07/95 iv. *Omnibus Budget Reconciliation Act of 1993* (OBRA '93) Adjustments.

07/08 A. In accordance with *Public Law 103-66*, adjustments to individual hospital's disproportionate share payments shall be made if the sum of Medicaid payments (inpatient, outpatient, and disproportionate share) made to a hospital exceed the costs of providing services to Medicaid clients and persons without insurance.

07/08 B. The adjustment to hospitals will be computed by determining a hospitals cost of inpatient and outpatient services furnished to Medicaid patients, less the amount paid to the hospital for inpatient and outpatient services excluding DSH payments made under this State plan. The cost of services provided to patients who have no health insurance or source of third-party payment less any payments made by these patients, shall be determined and added to the Medicaid shortfall calculated above.

07/08 C. The result shall be compared to the hospitals estimated DSH payments. If the estimated DSH payments exceed the DSH limit (Medicaid shortfall plus cost of uninsured) then the Department will reduce the hospitals DSH rate per day so that their DSH payments will equal the DSH limit.

11/04 D. Beginning with State Plan Rate Year 2011, DSH payments that exceed documented hospital-specific limits, as determined through the independent certified audit of the State's DSH program that is required in 42CFR455.304, shall be redistributed to hospitals that had DSH payments limited under Section C.7.g.iii. of this Chapter. The redistributed payments will be made to satisfy the amount that each hospital was determined eligible to receive prior to the Section C.7.g.iii. limitation, and will be made to hospitals based upon the order detailed in that section.

03/95 v. Medicaid Inpatient Utilization Rate Limit Hospitals that qualify for DSH payment adjustments under this Section shall not be eligible for DSH payment adjustments if the hospital's Medicaid inpatient utilization rate, as defined in Section C.8.e.of this Chapter, is less than one percent.

07/91 8. Inpatient Payment Adjustment Definitions. The definitions of terms used with reference to calculation of the inpatient payment adjustments are as follows:

10/93 a. "Base fiscal year" means, for example, the hospital's fiscal year ending in 1991 for the October 1, 1993, DSH determination year, the hospital's fiscal year ending in 1992 for the October 1, 1994, DSH determination year, *etc.*

10/93 b. "DSH determination year" means the 12-month period beginning on October 1 of the year and ending September 30 of the following year.

07/95 g. "Medicaid (Title XIX) obstetrical inpatient days" means, hospital inpatient days which were subsequently adjudicated by the Department through the last day of June preceding the DSH determination year and contained within the Department's paid claims data base, for recipients of medical assistance under Title XIX of the *Social Security Act*, with a Diagnosis Related Group (DRG) of 370 through 375), and specifically excludes Medicare/Medicaid crossover claims.

10/93 h. "Statewide average hospital payment rate" means the hospital's alternative reimbursement rate, as defined in Section B.1.of Chapter VIII.

10/93 i. "Total Medicaid (Title XIX) inpatient days", as referred to in Sections C.8.d. and C.8.f. above, means, hospital inpatient days, excluding days for normal newborns, which were subsequently adjudicated by the Department through the last day of June preceding the DSH determination year and contained within the Department's paid claims data base, for recipients of medical assistance under Title XIX of the *Social Security Act*, and specifically excludes Medicare/Medicaid crossover claims.

10/93 j. "Medicaid obstetrical inpatient utilization rate base year" means, for example, state fiscal year 1992 for the October 1, 1993, DSH determination year; state fiscal year 1993 for the October 1, 1994, DSH determination year, *etc.*

11/04 k. "State Plan Rate Year", for purposes of the independent certified audit of the State's DSH program, shall mean the twelve month period beginning on July 1st and ending on June 30th of the rate year. For example, State Plan Rate Year 2011 begins on July 1, 2010 and ends June 30, 2011.

OS Notification

State/Title/Plan Number: Illinois 11-009

Type of Action: SPA Approval

Required Date for State Notification: September 28, 2011

Fiscal Impact:

FY 2011	$0
FY 2012	$0

Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment: 0

Number of Potential Newly Eligible People: 0

Eligibility Simplification: No

Provider Payment Increase: No

Delivery System Innovation: No

Number of People Losing Medicaid Eligibility: No

Reduces Benefits: No

Detail: Effective for services on or after April 1, 2011, this amendment adds methodology for redistributing disproportionate share hospital (DSH)payments that exceed documented hospital-specific limits, as determined through the independent certified audit of the State's DSH program that is required in 42CFR455.304.

Other Considerations:

This plan amendment has not generated significant outside interest and we do not recommend the Secretary contact the governor.

Recovery Act Impact:

The Regional office has reviewed this state plan amendment in conjunction with the Recovery Act and, based on the available information provided by the State regarding 1) MOE; 2) local match; 3) prompt pay; 4) rainy day funds, and 5) eligible expenditures, the Regional Office believes that the State is not in violation of the Recovery Act requirements noted above.

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