r.2.

SUBJECT: Inpatient Hospital Disproportionate Share Adjustment

ASSURANCE: In accordance with section 1923(a) of the Social Security Act, the State assures the Secretary that the Minnesota State plan for reimbursement of inpatient hospital services is in compliance with the disproportionate population adjustment (DPA) requirement of that section for the period July 1, 1988 to June 30, 1989.

RELATED INFORMATION AND FINDING: The State's assurance of compliance with the DPA requirement is based on the two attached print-outs and the three year phase-in. Attachment 1 to this supplement provides information concerning the following:

- The Medicaid inpatient utilization rate for Minnesota hospitals.
- The mean inpatient utilization rate and standard deviation.

Attachment 2 to this supplement provides detailed information concerning compliance with federal DPA payment requirements to those hospitals that are one standard deviation above the mean Medicaid inpatient utilization rate. The relevant points include:

- The hospitals that would be adjusted under the federal DPA.
- The hospitals that meet the medical criteria under the federal DPA.
- The DPA in effect beginning July 1, 1988.

Attachment 3 to this supplement is the Request Bulletin distributed to hospitals concerning the collection of information to determine eligibility under the low-income utilization rate criterion. Hospitals are instructed to respond if their low-income utilization rate exceeds .25. Hospitals with a rate greater than .25 will have their adjusted base rate per admission adjusted retroactive to July 1, 1988 using the method outlined on pages 4 to 6 of this attachment.

Compliance is assured because Minnesota will pay the DPA determined using the federal method at the phase-in amount if it is larger than the DPA determined using the Minnesota method and the hospital meets the medical criteria of OBRA 1987. If not, the DPA established under Minnesota Rules will continue to be paid.

STATE: MINNESOTA
Effective: July 1, 1988
TN: 88-69
Approved: 5/29/89
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ATTACHMENT 1 TO
SUPPLEMENT 12 TO
ATTACHMENT 4.19-A
Page 1

DISPROPORTIONATE SHARE
July 1, 1988
Acute Care Hospitals - Minnesota
Mean and Standard Deviation 0.1216

Mean	0.071484
Variance	0.002511
Std Dev	0.050115

		Total Days	Medicaid Days	Medicaid/ Total	Diff. 1 S.D.
0101257	Samaritan (CLOSED)				
0101632	St. John's, Browerville (CLOSED)				
0101304	St. John's, Red Lake Falls (CLOSED)				
0120338	Sandstone Area, Pine City (CLOSED)				
0119628	Bertha (CLOSED)				
010179X	Clarkfield (CLOSED)				
0100741	Littlefork (CLOSED)				
0100457	Eitel, Mpls. (CLOSED)				
0101009	St. Peter Community*	5233	0	0	
0101483	Queen of Peace, New Prague*	6782	0	0	
0101166	Riverview, Crookston*	9274	0	0	
0101392	Cook Community*	1137	0	0	
0101417	Eveleth/Fitzgerald, Eveleth	1336	3	0.0022	
0100107	Confrey	1522	4	0.0026	
0100581	Caledonia Community	766	7	0.0091	
0100253	Dr. Henry Schmidt, Westbrook	848	9	0.0106	
010013X	Springfield Community Hospital	3102	40	0.0129	
0100821	Hendricks Community	3162	43	0.0136	
0100286	Rush City Hospital	1600	22	0.0138	
0101075	Lake Region, Fergus Falls	19081	265	0.0139	
0100898	Warren	3060	44	0.0144	
0101654	Wheaton	4026	60	0.0149	
0100796	Minnesota Valley, LeSueur	2508	39	0.0156	
0101519	Gaylord Community	1758	30	0.0171	
0100388	Harmony Community	1584	29	0.0183	
010152X	Albany Community	3585	66	0.0184	
0100515	Methodist, Mpls.	93828	1879	0.0200	
0100479	Fairview Southdale, Mpls.	85282	1778	0.0208	
0101541	Paynesville Community	4451	98	0.0220	
0100752	Johnson Memorial, Dawson	2876	65	0.0226	
0101723	Madelia Community	3478	79	0.0227	
0101712	Lakeview Memorial, Stillwater	13522	308	0.0228	
0101053	Rochester Methodist	195429	4543	0.0232	
0100810	Divine Providence, Ivanhoe	2225	53	0.0238	
010072X	Kittson Memorial, Hallock	1805	43	0.0238	
010099X	Murray County, Slayton	4104	98	0.0239	
0101064	St. Mary's, Rochester*	229412	5553	0.0242	
0101086	Perham Memorial	4292	111	0.0259	
0119355	Fairview Ridges	19000	499	0.0263	
010101X	Arnold Memorial, Adrian	1990	53	0.0266	
0101111	Pelican Valley Health Center	1622	47	0.0290	
0101789	Canby Community	2863	83	0.0290	
0101359	Luverne Community	5749	167	0.0290	
0100242	Mountain Lake Community	3334	107	0.0321	

0100865	Glencoe Municipal	5057	164	0.0324
0101598	Arlington Municipal	3510	115	0.0328
0100592	Tweeten Memorial, Spring Grove	333	11	0.0330
0100118	Souix Valley, New Ulm	7776	259	0.0333
0101574	Owatonna City Hospital	10960	372	0.0339
0101596	Appleton Municipal	2113	73	0.0345
010048X	Golden Valley Health Center	56491	1953	0.0346
0101530	Melrose	2753	101	0.0367
0100901	Fairmont Community	10703	395	0.0369
010080X	Al Vadheim, Tyler	3301	127	0.0385
0100876	St. Mary's, Winsted	2723	107	0.0393
0101031	Ada Municipal	1463	58	0.0396
0100402	Community, Cannon Falls	2672	106	0.0397
0100060	Holy Trinity, Graceville	6193	247	0.0399
0100300	Divine Redeemer, So. St. Paul	10120	416	0.0411
0100311	Regina Memorial, Hastings	8766	366	0.0418
0100322	Sanford Memorial, Farmington	2699	114	0.0422
0101326	Renville County, Olivia	4035	175	0.0434
0101701	Memorial, Forest Lake	6267	273	0.0436
0100366	Wells Municipal	2163	95	0.0439
0201262	St. John's HE*	1018	45	0.0442
0100071	Ortonville Municipal	4040	179	0.0443
0100763	Madison Hospital Assoc.*	1376	62	0.0451
0100377	Comm. Mem., Spring Valley	2597	119	0.0458
0100435	Elbow Lake Community	4234	203	0.0479
0101494	St. Francis, Shakopee	15855	793	0.0500
0101665	Lake City Hospital	4121	210	0.0510
0100195	Chippewa County, Montevideo	5952	304	0.0511
0101767	Buffalo	9870	513	0.0520
0100399	Naeve Hospital, ALbert Lea	22767	1185	0.0520
0100785	Trinity, Baudette	2170	113	0.0521
010136X	Greenbush Commuhnity	1718	90	0.0524
0101348	Rice Co. Dist. 1, Faribault	14751	785	0.0532
0100038	Unity, Fridley	56013	3048	0.0544
0101698	Waseca Memorial	4502	246	0.0546
0100854	Hutchinson	9885	546	0.0552
0100683	Lakefield Municipal	1485	84	0.0566
010160X	Swift County, Benson	4153	239	0.0575
0100774	Lakeview Mem., Two Harbors	3316	195	0.0588
0101734	Watonwan Mem., St. James	3002	178	0.0593
0100231	Cook Co. No. Shore	1720	102	0.0593
0101337	Northfield City	7646	454	0.0594
0100934	Fairview, Princeton	5806	345	0.0594
0101315	Redwood Falls	5345	318	0.0595
0101610	Long Prairie Memorial	2243	134	0.0597
0100559	Northwestern, Mpls.	191810	11549	0.0602
0101122	Northwestern, TRF	17003	1030	0.0606
0100129	Sleepy Eye	4254	258	0.0606
0101676	St. Elizabeth, Wabasha	4856	295	0.0607
0101745	St.Francis, Breckenridge	14971	931	0.0622

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0101370	Roseau Area	7247	487	0.0672
0100333	Douglas County, Alexandria	20713	1396	0.0674
0100672	Jackson Municipal	2407	163	0.0677
0100209	Chisago Lakes Hospital	7029	485	0.0690
0100661	Heron Lake Municipal	766	53	0.0692
0101803	Granite Falls Municipal	5696	408	0.0716
0101406	Ely/Bloomenson, Ely	5253	381	0.0725
0101155	Fosston Municipal	3812	278	0.0729
0100832	Louis Weiner, Marshall	8712	642	0.0737
0101756	Winona Community Memorial	21936	1635	0.0745
0101144	Pipestone County	5117	384	0.0750
0101177	Glacial Ridge, Glenwood	2479	187	0.0754
0101188	Western Pope Co. Hospital	3233	245	0.0758
0100923	Meeker County, Litchfield	7490	569	0.0760
0100162	Mercy, Moose Lake	3643	284	0.0780
0100719	Karlstad Memorial	2930	230	0.0785
0100344	United Hospital, Blue Earth	7708	612	0.0794
0100413	St. John's, Red Wing	14507	1167	0.0804
0100978	St. Gabriel's, Little Falls	15322	1242	0.0811
0100708	Rice Memorial, Willmar	34400	2892	0.0841
0100843	Tracy Municipal	3177	276	0.0869
0101563	St. Michael's, Sauk Centre	4838	432	0.0893
0100548	No. Mem. Med. Ctr., Mpls.	107541	9616	0.0894
0100093	St. Joseph's, Mankato	49128	4413	0.0898
0100537	Mount Sinai, Mpls.	32686	2977	0.0911
0101202	United Hospital, St. Paul*	87390	7974	0.0912
0100956	Milaca Area	4365	415	0.0951
0101585	Stevens County, Morris*	6354	605	0.0952
0101042	Olmsted Community, Rochester	9275	884	0.0953
0101461	Virginia Municipal	18638	1777	0.0953
0100526	Metro Medical Center, Mpls.	104978	10043	0.0957
0101472	White Community, Aurora	1332	128	0.0961
0100220	Clearwater Memorial, Bagley	3258	315	0.0967
0100639	Community, Deer River	4418	432	0.0978
0100016	Aitkin Community	5110	502	0.0982
010021X	St. Ansgar, Moorhead	25935	2559	0.0987
0101199	Bethesda Lutheran, St. Paul	35322	3495	0.0989
0101450	St. Mary's, Duluth	78108	7822	0.1001
0100650	Northern Itasca, Bigfork	1755	181	0.1031
0100887	Mahnomen County & Village	1008	104	0.1032
0100628	Cambridge Memorial Hospital	14805	1535	0.1037
0100989	St. Olaf, Austin	21651	2279	0.1053
010064X	Itasca Mem., Grand Rapids	16666	1791	0.1075
010056X	St. Mary's, Mpls.	101813	11093	0.1090
0100275	Cuyuna Range, Crosby	6099	672	0.1102
0101643	United District, Staples	4298	477	0.1110
0100606	St. Joseph's, Park Rapids	10517	1189	0.1131
0101133	Pine County, Sandstone*	2143	243	0.1134
0100297	St. Joseph's, Brainerd	31947	3626	0.1135
0100151	Cloquet Community	7567	869	0.1148
0101020	Worthington Regional	15804	1829	0.1157

0100945	Community Mercy, Onamia	4444	517	0.1163	
0101687	Tri-County, Wadena	15047	1757	0.1168	
0100264	Windom Hospital	2420	284	0.1174	
0101279	St. Joseph's, St. Paul	61622	7275	0.1181	
010144X	St. Luke's, Duluth	57275	6863	0.1198	
0100424	Zumbrota Community	3279	397	0.1211	
0100694	Kanabec County, Mora	6430	786	0.1222	0.0006
0101778	Monticello/Big Lake	3642	458	0.1258	0.0042
0101100	Parkers Prairie District	1672	212	0.1268	0.0052
0100049	St. Mary's, Detroit Lakes	11466	1515	0.1321	0.0105
0100027	Mercy Hospital, Coon Rapids	61507	8638	0.1404	0.0188
0100912	Trimont Community	2157	309	0.1433	0.0217
010005X	Bemidji Hospital	24097	3537	0.1468	0.0252
0100504	Fairview & Deaconess, Mpls.	126822	19018	0.1500	0.0284
0100730	International Falls Memorial	7167	1163	0.1623	0.0407
0101224	Midway, Mounds Park, St.Paul	68578	11244	0.1640	0.0424
0101439	Miller/Dwan, Duluth	30881	5430	0.1758	0.0542
0100570	Univ. of Minnesota, Mpls.	144735	25753	0.1779	0.0563
0101428	Central Mesabi, Hibbing	14559	2600	0.1786	0.0570
0101552	St. Cloud	90615	16257	0.1794	0.0578
0101290	St. Paul Ramsey	91347	17413	0.1906	0.0690
0101825	Children's Hlth. Ctr.,Mpls.*	30045	5923	0.1971	0.0755
0101213	UHI Children's, St. Paul	22192	5264	0.2372	0.1156
0100490	Henn. Co. Med. Ctr., Mpls.	109257	27209	0.2490	0.1274
0102002	Gillette Children's, St.Paul	8497	2301	0.2708	0.1492
	TOTAL	3342149	313377		

Source:

Amounts are from Worksheet S-3, Form 2552-85 for hospitals fiscal years beginning on or after October 1, 1984 but before September 30, 1985.

* Amounts taken from Medicare DHS (Disproportionate Share Worksheet) from Medicare.

** Amounts received from Steve Miller on June 14, 1988; hospital does not file a Medicare cost report.

STATE: MINNESOTA
TN: 88-69
Effective: July 1, 1989
Approved: 5/29/89

ATTACHMENT 2 TO
Supplement 12 to
Attachment 4.19-A
Page 1 of 1

DISPROPORTIONATE SHARE
July 1, 1988
Acute Care Hospitals - Minnesota

Mean	0.071484
Variance	0.002511
Std Dev	0.050115

		FEDERAL MEDICAL CRITERIA	MEDICAID UTIL. RATE	DIFF. 1 S.D.	FED DPA (.33)	MN DPA	EFFECTIVE 1/1988	DIFF MN FED
.00694	Kanabec County, Mora	2	0.1222	0.0006	0.0002	0.0025	.0025	0.0000
.01778	Monticello/Big Lake	1	0.1258	0.0042	0.0014	[illegible]	.0025	0.0000
.01100	Parkers Prairie District	1	0.1268	0.0052	0.0017	0.0025	.0025	0.0000
.00049	St. Mary's, Detroit Lakes	1	0.1321	0.0105	0.0035	0.0225	.0225	0.0000
.00027	Mercy Hospital, Coon Rapids	1	0.1404	0.0188	0.0062		.0062	0.0062
.00912	Trimont Community	2	0.1433	0.0217	0.0072		.0072	0.0072
.0005X	Gemidll Hospital	1	0.1468	0.0252	0.0083	0.0275	.0275	0.0000
.00504	Fairview & Deaconess, Mpls.	1	0.1500	0.0284	0.0094		.0094	0.0094
.00730	International Falls Mem.	2	0.1623	0.0407	0.0134	0.0125	.0134	0.0009
.01224	Midway, Mounds Park	1	0.1640	0.0424	0.0140		.0140	0.0140
.01439	Miller/Dwan, Duluth	4	0.1759	0.0542	0.0179	0.0175	.0179	0.0004
.00570	Univ. of Minn., Mpls.	1	0.1779	0.0563	0.0186		.0186	0.0186
.01428	Central Mesabi, Hibbing	2	0.1786	0.0570	0.0188	0.0025	.0188	0.0163
.01552	St. Cloud	1	0.1794	0.0578	0.0191		.0191	0.0191
.01290	St. Paul Ramsey	1	0.1906	0.0690	0.0228	0.1220	0.1220	0.0000
.01825	Children's Health Ctr.	3,4	0.1971	0.0755	0.0249	[illegible]	0.0249	0.0074
.01213	UMI Children's, St. Paul	3,4	0.2372	0.1156	0.0381	0.0175	[illegible]	0.0206
.00490	Hennepin Co. Med. Ctr.	1	0.2490	0.1274	0.0420	[illegible]	0.1220	0.0000
.02002	Gillette Children's	3,4	0.2708	0.1492	0.0492	0.0175	0.0492	0.0317

*Meets medical criteria by:

1. Two obstetricians
2. Two physicians, non MSA
3. Patients under 18 years
4. Did not offer nonemergency OB services as of 12/21/87

As specified on pages 4 to 6 of Attachment 4.19-D, the disproportionate population adjustment is determined as follows. The hospital's Medicaid inpatient utilization rate is determined by dividing the total Medicaid inpatient days by total inpatient days. (See Attachment 1 to Supplement 12.) The difference between the hospital's Medicaid inpatient utilization rate and the mean of all Minnesota hospitals plus one standard deviation of the mean is multiplied by .33 to determine the phase-in federal DPA factor. The adjusted base year cost per admission is increased by the greater of the federal DPA factor or the Minnesota DPA factor after multiplying the adjusted base year cost per admission by the relative values.

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STATE OF MINNESOTA
DEPARTMENT OF HUMAN SERVICES
Human Services Building
444 Lafayette Road
St. Paul, Minnesota 55155-3852

REQUEST BULLETIN #89-16A March 17, 1989

TO: Chairperson, Board of County Commissioners
Attention: Director

Chairperson, Human Services Board
Attention: Director

Minnesota and Minnesota Local Trade Area Hospitals
Participating in the Medical Assistance (MA) Program

SUBJECT: Medical Assistance Program: Inpatient Hospital Services
Disproportionate Population Adjustment (DPA)

I. **PURPOSE**

The purpose of this bulletin is to request information from hospitals concerning eligibility for disproportionate population adjustment payments as required under federal law.

II. **BACKGROUND**

The Medical Assistance (MA) program is required by the Omnibus Budget Reconciliation Act of 1987 as amended by the Medicare Catastrophic Coverage Act of 1988 to provide for a Disproportionate Population Adjustment (DPA) to inpatient hospital services. Currently, the MA DPA is based on the greater of the historical Minnesota-specific method as contained in Minnesota Rules, part 9500.1135 or the federal Medicaid utilization rate method derived by dividing MA days by total days. However, revisions to the law also require a low income utilization rate method to be incorporated as a test for DPA eligibility. Unfortunately, DHS has not routinely collected, nor does any other data source that DHS is aware of, contain all the information necessary to calculate the low income utilization rate threshold.

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REQUEST BULLETIN #89-16A
March 17, 1989
Page Two

III. **REQUEST**

The following information should be returned to DHS at the address listed at the end of this bulletin by April 7, 1989, or it will be assumed that the hospital does not qualify under the low income method.

- It is not necessary to return the information if the result in step M is .25 or less as this is the threshold for eligibility.
- This data is to be from the hospital's most recently completed and audited fiscal year.

Hospital Name _____

Hospital Address _____

_____

Hospital MA Provider No. _____

Data FYE _____

Contact Person _____

Telephone Number _____

1. Low income utilization rate method.

   A. Total MA inpatient revenues (Include MA revenues from other states) _____

   B. Cash subsidies received directly from state and local governments _____

   C. A + B _____

   D. Total inpatient revenues _____

   E. Step B above _____

   F. D + E _____

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March 17, 1989
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G. C divided by F _____

H. Charity care inpatient charges provided to individuals who have no source of payment, third party or personal resources (Do not include contractual allowances and discounts) _____

I. Step B above _____

J. H minus I _____

K. Total inpatient charges _____

L. J divided by K _____

M. G + L _____

2. If Step M is greater than .25, check the appropriate answers.

		YES	NO
A.	Does the hospital have 2 obstetricians with staff privileges who provide services to MA patients? (if the hospital is located outside of a metropolitan statistical area, obstetrician includes any physician performing nonemergency obstetric services)	____	____
B.	Are inpatients predominately under 18 years of age?	____	____
C.	Did the hospital offer nonemergency obstetric services as of December 21, 1987?	____	____

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IV. **FORM SUBMITTAL/QUESTIONS**

The form and any questions should be directed to:

Richard Tester
Hospital Section
Audit Division
444 Lafayette Road
St. Paul, Minnesota 55155-3836
(612) 296-5596

Sincerely,

Maria R. Gomez
Assistant Commissioner
Health Care & Residential Programs