



Center for Medicaid, CHIP and Survey & Certification

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Mr. Darin J. Gordon  
Director, Bureau of TennCare  
Tennessee Department of Finance and Administration  
310 Great Circle Road  
Nashville, Tennessee 37243

**SEP 27, 2011**

RE: State Plan Amendment 11-008

Dear Mr. Gordon:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 11-008. Effective July 1, 2011 this amendment proposes to redistribute Medicaid Disproportionate Share Hospital (DSH) payments that are found by an independent certified DSH audit and associated reporting to have been made in excess of the hospital-specific DSH limit for a specific State Fiscal Year to other hospitals that were paid less than their DSH limit in their year.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. We have found that the proposed DSH redistribution proposal complies with applicable requirements and therefore have approved them with an effective date of July 1, 2011. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 223-5332.

Sincerely

//s//

Cindy Mann  
Director, CMCS

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

1. TRANSMITTAL NUMBER:  
11-008

2. STATE  
TENNESSEE

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, 2011

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:  
42 U.S.C. § 1396-4 and 42 C.F.R. 447, Subpart E.

7. FEDERAL BUDGET IMPACT:  
a. FFY 2011 \$0  
b. FFY 2012 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A, page 3a of 3a.

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

10. SUBJECT OF AMENDMENT:

Medicaid Disproportionate Share Hospital (DSH) Audit and Report Information – DSH Redistribution State Plan Amendments (SPA).

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED:

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Darin J. Gordon

14. TITLE: Director, Bureau of TennCare

15. DATE SUBMITTED:

16. RETURN TO:

Tennessee Department of Finance and Administration  
Bureau of TennCare  
310 Great Circle Road  
Nashville, Tennessee 37243

Attention: George Woods

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

**SEP 27 2011**

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

**JUL - 1 2011**

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

**Penny Thompson**

22. TITLE:

**Deputy Director, CMCS**

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE TENNESSEE

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
FOR INPATIENT HOSPITAL SERVICES

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**Medicaid Disproportionate Share Hospital (DSH) Redistribution**

**Auditing and Reporting**

As required by Section 1923(j) of the Social Security Act related to auditing and reporting of disproportionate share hospital payments, the Bureau of TennCare will implement procedures to comply with the Disproportionate Share Hospital Payments final rule issued in the December 19, 2008, Federal Register, with an effective date of January 19, 2009, to ensure that the hospital-specific DSH limits have not been exceeded.

**Redistribution Method for Recoupment of DSH Funding**

Effective in State Fiscal Year 2011, in the event that a hospital received DSH payments in State Fiscal Year 2010-11 or a subsequent State Fiscal Year that exceeded the hospital-specific DSH limit in that year, the amount of the DSH excess payments received in that Fiscal Year will be recovered from the hospital and redistributed among the other hospitals in that hospital's DSH group. The data and method used to redistribute excess DSH payments will be consistent with the original determination of DSH payments for that Fiscal Year. The redistribution of funds related to a prior year's allotment shall not count against the State's current year DSH funding allotment.