

**TEXAS HEALTH AND HUMAN SERVICES
COMMISSION
RATE ANALYSIS DEPARTMENT**

**Proposed updates to §355.8065 Disproportionate
Share Hospital (DSH) Reimbursement Methodology.**

**Updates are proposed to be effective
September 1, 2010.**

SUMMARY OF PROPOSED DSH RULE UPDATES

Effective September 1, 2010

Included in this document is information relating to the proposed update to §355.8065 based on issues that have been identified related to the Federal DSH audit rule and as further clarification is received from the Centers for Medicare and Medicaid Services (CMS).

Hearing

HHSC will conduct a public hearing to receive comments regarding the proposed Medicaid payments on July 26, 2010, at 2:00 p.m. in the Lone Star Conference Room in Building H of the Braker Center, at 11209 Metric Boulevard, Austin, TX 78758-4021, with entrance through security at the front of the building facing Metric Boulevard. The hearing will be held in compliance with Texas Government Code §2001.029, which provides an opportunity for a public hearing, when requested, before adoption of a rule.

Should you have any questions regarding the information in this document, please contact:

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Background

Hospitals participating in the Texas Medicaid program that meet the Disproportionate Share Hospital (DSH) program conditions of participation and that serve a disproportionate share of low-income patients are eligible for additional reimbursement through the DSH program. The Health and Human Services Commission, as the Medicaid single state agency, establishes each hospital's eligibility for DSH reimbursement and the amount of reimbursement, as specified in §355.8065.

HHSC proposes to update §355.8065 based on issues that have been identified related to the Federal DSH audit rule and as further clarification is received from the Centers for Medicare and Medicaid Services (CMS). Other changes are made to clarify the current processes for the DSH program.

Methodology

The proposed amendment includes the following updates. First, HHSC is deleting language in the rule that describes references to the DSH 2010 program year. This language is no longer pertinent to the administration of the program for DSH program years 2011 going forward. Second, the definition of dually eligible patient is amended to remove the exclusion of a Medicare beneficiary for whom Medicaid pays only

Medicare deductibles, coinsurance, Medicare Part A premiums, or Medicare Part B premiums, and clarifies the use of dual eligible data in the calculation of hospitals' qualification and payment of DSH funds. Third, language is added to clarify that HHSC will subtract all Medicaid supplemental payments from the calculation of the hospital's final hospital specific limits. Fourth, HHSC is adding language to clarify certain charges that are not included in the calculation of the Medicaid shortfall portion of the hospital specific limit. Fifth, HHSC is adding language to the rule that would allow adjustments in the computation of the Medicaid shortfall portion of the hospital specific limit related to changes in the Standard Dollar Amounts (SDA) and Diagnosis Related Group (DRG) statistics from the year the DSH computation data was compiled. Finally, language is added to allow a hospital to request a review of self-reported data if there was an error that would result in an inappropriate qualification or payment to the hospital.

The rule includes other non-substantive changes to make the rule more understandable.

The updates are proposed to be effective September 1, 2010.