

## IC 12-15-16

### Chapter 16. Disproportionate Share Providers; Eligibility

#### IC 12-15-16-1

##### **Disproportionate share provider status**

Sec. 1. (a) A provider that is an acute care hospital licensed under IC 16-21, a state mental health institution under IC 12-24-1-3, or a private psychiatric institution licensed under IC 12-25 is a disproportionate share provider if the provider meets either of the following conditions:

(1) The provider's Medicaid inpatient utilization rate is at least one (1) standard deviation above the mean Medicaid inpatient utilization rate for providers receiving Medicaid payments in Indiana. However, the Medicaid inpatient utilization rate of providers whose low income utilization rate exceeds twenty-five percent (25%) must be excluded in calculating the statewide mean Medicaid inpatient utilization rate.

(2) The provider's low income utilization rate exceeds twenty-five percent (25%).

(b) An acute care hospital licensed under 16-21 is a municipal disproportionate share provider if the hospital:

(1) has a Medicaid utilization rate greater than one percent (1%); and

(2) is established and operated under IC 16-22-2 or IC 16-23.

(c) A community mental health center:

(1) that is identified in IC 12-29-2-1;

(2) for which a county provides funds under:

(A) IC 12-29-1-7(b) before January 1, 2004; or

(B) IC 12-29-2-20(d) after December 31, 2003;

or from other county sources; and

(3) that provides inpatient services to Medicaid patients;

is a community mental health center disproportionate share provider if the community mental health center's Medicaid inpatient utilization rate is greater than one percent (1%).

(d) A disproportionate share provider under IC 12-15-17 must have at least two (2) obstetricians who have staff privileges and who have agreed to provide obstetric services under the Medicaid program. For a hospital located in a rural area (as defined in Section 1886 of the Social Security Act), an obstetrician includes a physician with staff privileges at the hospital who has agreed to perform nonemergency obstetric procedures. However, this obstetric service requirement does not apply to a provider whose inpatients are predominantly individuals less than eighteen (18) years of age or that did not offer nonemergency obstetric services as of December 21, 1987.

(e) The determination of a provider's status as a disproportionate share provider under this section shall be based on utilization and revenue data from the most recent year for which an audited cost report from the provider is on file with the office.

*As added by P.L.2-1992, SEC.9. Amended by P.L.27-1992, SEC.12;*

*P.L.277-1993(ss), SEC.71; P.L.126-1998, SEC.6; P.L.113-2000, SEC.5; P.L.78-2004, SEC.8; P.L.123-2008, SEC.1.*

### **IC 12-15-16-2**

#### **Inpatient utilization rate**

Sec. 2. (a) For purposes of disproportionate share eligibility, a provider's Medicaid inpatient utilization rate is a fraction (expressed as a percentage) where:

- (1) the numerator is the provider's total number of Medicaid inpatient days in the most recent year for which an audited cost report is on file with the office; and
- (2) the denominator is the total number of the provider's inpatient days in the most recent year for which an audited cost report is on file with the office.

(b) For purposes of this section, "Medicaid inpatient days" includes all acute care days attributable to individuals eligible for Medicaid benefits under a state plan approved under 42 U.S.C. 1396a on the days of service:

- (1) whether attributable to individuals eligible for Medicaid in Indiana or any other state;
- (2) even if the office did not make payment for any services, including inpatient days that are determined to be medically necessary but for which payment is denied by the office for other reasons; and
- (3) including days attributable to Medicaid beneficiaries receiving services through a managed care organization or health maintenance organization.

*As added by P.L.2-1992, SEC.9. Amended by P.L.277-1993(ss), SEC.72; P.L.156-1995, SEC.2; P.L.126-1998, SEC.7; P.L.113-2000, SEC.6; P.L.283-2001, SEC.22; P.L.153-2011, SEC.18.*

### **IC 12-15-16-3**

#### **Low income utilization rate; contractual allowances and discounts**

Sec. 3. (a) For purposes of disproportionate share eligibility, a provider's low income utilization rate is the sum of the following, based on the most recent year for which an audited cost report is on file with the office:

- (1) A fraction (expressed as a percentage) for which:
  - (A) the numerator is the sum of:
    - (i) the total Medicaid patient revenues paid to the provider; plus
    - (ii) the amount of the cash subsidies received directly from state and local governments, including payments made under the hospital care for the indigent program (IC 12-16-2) (before its repeal) and IC 12-16-2.5; and
  - (B) the denominator is the total amount of the provider's patient revenues paid to the provider, including cash subsidies; and
- (2) A fraction (expressed as a percentage) for which:
  - (A) the numerator is the total amount of the provider's

charges for inpatient services that are attributable to care provided to individuals who have no source of payment; and (B) the denominator is the total amount of charges for inpatient services.

(b) The numerator in subsection (a)(1)(A) does not include contractual allowances and discounts other than for indigent patients not eligible for Medicaid.

*As added by P.L.2-1992, SEC.9. Amended by P.L.277-1993(ss), SEC.73; P.L.113-2000, SEC.7; P.L.283-2001, SEC.23; P.L.120-2002, SEC.16.*

#### **IC 12-15-16-4**

##### **Repealed**

*(Repealed by P.L.156-1995, SEC.9.)*

#### **IC 12-15-16-5**

##### **Implementation; federal Health Care Financing Administration approval; percentage reduction of payments to Medicaid indigent care trust fund**

Sec. 5. (a) The office may not implement this chapter, IC 12-15-17, IC 12-15-18, IC 12-15-19, or IC 12-15-20 until the federal Centers for Medicare and Medicaid Services has issued its approval of the amended state plan for medical assistance.

(b) The office may determine not to continue to implement this chapter, IC 12-15-17, IC 12-15-18, IC 12-15-19, and IC 12-15-20 if federal financial participation is not available.

(c) If federal financial participation is approved for less than all of the amounts paid into the Medicaid indigent care trust fund with respect to a fiscal year, the office may reduce payments attributable to that fiscal year under IC 12-15-19-1 by a percentage sufficient to compensate for the aggregate reduction in federal financial participation. If additional federal financial participation is subsequently approved with respect to payments into the Medicaid indigent care trust fund for the same fiscal year, the office shall distribute such amounts using the percentage that was used to compensate for the prior reduction in federal financial participation.

*As added by P.L.2-1992, SEC.9. Amended by P.L.277-1993(ss), SEC.74; P.L.156-1995, SEC.3; P.L.126-1998, SEC.8; P.L.66-2002, SEC.7.*

#### **IC 12-15-16-6**

##### **Basic disproportionate payments to hospitals; amount**

Sec. 6. (a) As used in this section, "low income utilization rate" refers to the low income utilization rate described in section 3 of this chapter.

(b) Hospitals that qualify for basic disproportionate share under section 1(a) of this chapter shall receive disproportionate share payments as follows:

(1) For the state fiscal year ending June 30, 1999, a pool not exceeding twenty-one million dollars (\$21,000,000) shall be

distributed to all hospitals licensed under IC 16-21 that qualify under section 1(a)(1) of this chapter. The funds in the pool must be distributed to qualifying hospitals in proportion to each hospital's Medicaid day utilization rate and Medicaid discharges, as determined based on data from the most recent audited cost report on file with the office. Any funds remaining in the pool referred to in this subdivision following distribution to all qualifying hospitals shall be transferred to the pool distributed under subdivision (3).

(2) Hospitals licensed under IC 16-21 that qualify under both section 1(a)(1) and 1(a)(2) of this chapter shall receive a disproportionate share payment in accordance with subdivision (1).

(3) For the state fiscal year ending June 30, 1999, a pool not exceeding five million dollars (\$5,000,000), subject to adjustment by the transfer of any funds remaining in the pool referred to in subdivision (1), following distribution to all qualifying hospitals, shall be distributed to all hospitals licensed under IC 16-21 that:

(A) qualify under section 1(a)(1) or 1(a)(2) of this chapter; and

(B) have at least twenty-five thousand (25,000) Medicaid inpatient days per year, based on data from each hospital's Medicaid cost report for the fiscal year ended during state fiscal year 1996.

The funds in the pool must be distributed to qualifying hospitals in proportion to each hospital's Medicaid day utilization rate and total Medicaid patient days, as determined based on data from the most recent audited cost report on file with the office. Payments under this subdivision are in place of the payments made under subdivisions (1) and (2).

(c) This subsection does not apply during the period that the office is assessing a hospital fee authorized by HEA 1001-2011. Other institutions that qualify as disproportionate share providers under section 1 of this chapter, in each state fiscal year, shall receive disproportionate share payments as follows:

(1) For each of the state fiscal years ending after June 30, 1995, a pool not exceeding two million dollars (\$2,000,000) shall be distributed to all private psychiatric institutions licensed under IC 12-25 that qualify under section 1(a)(1) or 1(a)(2) of this chapter. The funds in the pool must be distributed to the qualifying institutions in proportion to each institution's Medicaid day utilization rate as determined based on data from the most recent audited cost report on file with the office.

(2) A pool not exceeding one hundred ninety-one million dollars (\$191,000,000) for all state fiscal years ending after June 30, 1995, shall be distributed to all state mental health institutions under IC 12-24-1-3 that qualify under either section 1(a)(1) or 1(a)(2) of this chapter. The funds in the pool must be distributed to each qualifying institution in proportion to each

institution's low income utilization rate, as determined based on the most recent data on file with the office.

(d) This subsection does not apply during the period that the office is assessing a hospital fee authorized by HEA 1001-2011. Disproportionate share payments described in this section shall be made on an interim basis throughout the year, as provided by the office.

*As added by P.L.277-1993(ss), SEC.75. Amended by P.L.156-1995, SEC.4; P.L.24-1997, SEC.49; P.L.126-1998, SEC.9; P.L.113-2000, SEC.8; P.L.229-2011, SEC.134.*