

## **Table of Contents**

**State/Territory Name: Hawaii**

**State Plan Amendment (SPA) #: 13-006**

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**

**DEC 10 2014**

Patricia McManaman  
Director, Department of Human Services  
P.O. Box 339  
Honolulu, HI 96809-0339

RE: Hawaii State Plan Amendment 13-0006

Dear Ms. McManaman:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 13-0006. This amendment provides for disproportionate share hospital payments for state plan rate year ending September 30, 2013 and after.

We conducted our review of your submittal according to the statutory requirements at sections 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. This is to inform you that Medicaid State plan amendment TN 13-0006 is approved effective September 27, 2013. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Blake Holt at (415) 744-3754 or Mark Wong at (415) 744-3561.

Sincerely,

A black rectangular box redacting the signature of Timothy Hill.

Timothy Hill  
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER:  
13-006

2. STATE  
HAWAII

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  
~~July 1, 2013~~ September 27, 2013

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:  
Section 1923 of the Social Security Act  
42 C.F.R. 447 Subpart E

7. FEDERAL BUDGET IMPACT:

FFY 2013	\$250,000 240,000
FFY 2014	-\$10,393,600

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, page 43 and 43a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 4.19-A, page 43 and 43a

10. SUBJECT OF AMENDMENT:

This amendment increases the current disproportionate share payments by 240,000  
DSH providers for FFY 2013 and to provide for disproportionate share payments using same methodology for FFY 2014  
and after.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

AS APPROVED BY GOVERNOR

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

PATRICIA MCMANAMAN

14. TITLE:

DIRECTOR OF HUMAN SERVICES

15. DATE SUBMITTED:

SEP 18 2013

16. RETURN TO:

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
OFFICE OF THE DIRECTOR  
P.O. Box 339  
HONOLULU, HAWAII 96809-0339

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

DEC 10 2014

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

SEP 27 2013

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Kristin Fan

22. TITLE:

23. REMARKS:

Pen-and-ink changes are made to Boxes 4, 7, 8, 9, and 10 by CMS regional office with concurrence by state.

- c. In the event that the aggregate uncompensated care costs of the governmental DSH hospitals exceed the maximum allotment available for the governmental DSH hospitals, each governmental DSH hospital's uncompensated costs shall be reduced pro rata so that the aggregate of uncompensated costs is equal to the maximum allotment available for the governmental DSH hospitals. Any overpayment to a governmental hospital, based on the results of the DSH audit and reporting requirements per 42 CFR 447.299 and 42 CFR 455 Subpart D or otherwise, including the determination of a hospital's uncompensated care cost limit and its DSH qualification using actual period data, will be recouped from the hospital and redistributed to other governmental DSH hospitals based on the proportion of each remaining hospital's uncompensated care cost to the aggregate of the remaining hospitals' uncompensated care costs.
3. With respect to DSH state plan rate year ending September 30, 2013 and after:
    - a. DSH providers (which do not include governmental DSH providers) shall receive payments from a pool of funds which equal to the total computable amount of Hawaii's annual DSH allotment for each respective fiscal year, per Section 1923(f) of the Social Security Act, reduced by the twenty-five dollars (\$25.00) total computable amount for governmental DSH providers specified in paragraph 3.b below.
      1. The distribution of funds from the pool shall be on the basis of each qualifying hospital's proportionate share of uncompensated costs (as defined in paragraph A-4 above), as reported on the most recent available hospital cost reports.
      2. In no event shall the total payments to a DSH provider for any DSH state plan rate year exceed the uncompensated care costs of the provider for the same DSH state plan rate year. If the provider has uncompensated care costs attributable to DSH state plan rate year that are less than the amount of the payments that would be made to that provider pursuant to subparagraph (1) above (or to the redistribution described in this sentence), the payments to that provider shall be reduced to the amount of its uncompensated care costs attributable to DSH state plan rate year, and the difference shall be distributed to the remaining DSH providers in accordance with subparagraph (1) above.
      3. Any overpayment to a DSH hospital, based on the results of the DSH audit and reporting requirements per 42 CFR 447.299 and 42 CFR 455 Subpart D or otherwise, including the determination of a hospital's uncompensated care cost limit and its DSH qualification using actual period data, will be recouped from the hospital and redistributed to other DSH hospitals in accordance with subparagraph (1) above.
    - b. Governmental DSH providers shall receive payments from a pool of funds in the total computable amount of twenty-five dollars (\$25.00).
      1. The distribution of funds from the pool shall be on the basis of each qualifying hospital's uncompensated care cost (as defined in paragraph A-4 above).
      2. The federal share of the DSH payments to governmental hospitals under this paragraph b., when combined with the federal share of the DSH payment made to DSH hospitals under paragraph 3.a., shall not exceed the federal share of Hawaii's annual DSH allotment for each respective fiscal year, per Section 1923(f) of the Social Security Act.
  4. No payment will be made to any hospital in excess of its total inpatient and outpatient hospital uncompensated care costs.

C. PAYMENT METHOD

Payments will be made in up to four installments for each DSH state plan rate year.

DSH payments for governmental DSH providers will be reconciled in accordance with the methodology set forth in the Protocol referred to in Section E.

D. SOURCE OF DATA

The calculations to be made in determining the payment amounts in accordance with section B.1. above shall be based on cost reports for each hospital's most current fiscal year concluded by June 30, 2011 for DSH state plan rate year ending September 30, 2012. For all subsequent state plan rate years, the payment amount calculations in section B.3.a shall also follow the same timing (e.g., cost reports for each hospital's most current fiscal year concluded by June 30, 2012 for DSH state plan rate year ending September 30, 2013). The calculations to be made in determining the payment amounts in accordance with sections B.2. and B.3.b. above shall be based on sources as specified in the cost protocol in section E below.

E. COST PROTOCOL

Uncompensated cost of government DSH providers will be determined in accordance with the following Cost Protocol:

Government-Owned Hospital  
Uncompensated Care Cost (UCC) Protocol

Introduction

This protocol directs the method that will be used to determine uncompensated care (UCC) payments to government-owned hospitals as allowed by this Section VIII (Disproportionate Share Payments).

Summary of Medicare Cost Report Worksheets

Expenditures will be determined according to costs reported on the hospitals' 2552 Medicare cost reports as follows:

Worksheet A

The hospital's trial balance of total expenditures, by cost center. The primary groupings of cost centers are:

- (i) overhead;
- (ii) routine;
- (iii) ancillary;
- (iv) outpatient;
- (v) other reimbursable; and
- (vi) non-reimbursable.

Worksheet A also includes A-6 reclassifications (moving cost from one cost center to another) and A-8 adjustments (which can be increasing or decreasing adjustments to cost centers). Reclassifications and adjustments are made in accordance with Medicare reimbursement principles.

TN No. 13-006  
Supersedes  
TN No. 12-007

Approval Date: **DEC 10 2014**

Effective Date: September 27, 2013