COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

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November 27, 2019

MEMORANDUM

TO: The Honorable Thomas K. Norment, Jr.
Co-Chairman, Senate Finance Committee

The Honorable Emmett W. Hanger, Jr.
Co-Chairman, Senate Finance Committee

The Honorable S. Chris Jones
Chairman, House Appropriations Committee

Daniel S. Timberlake
Director, Virginia Department of Planning and Budget

FROM: Karen Kimsey
Director, Department of Medical Assistance Services

SUBJECT: Report on the Methodology for Disproportionate Share Hospital (DSH) Payments

The 2019 Appropriations Act Item 303 EEEE states the Department of Medical Assistance Services shall develop a methodology for Disproportionate Share Hospital (DSH) payments that recognizes and creates incentives for private hospitals in providing medical services for individuals subject to temporary detention orders (TDOs). The methodology shall factor in utilization related to TDOs in the DSH methodology. The department shall have the authority to modify the State Plan for Medical Assistance and to implement the changes in the DSH methodology effective January 1, 2019 and prior to the completion of the regulatory process. The department shall report on the details of the methodology, and the potential impact on allocations to hospitals, to the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2019.

Should you have any questions or need additional information, please feel free to contact me at (804) 786-8099.

KK/
Enclosure
pc: The Honorable Daniel Carey, MD, Secretary of Health and Human Resources

Report on the Methodology for Disproportionate Share Hospital (DSH) Payments

A Report to the Virginia General Assembly

December 1, 2019

Report Mandate:

The Department of Medical Assistance Services shall develop a methodology for Disproportionate Share Hospital (DSH) payments that recognizes and creates incentives for private hospitals in providing medical services for individuals subject to temporary detention orders (TDOs). The methodology shall factor in utilization related to TDOs in the DSH methodology. The department shall have the authority to modify the State Plan for Medical Assistance and to implement the changes in the DSH methodology effective January 1, 2019 and prior to the completion of the regulatory process. The department shall report on the details of the methodology, and the potential impact on allocations to hospitals, to the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2019.

Background

State psychiatric hospitals currently operate at 97% occupancy with staffed bed use at approximately 127%. This state hospital census pressure stems from the average annual increase in civil temporary detention order (TDO) admissions to these hospitals. Table 1 indicates that between FY 2015 and 2018 TDO admissions for state hospitals have increased 168% while total statewide TDO admissions increased by only 3%. Legislation enacted in 2014 requires that state hospitals provide the "bed of last resort" for individuals under an emergency custody order who meet the criteria for a TDO if there is no other willing provider. [§37.2-809 of the Code of Virginia as amended by SB 260 (2014)]

While statewide TDO admissions remain relatively level, the role of the private hospitals in serving this population has decreased steadily, dropping from 92.7% of total TDO admissions in FY 2013 to 74.2% in FY 2018 (Table 1). The declining participation of the private hospitals is the primary factor contributing to a 320% increase in civil TDO admissions between FY 2013 and FY 2018 at state hospitals.

About DMAS and Medicaid

DMAS's mission is to improve the health and well-being of Virginians through access to high-quality health care coverage.

DMAS administers Virginia's Medicaid and CHIP programs. Through the Medallion 4.0 and Commonwealth Coordinated Care (CCC) Plus managed care programs, more than 1.4 million Virginians access primary and specialty health services, inpatient care, behavioral health, and addiction and recovery treatment services. In addition, Medicaid long-term services and supports enable thousands of Virginians to remain in their homes or to access residential and nursing home care.

Medicaid members historically have included children, pregnant women, parents and caretakers, older adults, and individuals with disabilities. In 2019, Virginia expanded the Medicaid eligibility rules to make health care coverage available to close to 400,000 newly eligible, low-income adults.

Medicaid and CHIP (known in Virginia as Family Access to Medical Insurance Security, or FAMIS) are jointly funded by Virginia and the federal government under Title XIX and Title XXI of the Social Security Act. Virginia generally receives a dollar-for-dollar federal spending match in the Medicaid program. Medicaid expansion qualifies the Commonwealth for a federal funding match of no less than 90 percent for newly eligible adults, generating cost savings that benefit the overall state

Table 1: Civil TDO Admissions for State and Private Hospitals							
	Total Civil TDO Admissions			% of Total		% Change	
	State	Private	Total	State	Private	State	Private
FY13	1,559	19,806	21,365	7.3%	92.7%		
FY14	1,709	20,868	22,577	7.6%	92.4%	9.6%	5.4%
FY15	2,440	22,166	24,606	9.9%	90.1%	42.8%	6.2%
FY16	3,806	22,013	25,819	14.7%	85.3%	56.0%	-0.7%
FY17	4,472	21,151	25,623	17.5%	82.5%	17.5%	-3.9%
FY18	6,547	18,870	25,417	25.8%	74.2%	46.4%	-10.8%

Source: Virginia Department of Behavioral Health and Developmental Services; Virginia Supreme Court

Proposal to Increase Private Hospital TDO Participation

Disproportionate Share Hospital (DSH) payments provide hospitals with additional funding for serving a high proportion of uninsured and Medicaid individuals. Appendix A describes Federal and current Virginia rules for DSH payments. Virginia Medicaid annually provides approximately $25 million (total funds) to private acute hospitals for DSH payments (excluding the Children's Hospital of the King's Daughters (CHKD)). Currently DMAS allocates DSH payments to all eligible private hospitals with Medicaid days in excess of 14%.

The budget item directs DMAS to develop an alternative DSH methodology that "recognizes and creates incentives for private hospitals in providing medical services for individuals subject to temporary detention orders (TDOs)… factor(ing) in utilization related to TDOs in the DSH methodology." DMAS proposes basing the DSH payment methodology for private hospitals on Medicaid covered TDO admissions rather than the current 14% Medicaid utilization threshold. The proposal is budget neutral; it assumes no additional DSH payments would be made to private hospitals.

To implement this proposal, DMAS would set a target number of TDO admissions to be provided by private hospitals for the coming fiscal year. The basis for the target would be the number of Medicaid TDO admissions by private acute care hospitals in FY 2015. State hospitals began to see occupancy rates increase substantially in FY 2016, so the model uses FY 2015 as the latest year with appropriate occupancy.

DMAS would calculate a DSH payment per TDO by dividing the total available DSH funding for private hospitals by the target number of Medicaid TDOs by private hospitals for the coming fiscal year. DMAS would exclude private hospitals without an obstetrics unit, which is required by Federal rules. Out-of-state hospitals that currently qualify for DSH payments would also be excluded. Children's hospitals would not qualify under this policy

Appendix B provides the DSH payment impact of this proposal by hospital. The model includes the expected number of private hospitals meeting the TDO target and the expected number of TDOs using the most recent experience from FY 2018. The model incorporates TDO admissions collected by the Virginia Department of Behavioral Health and Developmental Services (DBHDS) from the Virginia Supreme Court. Based on information from DBHDS, the model assumes that 50% of the admissions would be covered by Medicaid.

Private Hospital Impact (Acute and Psychiatric)

If the current DSH methodology is fully substituted with the proposed TDO methodology, there will be a significant shift in DSH funds. If hospitals' TDO admissions reflect the FY 2018 distribution, the fiscal impact to instate hospitals will be a net reduction of $3.5 million in DSH payments for instate hospitals. Some hospitals with high Medicaid utilization will not receive any DSH payments if they do not have a psychiatric unit. Some hospitals currently accepting TDO admissions will not receive DSH payments, because they do not meet Federal DSH requirements. Table 2 shows former DSH

hospitals that will not receive DSH payments under this methodology.

Table 2: Private Acute DSH Hospitals with No DSH Payments Under New Methodology	
Hospital Name	**FY 20 DSH (inflated)**
Sentara Northern Virginia Medical Center	539,755
Mary Immaculate Hospital	435,098
DePaul Medical Center	252,352
Southside Community Hospital Association	151,349
Bon Secours St Francis Medical Center	132,756
Warren Memorial Hospital, Inc.	106,494
Inova Alexandria Hospital	96,050
Culpeper Memorial Hospital, Inc.	41,648
Sentara Leigh Hospital	23,864
Wythe County Community Hospital	19,533
Fair Oaks Hospital	9,774
Sentara Princess Anne Hospital	5,574
Source: DMAS DSH TDO Allocation Model; model assumes 3.1% inflation for hospitals (2020 Q4 estimated from Global Insight)	

Table 3 shows hospitals currently accepting TDO admissions that will not receive DSH due to obstetrics requirements.

Table 3: Non-DSH Hospitals with TDO Admissions	
Hospital Name	**Number of Medicaid TDO Admissions (FY 18)**
John Randolph Medical Center	199
Russell County Medical Center	176
Mount Vernon Hospital	162
Dickenson Community Hospital	87
Southern Virginia Regional Medical Center	72
Alleghany Regional Hospital	67
Carilion Franklin Memorial Hospital	2
Source: DBHDS TDO data from the Virginia Supreme Court database	

If this DSH model is implemented, several hospitals will see significant reductions in DSH payments. Five hospitals could have DSH payments decrease by at least $1 million even if the 2015 TDO admission targets are achieved. These hospitals include: Carilion Medical Center, Inova Fairfax Hospital, Riverside Regional, Sentara Norfolk General, and Winchester Medical Center. In addition, no out-of-state hospitals would receive DSH payments. . Children's hospitals would also be impacted by this policy.

The most recent DSH audit of Medicaid inpatient utilization indicates that 11 hospitals are "deemed" DSH hospitals, but five of these hospitals (Shore Memorial, Clinch Valley, Norton, Johnston Memorial and Halifax Regional) would not receive DSH payments under the TDO formula. In order to comply with Federal DSH rules, DMAS would pay $100,000 in DSH to deemed DSH hospitals who otherwise would not receive at least $100,000 under the TDO formula. Appendix B shows the deemed DSH hospitals and those that would receive the minimum $100,000 payment.

DMAS considered allocating DSH to private psychiatric hospitals; however, these payments must comply with Federal regulation. Most freestanding psychiatric hospitals will not meet the 1% Medicaid utilization threshold because Federal law prohibits Medicaid payment for adults age 21-64 in an Institution for Mental Disease (IMD). The TDOs would not be Medicaid covered. Poplar Springs could meet the 1% Medicaid utilization threshold for DSH payments because it primarily serves children who would be covered under Medicaid.

Operational/Implementation Issues

For modeling, DMAS used historical data from the Virginia Supreme Court and an assumption that 50% of the TDOs would be Medicaid covered post-expansion. To implement this proposal, however, DMAS will have to collect information on Medicaid TDOs on a *current* basis from the hospitals, so that DSH payments reflect the desired change in admission policy. DMAS would require hospitals to use an appropriate modifier when submitting claims for FFS or MCOs. The TDO admission recorded on the claim will trigger the DSH payment. DMAS proposes to aggregate all TDO admissions in a quarter using FFS claims and MCO encounters and make quarterly payments retroactively. Interim payments also could be made prospectively and then settled at the end of the year to account for lags in claims and encounter submissions.

The final implementation should consider establishing a minimum DSH payment threshold. Hospitals receiving DSH payments are subject to DSH audits, so hospitals may not want to undergo the audit process for nominal DSH payments.

DMAS would work with DBHDS on developing annual Medicaid TDO admission targets prior to the fiscal year. In general, the targets would be based on aggregate historical experience trended forward. Appendix B (Table 6) shows the target development for the new DSH model. DMAS proposes to finalize the DSH amounts per TDO and the DSH payments retrospectively for at least the first year and possibly longer until it can better project the actual number of Medicaid TDO admissions, which is not currently available. There may also be other reasons to adjust the target. For example, CHKD is building a psychiatric unit for children and will begin to take TDOs in FY22. While the DMAS proposal uses experience in FY15 trended forward, it may be preferable to transition to that target over multiple years.

While the budget language authorizes DMAS to implement this TDO methodology for DSH as early as January 2019, DMAS can only implement this TDO methodology prospectively following a prior Public Notice according to CMS rules for State Plan Amendments. Furthermore, DSH payments have historically been calculated on a State Fiscal Year basis. The earliest opportunity for making these changes will be July 1, 2020. The General Assembly also may prefer to fine tune this methodology based on the issues raised in this report.

Other Fiscal Impacts

The goal of the budget amendment is to incentivize private hospitals to provide TDOs at the same level that they provided them in FY15; however, private hospitals may not achieve that goal. If they do not achieve that goal, there will be savings unless otherwise redirected. That savings could be repurposed to DBHDS facilities, ideally as a Medicaid payment with 50% paid by the Federal government.

For purposes of this report, DMAS proposes to repurpose the existing DSH funding for private hospitals in a budget neutral manner. The revised DSH funding allocation would incentivize private hospitals to provide a target number of Medicaid TDO admissions. The current source for the DSH State Share is legislative appropriations. The General Assembly may wish to appropriate additional DSH funding, if the state can furnish the non-Federal share. Additional DSH funding could be used to increase the incentive to private hospitals. Alternatively, it could be used to make DSH payments to state freestanding psychiatric hospitals, particularly the Commonwealth Center for Children and Adolescents (CCCA). DSH payments to CCCA would results in state savings.

If private hospitals exceed the target, then spending will exceed the budgeted amount. However, we understand that this possibility would have an overall positive impact because it would reduce the financial burden on state facilities.

Stakeholder Comments

The Virginia Hospital and Healthcare Association (VHHA) argues that DSH funding is not an effective or appropriate tool to incentivize private hospitals to accept additional TDO admissions. The VHHA notes that not all hospitals are eligible for DSH funding and that multiple factors such as an increase in voluntary psychiatric admissions, insufficient discharge options along with staff recruitment and retention challenges contribute to decreased TDO admissions for community hospitals.

Appendix A – Federal and Current Virginia DSH Requirements

Federal Medicaid DSH Requirements

The Social Security Act [Sec. 1923. [42 U.S.C. 1396r–4]] requires state Medicaid programs to make DSH payments to hospitals that serve a disproportionate share of Medicaid and low income individuals but provides states with substantial latitude in determining these payments. Federal DSH requirements include:

- Eligible hospitals must have a minimum of 1% Medicaid utilization;
- Eligible hospitals must provide non-emergency obstetric services. Federal regulations provide exceptions for children's hospitals and hospitals that did not furnish non-emergency obstetric services in 1987;
- DSH payments are limited to a hospital's uncompensated care costs (UCC). UCC consists of Medicaid losses and costs for treating the uninsured. CMS requires states to audit UCC four years after the end of the state plan rate year, which is equivalent to the state fiscal year in Virginia. Recent litigation in favor of the Centers for Medicare and

Medicaid Services (CMS) resulted in the reduction of UCC for many hospitals; and

- Hospitals with Medicaid utilization more than one standard deviation above the statewide average Medicaid utilization are "deemed" DSH hospitals and must receive a DSH payment; however, the state determines the DSH payment amount.

Each state has a DSH allotment, that is the maximum DSH that a state can pay in a year. Within the total DSH allotment there is an allotment for Institutions for Mental Disease (IMDs). The Affordable Care Act directed CMS to reduce the DSH allotment starting in Federal FY14; however, Congress has delayed the reductions. CMS issued a final rule effective November 2019 to implement the DSH reductions in Federal FY20. Unless Congress enacts a further delay, Table 4 shows Virginia's unreduced and reduced FY20 DSH allotment (including the non-Federal share) and the DSH IMD Limit. The IMD limit of $7.8 million remains unchanged. While the unreduced allotment increases annually and the reductions may vary depending on changes in factors, the reductions double in FY21-FY25. As a result, next year Virginia's DSH allotment will be approximately $85 million.

Table 4: Virginia DSH Allotment Federal Fiscal Year 2020, Total Funds

	DSH Allotment	DSH IMD Limit
Unreduced Allotment	$204,896,166	$7,770,268
Reduced Allotment	$145,409,064	$7,770,268

Providing DSH funding to IMDs has its own complication because of the IMD Exclusion in Federal law, which prohibits Medicaid payments for adults age 21-64 in IMDs. IMDs can be both state and private freestanding psychiatric hospitals. TDOs for Medicaid adults age 21 to 64 in freestanding psychiatric facilities are not covered by Medicaid and are paid for out of the State (non-Medicaid) TDO fund. Medicaid can cover children and individuals age 65 and over in an IMD.

Medicaid utilization is the most common state criteria for qualifying for DSH funds and determining the allocation of DSH funds to hospitals. It is also arguably the most consistent with the intended purpose in the statute. However, many states use other criteria for some or all of their DSH payments. In particular, about half of states target some DSH funding to IMDs, both state and private.

Current Virginia Medicaid Requirements

Virginia pays DSH funds to private acute hospitals using Medicaid hospital days as the primary qualifying criteria. Private hospitals with at least 14% Medicaid utilization are eligible for DSH payments, and the amount of DSH payment increases based on the number of days above the 14% Medicaid threshold. DSH funding consists of a fixed pool that only grows by inflation annually. Virginia appropriated $25 million for hospitals in FY20. While all DSH hospitals must have at least 14% Medicaid utilization, Virginia has separate DSH pools and payment methodologies for CHKD, the University of Virginia Hospital, and Virginia Commonwealth Health System. As of FY20, Virginia no longer pays DSH funds to the state geriatric hospitals, Catawba and Piedmont, because they have not met CMS certification requirements (the state is appealing this).

Table 5 shows the number of hospitals by hospital type that are eligible to receive DSH payments. Under current Virginia DSH Medicaid utilization rules, only one freestanding psychiatric hospital qualifies for DSH funding. Of the 39 private acute care hospitals that currently qualify for DSH funds, 16 have psychiatric units and accept TDO admissions. Of the 28 acute care hospitals with psychiatric units, 4 do not qualify for DSH funds because they do not meet the Federal DSH obstetrics requirement. DMAS is evaluating another hospital that recently terminated non-emergency obstetric services for whether it meets Federal DSH requirements.

Table 5: DSH Eligibility by Hospital Type

Hospital Type	Number	Current DSH Hospitals	Eligible for DSH
Non-State Acute no Psychiatric Unit	52	23	NA
Non-State Acute with Psychiatric Unit	28	16	24*

Note: DMAS is currently evaluating 1 hospital for compliance with Federal DSH obstetrics requirements

Appendix B – Model of Proposed DSH Change Impact

Table 6: Determination of Target DSH Payment Per Medicaid TDO Admission		
FY 2020 DSH Allotment	$	25,351,112
Hospital inflation		3.1%
FY 2021 DSH Allotment	$	26,136,996
Deemed DSH Hospital Payments for hospitals with no TDO admissions (required)	$	600,000
FY 2021 DSH Available	$	25,536,996
Number of Medicaid Acute Hospital TDO Admissions (statewide)		5,235
DSH Payment Per Medicaid TDO Admission	**$**	**4,878.59**

Table 7: Model of Proposed TDO DSH Allocation Methodology

Model Per TDO Amount: $4,878.59

MODEL 1: No change in hospital TDO Admissions
MODEL 2: TDO Admissions reflect 2015 admissions

		Total TDOs		Medicaid TDOs									
INSTATE HOSPITALS	**Number of Psychiatric Beds**	**2015**	**2018**	**2015**	**2018**	**Medicaid Utilization % PFY 2016**	**OB SERVICES OR EXEMPT**	**DEEMED DSH HOSPITAL**	**SFY 20 DSH AWARD (inflated)**	**MODEL 1 DSH AWARD**	**MODEL 1 FISCAL IMPACT**	**MODEL 2 DSH AWARD**	**MODEL 2 FISCAL IMPACT**
Alleghany Regional Hospital		290	133	145	67	6.7%	No		-				
Augusta Medical Center	28	267	223	134	112	10.5%	Yes		-	543,963	543,963	651,292	651,292
Bath County Community Hospital				-	-	0.2%	No		-				
Bedford Memorial Hospital		4	1	2		8.5%	No		-				
Bon Secours Mem Regional Medical Center				-	-	13.0%	Yes		-	-	-	-	-
Bon Secours St Francis Medical Center		1			-	15.9%	Yes		132,756	-	(132,756)	-	(132,756)
Buchanan General Hospital				-	-	17.7%	No		-				
Carilion Franklin Memorial Hospital			3	-	2	9.4%	No		-				
Carilion Giles Memorial Hospital				-	-	4.2%	No		-				
Carilion Medical Center	35	716	450	358	225	27.9%	Yes	Yes	4,931,444	1,097,683	(3,833,761)	1,746,536	(3,184,908)
Carilion New River Valley Medical Center		818	439	409	220	21.1%	Yes		422,995	1,070,851	647,857	1,995,345	1,572,350
Carilion Tazewell Community Hospital				-	-	11.1%	No		-				
Chesapeake General Hospital			1	-		16.3%	Yes		275,980	-	(275,980)	-	(275,980)
Children's Hospital of Richmond				-	-	0.0%	No		-				
Chippenham Johnston-Willis	113	1,149	886	575	443	19.6%	Yes		1,855,225	2,161,217	305,992	2,802,752	947,527
Clinch Valley Medical Center				-	-	23.0%	Yes	Yes	214,434	100,000	(114,434)	100,000	(114,434)
Columbia Reston Hospital Center				-	-	10.4%	Yes		-	-	-	-	-
Culpeper Memorial Hospital, Inc.				-	-	18.0%	Yes		41,648	-	(41,648)	-	(41,648)
Cumberland Hospital				-	-	0.0%	No		-				
Danville Regional Medical Center	25	384	298	192	149	17.3%	Yes	Yes	363,955	726,910	362,955	936,690	572,735
Depaul Medical Center				-	-	19.1%	Yes		252,352	-	(252,352)	-	(252,352)
Dickenson Community Hospital	10		173	-	87	0.0%	No		-				
Fair Oaks Hospital			1	-		14.1%	Yes		9,774	-	(9,774)	-	(9,774)
Fauquier Medical Center				-	-	12.4%	Yes		-	-	-	-	-
Halifax Regional Hospital				-	-	14.8%	Yes	Yes	22,575	100,000	77,425	100,000	77,425
Hampton Roads Specialty Hospital				-	-	4.7%	No		-				

Table 7: Model of Proposed TDO DSH Allocation Methodology

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MODEL 1: No change in hospital TDO Admissions
MODEL 2: TDO Admissions reflect 2015 admissions

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INSTATE HOSPITALS	**Number of Psychiatric Beds**	**2015**	**2018**	**2015**	**2018**	**Medicaid Utilization % PFY 2016**	**OB SERVICES OR EXEMPT**	**DEEMED DSH HOSPITAL**	**SFY 20 DSH AWARD (inflated)**	**MODEL 1 DSH AWARD**	**MODEL 1 FISCAL IMPACT**	**MODEL 2 DSH AWARD**	**MODEL 2 FISCAL IMPACT**
Haymarket Medical Center			67	-	34	15.0%	Yes		12,440	163,433	150,993	-	(12,440)
Henrico Doctors Hospital	24	355	216	178	108	15.8%	Yes		386,446	526,888	140,442	865,950	479,505
Inova Alexandria Hospital		1	1			14.7%	Yes		96,050	-	(96,050)	-	(96,050)
Inova Fairfax Hospital		523	377	262	189	22.2%	Yes		3,896,062	919,615	(2,976,448)	1,275,752	(2,620,310)
John Randolph Medical Center	64	475	398	238	199	18.0%	No		-				
Johnston Memorial Hospital, Inc.				-	-	15.9%	Yes	Yes	107,601	100,000	(7,601)	100,000	(7,601)
Lewis-Gale Hospital, Inc.	104	77	288	39	144	13.5%	Yes		-	702,517	702,517	187,826	187,826
Lonesome Pine Hospital			2	-	1	23.7%	Yes	Yes	132,560	100,000	(32,560)	100,000	(32,560)
Loudoun Memorial Hospital	22	149	103	75	52	11.8%	Yes		-	251,248	251,248	363,455	363,455
Louise Obici Memorial Hospital		103	122	52	61	20.2%	Yes		429,261	297,594	(131,667)	251,248	(178,013)
Martha Jefferson Hospital	20	1			-	6.9%	Yes		-	-	-	-	-
Mary Immaculate Hospital		1			-	23.0%	Yes		435,098	-	(435,098)	-	(435,098)
Mary Washington Hospital	42	523	756	262	378	17.1%	Yes		563,310	1,844,108	1,280,799	1,275,752	712,443
Maryview Hospital	30	789	488	395	244	21.8%	Yes		784,164	1,190,377	406,213	1,924,605	1,140,441
Memorial Hospital of Martinsville	12	22	68	11	34	15.9%	Yes	Yes	-	165,872	165,872	53,665	53,665
Montgomery Regional Hospital		1			-	12.4%	Yes		-	-	-	-	-
Mount Vernon Hospital	24	548	323	274	162	5.2%	No		-				
Norton Community Hospital				-	-	22.9%	Yes	Yes	176,724	100,000	(76,724)	100,000	(76,724)
Page Memorial Hospital, Inc.				-	-	3.1%	No		-				
Prince William Medical Center	32	282	110	141	55	23.4%	Yes		531,528	268,323	(263,205)	687,882	156,354
Pulaski Community Hospital				-	-	7.7%	No		-				
Rappahannock General Hospital	10	165	77	83	39	12.8%	Yes		-	187,826	187,826	402,484	402,484
Richmond Community Hospital	40	689	510	345	255	29.8%	Yes	Yes	313,232	1,244,041	930,809	1,680,675	1,367,443
Riverside Doctors' Hospital of Williamsburg			1	-		5.1%	Yes		-	-	-	-	-
Riverside Hospital	20	8	2	4		23.6%	Yes		1,747,871	-	(1,747,871)	19,514	(1,728,356)
Riverside Middle Peninsula Hospital				-	-	5.8%	No		-				

Table 7: Model of Proposed TDO DSH Allocation Methodology

Model Per TDO Amount: $4,878.59

MODEL 1: No change in hospital TDO Admissions
MODEL 2: TDO Admissions reflect 2015 admissions

		Total TDOs		Medicaid TDOs									
INSTATE HOSPITALS	**Number of Psychiatric Beds**	**2015**	**2018**	**2015**	**2018**	**Medicaid Utilization % PFY 2016**	**OB SERVICES OR EXEMPT**	**DEEMED DSH HOSPITAL**	**SFY 20 DSH AWARD (inflated)**	**MODEL 1 DSH AWARD**	**MODEL 1 FISCAL IMPACT**	**MODEL 2 DSH AWARD**	**MODEL 2 FISCAL IMPACT**
Riverside Tappahannock Hospital				-	-	6.5%	No		-				
Russell County Medical Center	20	337	352	169	176	25.5%	No		-				
Sentara Hampton General Hospital				-	-	10.6%	Yes		-	-	-	-	-
Sentara Leigh Hospital				-	-	14.2%	Yes		23,864	-	(23,864)	-	(23,864)
Sentara Norfolk General Hospital	34	351	356	176	178	23.6%	Yes		2,848,855	868,390	(1,980,465)	856,193	(1,992,662)
Sentara Northern Virginia Medical Center		8		4	-	21.2%	Yes		539,755	-	(539,755)	19,514	(520,241)
Sentara Princess Anne Hospital			1	-		14.1%	Yes		5,574	-	(5,574)	-	(5,574)
Sentara Rockingham Medical Center	20	266	244	133	122	11.5%	Yes		-	595,188	595,188	648,853	648,853
Sentara Williamsburg Community Hospital		1			-	11.2%	Yes		-	-	-	-	-
Shenandoah Memorial Hospital				-	-	4.1%	No		-				
Shore Memorial Hospital	14	1			-	20.3%	Yes	Yes	106,894	100,000	(6,894)	100,000	(6,894)
Smyth County Community Hospital				-	-	6.7%	No		-				
Southampton Memorial Hospital				-	-	16.9%	No		-				
Southern Virginia Regional Medical Center		197	144	99	72	13.4%	No		-				
Southside Community Hospital Association				-	-	20.9%	Yes		151,349	-	(151,349)	-	(151,349)
Southside Regional Medical Center	31	334	361	167	181	15.0%	Yes		115,027	880,586	765,559	814,725	699,698
Spotsylvania Medical Center, Inc.	28	419	248	210	124	15.9%	Yes		92,553	604,946	512,393	1,022,065	929,512
St Mary's Hospital of Richmond	32	250	341	125	171	17.1%	Yes		537,421	831,800	294,379	609,824	72,403
Stafford Hospital LLC			1	-		13.0%	Yes		-	-	-	-	-
Stonesprings Hospital Center				-	-	13.5%	Yes		-	-	-	-	-
Stonewall Jackson Hospital				-	-	4.9%	No		-				
Twin County Regional Hospital	20	271	249	136	125	21.2%	Yes	Yes	126,469	607,385	480,916	661,049	534,581
Virginia Beach General Hospital	24	270	309	135	155	9.0%	Yes		-	753,743	753,743	658,610	658,610
Virginia Hospital Center Arlington		256	248	128	124	10.6%	Yes		-	604,946	604,946	624,460	624,460
Virginia Baptist Hospital	45	816	588	408	294	17.2%	Yes		734,880	1,434,306	699,426	1,990,466	1,255,586
Warren Memorial Hospital, Inc.				-	-	23.5%	Yes		106,494	-	(106,494)	-	(106,494)
Winchester Medical Center		209	261	105	131	22.8%	Yes		1,773,209	636,656	(1,136,552)	509,813	(1,263,396)

Table 7: Model of Proposed TDO DSH Allocation Methodology

Model Per TDO Amount: $4,878.59

MODEL 1: No change in hospital TDO Admissions
MODEL 2: TDO Admissions reflect 2015 admissions

		Total TDOs		Medicaid TDOs									
INSTATE HOSPITALS	**Number of Psychiatric Beds**	**2015**	**2018**	**2015**	**2018**	**Medicaid Utilization % PFY 2016**	**OB SERVICES OR EXEMPT**	**DEEMED DSH HOSPITAL**	**SFY 20 DSH AWARD (inflated)**	**MODEL 1 DSH AWARD**	**MODEL 1 FISCAL IMPACT**	**MODEL 2 DSH AWARD**	**MODEL 2 FISCAL IMPACT**
Wythe County Community Hospital			1	-		15.8%	Yes		19,533	-	(19,533)	-	(19,533)
SUBTOTAL - ALL INSTATE HOSPITALS	**923**	**12,327**	**10,221**	**6,164**	**5,111**				**25,317,360**	**21,780,413**	**(3,536,947)**	**26,136,996**	**819,637**
SUBTOTAL - ONLY DSH INSTATE HOSPITALS		**10,476**	**8,694**	**5,238**	**4,347**								
OUT OF STATE HOSPITALS													
Duke University Medical Center	-	-	-	-	-	27.0%	Yes		38,337	-	(38,337)	-	(38,337)
George Washington University Hospital	-	-	-	-	-	29.9%	Yes		17,979	-	(17,979)	-	(17,979)
Georgetown University Hospital	-	-	-	-	-	22.5%	Yes		35,101	-	(35,101)	-	(35,101)
Hospital for Sick Children Pediatric Center	-	-	-	-	-	87.0%	Yes		151,378	-	(151,378)	-	(151,378)
Indian Path Medical Center	-	-	-	-	-	21.8%	Yes		32,724	-	(32,724)	-	(32,724)
Johnson City Medical Center Hospital	-	-	-	-	-	25.6%	Yes		434,729	-	(434,729)	-	(434,729)
North Carolina Baptist Hospital	-	-	-	-	-	24.2%	Yes		38,310	-	(38,310)	-	(38,310)
Washington Hospital Center	-	-	-	-	-	31.4%	Yes		18,731	-	(18,731)	-	(18,731)
Wellmont Bristol Regional Medical Center	-	-	-	-	-	12.5%	Yes		-	-	-	-	-
Wellmont Holston Valley Community Hospital	-	-	-	-	-	15.6%	Yes		52,348	-	(52,348)	-	(52,348)
SUBTOTAL - OUT OF STATE HOSPITALS	-	-	-	-	-				**819,637**	**-**	**(819,637)**	**-**	**(819,637)**
TOTAL - ALL HOSPITALS	**923**	**12,327**	**10,221**	**6,164**	**5,111**				**26,136,996**	**21,780,413**	**(4,356,584)**	**26,136,996**	**(0)**

Note: DMAS assumed that hospitals with only 1 TDO in either time period did not have a Medicaid TDO. For deemed DSH hospitals, DMAS proposed payment of $100,000 if the hospital has no Medicaid TDO admissions. The model shows payments for deemed DSH hospitals with and without TDO admissions. The data source for the TDO admissions required matching by hospital name as entered in the Virginia Supreme Court database. Approximately 3% of statewide TDOs from the data could not be attributed to a facility; therefore, DMAS excluded those records from the model.

Sources: 1) Number of Psychiatric Beds - Virginia Department of Behavioral Health and Developmental Services 2) TDO Admissions - Virginia Supreme Court records provided by the Virginia Department of Behavioral Health and Developmental Services 3) Medicaid utilization - DMAS Provider Reimbursement Division 4) OB services/exemption - DMAS Provider Reimbursement Division 5) Deemed DSH Hospitals - DMAS Cost Settlement and Audit contractor 5) SFY 20 DSH Payments - DMAS Provider Reimbursement Division.