

# STATE OF KANSAS

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## Medicaid Disproportionate Share Hospital (DSH) Program Reform for Kansas

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The Kansas Department of Health and Environment (KDHE) is proposing reforms to the current Medicaid Disproportionate Share Hospital (DSH) program based on recommendations from a collaborative workgroup including the Kansas Hospital Association's (KHA) Medicaid DSH Steering Committee, and Myers and Stauffer, the State's Medicaid DSH contractor. The workgroup began meeting in the fall of 2015 with the overall goal of updating the DSH program to provide fair and equitable distribution of DSH funds to hospitals providing care to Medicaid beneficiaries and the uninsured.

The last major revisions to the DSH program were implemented in 2008. In the past ten years, there have been changes that have demonstrated a need for revision to the State Plan Amendment (SPA) for DSH, including: shifts in hospital losses due to uncompensated care, an increase in Medicaid enrollment, and most significantly, the implementation of managed care in Kansas (KanCare).

In February of 2016, the KHA Medicaid DSH Steering Committee submitted formal SPA reform recommendations to KDHE. Recommendations not requiring a new SPA were implemented in the 2017 DSH year. After careful review of the impact of those changes on the 2017 and 2018 DSH years, KDHE determined that additional changes to the DSH program should be considered.

The guiding principles of the DSH program reform, as identified by the collaborative, are to: a) Maintain the State's support for the DSH program and to continue to expend the maximum amount allowed by Federal regulations; b) Direct resources equitably toward hospitals that provide a high level of service to Medicaid beneficiaries and the uninsured; c) Formulate an allocation methodology that is equitable to critical access and rural hospitals; d) Treat losses equally whether attributable to Medicaid or uninsured inpatient and outpatient services; e) Improve predictability and stability of DSH payments over time; f) Develop a transition period from the current Medicaid DSH plan to the revised DSH plan to protect the financial stability of DSH eligible hospitals.

KDHE will be working under a compact timeline with the goal of submitting SPA changes to the Centers for Medicare & Medicaid Services (CMS), by October 1, 2018. By meeting this timeline, SPA changes will be effective in the 2020 Medicaid DSH year.

In preparation for the first SPA draft deliverable in July 2018, the state's Medicaid DSH contractor, Myers and Stauffer will provide modeling of the proposed SPA changes. KDHE and KHA will host an in-person meeting on July 24, 2018, that will be open to all hospitals to allow KDHE and Myers and Stauffer to discuss the proposed SPA changes. Once the changes are finalized, the SPA will be open for a 30-day public comment period through the Kansas Register.

The meeting will be held at the Kansas Historical Society and Museum, 6425 SW 6<sup>th</sup> Avenue, Topeka, Kansas 66615. The meeting is scheduled from 1 p.m. to 4 p.m.

Questions regarding the Medicaid DSH Reform should be directed to Rowena Regier, Reimbursement Manager, KDHE, at 785-291-3625 or [rowena.regier@ks.gov](mailto:rowena.regier@ks.gov).