

## Disproportionate Share Hospital (DSH) Affordable Care Act (ACA) Provision Impact Overview

<b>Disproportionate Share Hospital Payments</b>					
<p>The federal government through the Medicaid program provides funding for payments to hospitals to help cover services to low-income or uninsured individuals termed uncompensated care. The payments are especially critical for hospitals that serve low-income patient populations and are more dependent on government funds for revenue. Each state is provided matching federal funds on the DSH payments, limited by state-specific allotments.<sup>1</sup></p> <p>Current Kansas DSH payments for FY 2013 are estimated at \$51.3 million in all funds.</p>					
<b>DSH Payment Reductions According to ACA Provisions</b>					
<p>The Affordable Care Act requires the federal Department of the Health and Human Services (HHS) to decrease the Federal matching funds, under the premise that the ACA reforms will reduce the number of individuals receiving uncompensated care. The methodology of reducing DSH payments must impose the highest percentage reductions on states with the lowest percentage of uninsured individuals or those that do not direct DSH payments to hospitals with high Medicaid volumes or high levels of uncompensated care.<sup>2</sup></p> <p>The formula for the reductions is tentative and has yet to be finalized by the Secretary of HHS. The Supreme Court's Ruling that made the ACA provision for Medicaid Expansion optional for states may have further implications on DSH reductions.<sup>3</sup></p> <p>The ACA provision tentatively will reduce the DSH funding to 25% of its current level.</p>					
<b>Timeline</b>					
<p>Effective October 2013, the ACA mandates reductions in state's Medicaid DSH allotments. The total reduction between 2014 and 2019 is estimated by the federal government at <b>\$14.1 billion.</b><sup>3</sup></p>					
<b>Estimated Yearly Reductions</b> <sup>4</sup>					
<p>By 2016, Medicaid DSH payments are expected to be about half of the current levels.</p>					
<b>Estimated Medicaid DSH Reductions Nationwide</b>					
FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(\$500 million)	(\$600 million)	(\$600 million)	(\$1.8 billion)	(\$5 billion)	(\$5.6 billion)

<sup>1</sup> Greater New York Hospital Association – [www.gnyha.org](http://www.gnyha.org) – “Medicaid Disproportionate Share Hospital Payments”

<sup>2</sup> National Health Law Program – [www.healthlaw.org](http://www.healthlaw.org) – “Q&A Disproportionate Share Hospital Payments and the Medicaid Expansion”

<sup>3</sup> Louisiana Hospital Association - [www.lhima.org](http://www.lhima.org) – “ACA Implementation Timeline for 2013”

<sup>4</sup> Greater New York Hospital Association - [www.gnyha.org](http://www.gnyha.org) – “Health Care Reform Timeline”