. Also from the OSHPD Confidential Discharge data files for CY 2008.
2. From the OSHPD Discharge File (Non-Confidential Discharge File) for CY of service in 2008.
3. From the OSHPD Annual Financial Disclosure Report for the hospital's fiscal year ending in CY 2008.