

## **Table of Contents**

**State/Territory Name: Utah**

**State Plan Amendment (SPA) #: 21-0008**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



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**Financial Management Group**

August 17, 2021

Richard G. Saunders  
Executive Director  
Utah Department of Health  
P.O. Box 143102  
Salt Lake City, UT 84114-3102

Re: Utah 21-0008

Dear Mr. Saunders:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 21-0008. Effective for services on or October 1, 2021, this amendment updates the reimbursement methodology for disproportionate share hospital (DSH) payments for federal fiscal year 2022.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 21-0008 is approved effective October 1, 2021. The CMS-179 and the amended plan pages are attached.


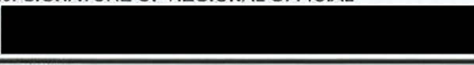
If you have any questions, please contact Christine Storey at (303) 844-7044.

Sincerely,

[Redacted Signature]

For

Rory Howe  
Acting Director

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER U T 21-0008	2. STATE UTAH
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE October 1, 2021	
5. TYPE OF PLAN MATERIAL (Check One) <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 455.304		7. FEDERAL BUDGET IMPACT a. FFY 2022 \$0 b. FFY 2023 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Pages 10, 11.1, 11a, 11a(1), and 11a(2) of ATTACHMENT 4.19-A		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Pages 10, 11.1, 11a, 11a(1), and 11a(2) of ATTACHMENT 4.19-A	
10. SUBJECT OF AMENDMENT Disproportionate Share Hospitals			
10. GOVERNOR'S REVIEW (Check One) <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input type="checkbox"/> OTHER, AS SPECIFIED			
12. SIGNATURE OF STATE AGENCY OFFICIAL 		18. RETURN TO Craig Devashrayee, Manager Technical Writing Unit Utah Department of Health PO Box 143102 Salt Lake City, UT 84114-3102	
13. TYPED NAME Richard G. Saunders			
14. TITLE Executive Director, Utah Department of Health			
15. DATE SUBMITTED May 25, 2021			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED May 25, 2021		18. DATE APPROVED August 17, 2021	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL October 1, 2021		20. SIGNATURE OF REGIONAL OFFICIAL  For	
21. TYPED NAME Rory Howe		22. TITLE Acting Director, Financial Management Group	
23. REMARKS			

INPATIENT HOSPITAL  
Section 400 Adjustments for Disproportionate Share Hospitals

**409 Introduction** -- This section establishes criteria for identifying and paying disproportionate share hospitals (DSH). For the purpose of paying disproportionate share hospitals, there are six types of hospitals: first, private hospitals licensed as general acute hospitals located in urban counties; second, general acute hospitals located in rural counties; third, the State Psychiatric Hospital; fourth, the State Teaching Hospital; fifth, children's hospital; and sixth, frontier county hospitals in economically depressed areas. Out-of-state hospitals are not eligible to receive DSH payments.

Funds from facilities not qualifying for the total annual supplemental payment amounts under Section 415 and 419 will be pooled together for redistribution to other qualifying hospitals under Section 415 and 419. Qualifying hospitals having maximized their annual supplemental DSH payment amount and that have not exceeded their uncompensated care cost will share in the pool based on each hospital's portion of the remaining uncompensated care costs. For example:

HOSP	Supple- mental CAP	Uncomp. Care Cost (UCC)	Supple- mental Payment to CAP	Room to Supple- mental CAP (Pool)	Remaining UCC	% of Remaining UCC	Additional DSH from Pool	Total Supple- mental DSH Paid
A	\$862,000	\$200,000	\$200,000	(\$662,000)	\$0	0%	\$0	\$200,000
B	\$862,000	\$862,000	\$862,000	\$0	\$0	0%	\$0	\$862,000
C	\$862,000	\$900,000	\$862,000	\$0	\$38,000	16%	\$38,000	\$900,000
D	\$1,000,000	\$1,200,000	\$1,000,000	\$0	\$200,000	84%	\$200,000	\$1,200,000
<b>Total</b>	<b>\$3,586,000</b>	<b>\$3,162,000</b>	<b>\$2,924,000</b>	<b>(\$662,000)</b>	<b>\$238,000</b>	<b>100%</b>	<b>\$238,000</b>	<b>\$3,162,000</b>

DSH funds not otherwise paid to qualifying hospitals shall be available, subject to the uncompensated care cost limits, to the State Teaching Hospital. DSH funds not otherwise paid to the State Teaching Hospital shall be available, subject to the uncompensated care cost limits, to the State Psychiatric Hospital. DSH payments will not exceed the federal allotment and match amounts for any given period.

**Redistribution of disallowed monies:**

For the purposes of this section, there are two pools of DSH monies available for potential redistribution of funds: 1) monies paid as lump-sum supplemental payments, and 2) monies paid to the state psychiatric hospital (no redistribution of these funds). If any payments made under this section are disallowed in future periods by CMS or any other audit, those disallowed amounts will be redistributed to other qualifying facilities. The redistribution of those payments will be based on the amount of remaining uncompensated care costs in the period of the disallowance and paid proportionally to the amounts previously paid for the period. Redistributions will not be counted against a facility's current year uncompensated care costs, unless the disallowance was for the current year.

**Annual DSH Audits:**

In addition to any other audits which may occur, independent certified audits of the DSH payments shall be conducted annually in accordance with 42 CFR 455.301 and 42 CFR 455.304. Reporting of the audit shall follow the guidelines stated in 42 CFR 447.299. In accordance with 42 CFR 455.304(e), findings for federal fiscal years 2005-2010 shall not be used for disallowing federal funds. For federal fiscal years 2011 and forward, any overpayments of DSH funds shall be redistributed as described above. Additionally, DSH funds not otherwise paid to qualifying hospitals shall be available, subject to the uncompensated care cost limits, to the State Teaching Hospital. Finally, effective for state plan rate year 2018 DSH audit and subsequent DSH audits, DSH funds not otherwise paid to the State Teaching Hospital shall be available, subject to the uncompensated care cost limits, to the State Psychiatric Hospital.

T.N. No. 21-0008

Approval Date 8-17-21

Supersedes T.N. # 11-0005

Effective 10-1-21

INPATIENT HOSPITAL  
Section 400 Adjustment for Disproportionate Share Hospitals (Continued)

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415 Payment Adjustment for General Acute Rural

General Acute Rural Hospitals will receive payments as outlined in Section 421. Qualifying rural hospitals will also be allowed to participate in a special DSH allotment set aside for current government-owned rural hospitals or rural private hospitals that were government-owned rural hospitals as of January 1, 2011.

Effective beginning federal fiscal year 2022, this additional DSH payment will be based on the lesser of 3.0% of the total federal funds available, rounded to the nearest dollar, per federal fiscal year per hospital or the hospital's uncompensated care cost to Medicaid and the uninsured.

Any hospital that qualifies for additional DSH payments under Section 419 of the State Plan is not eligible for this, Section 415, additional DSH payment.

The actual yearly amounts available to each hospital will vary depending on the Federal Medical Assistance Percentages (FMAP) rate in effect for the period involved and the amount of DSH funding available.

The method and timing of the payment of this additional DSH will be according to the following:

1. Each qualifying hospital must submit an "Uncompensated Care and DSH Survey" documenting the level of uncompensated care they provided. This survey is developed and communicated by the Utah Department of Health and is available on the Medicaid website at <https://medicaid.utah.gov>. Qualifying hospitals may submit their surveys monthly, quarterly, semi-annually, annually, or any combination thereof. Qualifying hospitals may also amend previously submitted data, in the fiscal period, to reflect updated information in that period. The final, or annual survey if elected, must be submitted to the Department within sixty (60) days of the end of the federal fiscal period. A final payment for the federal fiscal period just ended will then be made.
2. These DSH payments will not exceed the total allowed for each facility. A facility may, however, reach its maximum payout prior to the end of the federal fiscal year if there is adequate, documented uncompensated care in early quarters. Payments will be made following the receipt of the qualifying facility's uncompensated care survey, as such, this may be monthly, quarterly, semi-annually, annually, or any combination thereof. Once a facility has reached the annual allotment maximum, no additional payments will be made.

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## INPATIENT HOSPITAL

### Section 400 Adjustment for Disproportionate Share Hospitals (Continued)

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416 Payment Adjustment for State Psychiatric Hospital -- The State Psychiatric Hospital is reimbursed on a retrospective annual cost settlement basis.

The annual limit for State Psychiatric Hospital DSH payments is the lesser of (1) effective beginning federal fiscal year 2022, \$1,200,000 plus the annual federal DSH limit for institutions for mental disease (IMD) or (2) the amount of uncompensated care costs. The method and timing of these DSH payments will be according to the following:

1. In order to receive Supplemental payments, the State Psychiatric Hospital must submit an "Uncompensated Care and DSH Survey" documenting the level of uncompensated care they provided. This survey is developed and communicated by the Utah Department of Health and is available on the Medicaid website at <https://medicaid.utah.gov>. The State Psychiatric Hospital may submit their survey monthly, quarterly, semi-annually, annually, or any combination thereof. The State Psychiatric Hospital may also amend previously submitted data, in the fiscal period, to reflect updated information in that period. The final or annual survey, if elected, must be submitted to the Department within 60 days of the end of the federal fiscal period. A final payment for the federal fiscal period just ended will then be made.
2. The State Psychiatric Hospital DSH payments will not exceed the total allowed as described above. The State Psychiatric Hospital may, however, reach its maximum payout prior to the end of the federal fiscal year if there is adequate, documented, uncompensated care in early quarters. Payments will be made following the receipt of the qualifying facility's uncompensated care survey, as such, this may be monthly, quarterly, semi-annually, annually, or any combination thereof. Once the State Psychiatric Hospital has reached the annual allotment maximum, no additional payments will be made.

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## INPATIENT HOSPITAL

### Section 400 Adjustment for Disproportionate Share Hospitals (Continued)

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419 Depressed Frontier County Hospitals - Will receive a claims add-on payment as outlined in Section 421. Depressed Frontier County Hospitals are also eligible for a Supplemental DSH payment cap (Frontier County Cap), which is higher than the Supplemental DSH payment cap for other rural hospitals. Effective beginning federal fiscal year 2022, this additional DSH payment will be based on the lesser of 3.5% of the total federal funds available, rounded to the nearest dollar, per federal fiscal year per hospital or the hospital's uncompensated care cost to Medicaid and the uninsured.

A hospital will qualify for the Frontier County if it:

1. Is a rural hospital;
2. Is a government-owned hospital; and
3. Is located in a county having the lowest per capita personal income in the State.

The method and timing of the payment of this additional DSH will be according to the following:

1. Each qualifying hospital must submit an "Uncompensated Care and DSH survey" documenting the level of uncompensated care they provided. This survey is developed and communicated by the Utah Department of Health and is available on the Medicaid website at <https://medicaid.utah.gov>. Qualifying hospitals may submit their surveys monthly, quarterly, semi-annually, annually, or any combination thereof. Qualifying hospitals may also amend previously submitted data, in the fiscal period, to reflect updated information in that period. The final, or annual survey if elected, must be submitted to the Department within sixty (60) days of the end of the federal fiscal period. A final payment for the federal fiscal period just ended will then be made.
2. These DSH payments will not exceed the total allowed for each facility. A facility may, however, reach its maximum payout prior to the end of the federal fiscal year if there is adequate, documented uncompensated care in early quarters. Payments will be made following the receipt of the qualifying facility's uncompensated care survey, as such, this may be monthly, quarterly, semi-annually, annually, or any combination thereof. Once a facility has reached the annual allotment maximum, no additional payments will be made.

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INPATIENT HOSPITAL  
Section 400 Adjustment for Disproportionate Share Hospitals (Continued)

**421 Method and Timing of DSH Claims Supplemental Payments** – DSH payments under this section will be made via lump-sum supplemental payments. For each federal fiscal year, 12.5 percent of the CMS preliminary annual Utah federal funds allotment is the basis for the payments made under this section. Each qualifying hospital is assigned to a hospital category (i.e., rural and frontier, urban, children's, and teaching). The supplemental funds are divided by the State to the hospital categories. Within each hospital category, each hospital receives a portion of the hospital category's funds based on its percentage of the total adjusted Medicaid reimbursement for a prior 12-month period. Adjusted Medicaid reimbursement is calculated by multiplying Medicaid reimbursement for the prior year by its ratio of Medicaid days to total days for the same year.

The payment calculation is as follows:

Adjusted Medicaid Reimbursement = Hospital's Medicaid Reimbursement Net of DSH\* (Hospital's Medicaid Days / Total Days).

Hospital Ratio = Adjusted Medicaid Reimbursement / Sum of the Adjusted Medicaid Reimbursement specific to the hospital category.

Hospital Category Supplemental Funds: The total supplemental funds assigned by the State to a hospital category representing hospital types (e.g. rural, urban, children's, and teaching).

Hospital Distribution Amount = Hospital Category's Supplemental Funds\* Hospital Ratio.

Following is an example, for one hospital category, of the calculation outlined above:

Hospital Category Section 421 Funds:							\$100
Hospital	Medicaid Days	Total Days	Medicaid Days % of Total Days	Medicaid Reimb.	Adjusted Medicaid Reimb.	Hospital Ratio	Hospital Distribution Amount
a	100	200	50.0%	\$1,000.00	\$500.00	0.1224	\$12.24
b	200	300	66.7%	\$2,000.00	\$1,333.33	0.3265	\$32.65
c	300	400	75.0%	\$3,000.00	\$2,250.00	0.5510	\$55.10
<b>Total</b>	<b>600</b>	<b>900</b>		<b>\$6,000.00</b>	<b>\$4,083.33</b>		<b>\$100.00</b>

If the CMS final annual Utah allotment is more than the preliminary allotment, the additional allotment will be allocated to the teaching hospital category. If the CMS final annual Utah allotment is less than the preliminary allotment, the reduced allotment will be recovered from the teaching hospital category.

For each federal fiscal year, payments will be made no earlier than the beginning of each federal fiscal year. Payments will be made within six months after receiving the preliminary allotment amount or within six months after the beginning of the federal fiscal year, whichever is later.

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