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November 1, 2016

Chicago Behavioral Hospital
Attn: Chief Financial Officer
555 Wilson Lane
Des Plaines, IL 60016

Dear Chief Executive Officer:

This letter is in response to the October 10, 2016 appeal of the 2017 disproportionate share hospital (DSH) adjustment determination, which was submitted by Wade E. Hill on behalf of Chicago Behavioral Hospital. The appeal states that the cost report period used in the determination was not an accurate use of the cost report data available to the department and not representative of the hospital's utilization and future cost reports.

After a review of the cost report periods submitted to the department, it has been determined that the suggested combination of cost report data would be more consistent with future cost reports for the hospital, because after 2014, the cost reports for your hospital are based on a calendar year. By granting the appeal, we will also be utilizing a calendar year as opposed to the July through June period used in the original calculations.

Included with this letter are updated attachments detailing your facility's recalculated Medicaid percentage adjustment (MPA) and Medicaid high volume adjustment (MHVA) rates, which will be retroactive to all inpatient days from October 1, 2016 and will continue through September 30, 2017.

While your facility qualifies as a disproportionate share hospital, due to projected payments from the department, it appears that the payments will exceed your cost of services for those receiving medical assistance or having no health insurance. As a result, your disproportionate share funds will be reduced pursuant to section 1923(g) of the Social Security Act, to be in compliance with sections 1923(c) of that Act. Therefore, your disproportionate share rate will be reduced to \$0.00.

This is the final decision by the Department regarding this matter.

Please contact Kristy Sommer at 217/785-0710 if you have questions.

Sincerely,

Dan Jenkins, Chief
Bureau of Rate Development and Analysis

DISPROPORTIONATE SHARE (DSH), MEDICAID HIGH VOLUME (MHVA), AND MEDICAID PERCENTAGE ADJUSTMENT (MPA) DETERMINATION for Rate Year 2017 (October 1, 2016-September 30, 2017)

DSH CRITERIA

- 1) Have a Medicaid inpatient utilization rate (MIUR) of at least the statewide mean plus one standard deviation;
- 2) Have a low income utilization rate of at least 25%;

MPA & MHVA CRITERIA

- 1) Have a Medicaid inpatient utilization rate (MIUR) of at least the statewide mean plus one-half standard deviation;
- 2) Have a low income utilization rate (LIUR) of at least 25% and had an LIUR of 25% for rate year 2014;
- 3) Be an Illinois hospital, that on July 1,1991,had a MUR of at least the mean and was located in a planning area with one-third or fewer excess beds, and that as of June 30, 1992, was located in a Health Professional Shortage area;
- 4) Be an Illinois hospital that has a MUR of at least the statewide mean and a Medicaid obstetrical inpatient utilization rate of at least the mean plus one standard deviation;
- 5) Be a hospital devoted exclusively to caring for children; or
- 6) Be an out-of-state hospital meeting the federal definition of a DSH hospital.

Your hospital qualifies for Disproportionate Share under criteria: 1

Your hospital qualifies for Medicaid Percentage Adjustment and Medicaid High Volume under criteria: 1

YOUR HOSPITAL'S 2017 MEDICAID INPATIENT UTILIZATION RATE CALCULATION

Medicaid Routine Days:	5,618	Total Hospital Routine Days:		7,314
Medicaid ICU Days:	-	Total Hospital ICU Days:		-
Medicaid Psychiatric Days:	-	Total Hospital Psychiatric Days:		-
Medicaid Rehabilitation Days:	-	Total Hospital Rehabilitation Days:		-
Medicaid Nursery Days	-	Total Hospital Nursery Days:		-
	-			-
Total Mdcd Days from Cost Report	5,618			
Medicaid Out-of-State Days:	-			
Medicaid HMO Days:	111			
Medicaid DASA Days:	-			
Medicaid Denied Days:	-			
Medicaid Inappropriate Level of Care Days:	-			
Medicaid/Medicare Crossover Days:	-			
Total Medicaid Days from Other Sources:	111			
TOTAL MEDICAID INPATIENT DAYS	5,729	TOTAL HOSPITAL INPATIENT DAYS:		7,314
YOUR HOSPITAL'S RY17 MEDICAID INPATIENT UTILIZATION RATE				78.33%

Your hospital's <u>state</u> fiscal year 2014 total Medicaid obstetrical days:	-
Your hospital's <u>state</u> fiscal year 2014 total Medicaid days:	-
Your hospital's obstetrical inpatient utilization rate:	0.00%
Your hospital's low income utilization rate:	0.00%

Illinois' total Medicaid inpatient utilization days:	2,350,131
Illinois' total hospital inpatient days:	7,031,472
Illinois' statewide mean Medicaid inpatient utilization rate:	33.42%
One-half of a standard deviation above the statewide mean Medicaid inpatient utilization rate:	43.24%

MEDICAID PERCENTAGE ADJUSTMENT (MPA) AND MEDICAID HIGH VOLUME (MHVA) CALCULATION**For Rate Year 2017 (October 1, 2016 - September 30, 2017)**

1) Illinois mean Medicaid inpatient utilization rate:	33.42%
2) One-half a standard deviation above the mean Medicaid inpatient utilization rate:	43.24%
3) One standard deviation above the mean Medicaid inpatient utilization rate:	53.07%
4) One and one-half standard deviations above the mean Medicaid inpatient utilization rate:	62.89%
5) Your hospital's Medicaid inpatient utilization rate:	78.33%

Medicaid Percentage Adjustment

6) Medicaid MPA add-on per day **:	\$120.89
7) Medicaid MPA add-on per day capped:	\$120.89
8) Medicaid MPA add-on per day inflated by the lesser of the percent change in the statewide average payment rate or the DRI	\$248.54

(Line 7 * 1.0397 * 1.0395 * 1.0329 * 1.0301 * 1.0275 * 1.0257 * 1.0290 * 1.0286 * 1.0308 * 1.0346 * 1.0295 * 1.0339 * 1.0285 * 1.0369 * 1.0326 * 1.0583 * 1.0251 * 1.0417 * 1.0414 * 1.0215 * 1.0191 * 1.0207 * 1.0076 * 1.0177)

** MIUR=Medicaid Inpatient Utilization Rate	MPA Add-On (Children's hospital rates are multiplied by 2)
MIUR is < 33.42	\$25.00
MIUR is >= 33.42 but < 53.07	\$25.00 Plus \$1.00 for every percent over 33.42
MIUR is >= 53.07 but < 62.89	\$40.00 Plus \$7.00 for every percent over 53.07
MIUR is >= 62.89	\$90.00 Plus \$2.00 for every percent over 62.89

MEDICAID HIGH VOLUME INPATIENT PAYMENT ADJUSTMENT

1) Medicaid high volume adjustment (MHVA) per day:	\$60.00
2) MHVA per day inflated from 1993 to 2017 by lesser of the percent change in the statewide average payment rate or the DRI	\$123.36

(Line 1 * 1.0397 * 1.0395 * 1.0329 * 1.0301 * 1.0275 * 1.0257 * 1.0290 * 1.0286 * 1.0308 * 1.0346 * 1.0295 * 1.0339 * 1.0285 * 1.0369 * 1.0326 * 1.0583 * 1.0251 * 1.0417 * 1.0414 * 1.0215 * 1.0191 * 1.0207 * 1.0076 * 1.0177):

PLEASE NOTE: Calculations may vary due to rounding and line 5 has been adjusted accordingly for out-of-state hospitals.