STATE-FEDERAL UPDATE: DSH PAYMENTS & RURAL HEALTH

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TOPICS COVERED:

- DSH Cuts Overview and History
- Recent DSH Data
- Congressional and Federal Movement
- Rural Health Demonstration Funding
Disproportionate Share Hospital (DSH) Payments - states are required to make DSH payments to hospitals serving a high number of Medicaid and other low-income patients.

States are limited in their DSH spending by federal allotments varying by state.

Allotments are the caps on the federal DSH funds that are available to each state.

Under ACA schedule to reduce federal DSH allotments accounting for decrease of hospitals administering uncompensated care.

The schedule to begin the reductions continued to be pushed back.
RECENT DSH DATA:

- FY2017 hospitals reported $39.9 billion in uncompensated care costs on Medicare care costs.
- Uncompensated hospital care represented more than twice the share of operation expenses in non-expansion states at 7.2 percent, with expansion states at 2.8 percent.
- For the 21 states that did report third-party payments for Medicaid eligible patients, not counting third-party payments more than doubled the uncompensated care reported for DSH hospitals.
In the current 116th Congressional session a few bills have been introduced including:

- S. 18/H.R. 3613- the SAFE Hospitals Act of 2019 and H.R. 3022- the Patient Access Protection Act

CMS finalized rule in September to start reductions totaling $4 billion in FY2020 with $8 billion for each year from FY2021-2025

Cuts were just delayed again under Continuing Resolution to fund the government, will delay them again until December 20
CONGRESSIONAL AND FEDERAL MOVEMENT:

- CMS published proposed rule on November 18 with comments due by January 17, 2020
- Proposing annual DSH reporting would require auditors to provide the financial impacts on whether hospitals receiving DSH payments have done so within their specific limit
- Looking to limit the burden on states and CMS when performing follow-up reviews or audits and make sure funds are appropriately made and recovered
RURAL HEALTH DEMONSTRATION FUNDING:

- Would give rural areas seed money to help redesign their health care systems and encourage providers in those areas to participate in value-based care.
- Money could be spent on telehealth development or hub and spoke models.
- Details on model still pending.
RESOURCES:

THANK YOU!

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