ILLINOIS DEPARTMENT OF
Healthcare and
Family Services

Pat Quinn, Governor
Julie Hamos, Director

201 South Grand Avenue East
Springfield, Illinois 62763-0002

Telephone: (217) 785-0710
TTY: (800) 526-5812

September 17, 2010

Clarian Health Partners Inc.
ATTN: Chief Executive Officer
1701 North Senate Boulevard
Indianapolis, IN 46202

Dear Chief Executive Officer:

The annual determination for the disproportionate share hospital (DSH), Medicaid high volume (MHVA), and Medicaid percentage (MPA) adjustment programs has been finalized for rate year 2011 (October 1, 2010 through September 30, 2011).

A hospital may be eligible for all three programs (DSH, MPA and MHVA), eligible for only two programs (MPA/MHVA eligible) or ineligible for all three programs. There are two qualifying criteria for DSH eligibility, and six qualifying criteria for MPA/MHVA.

DSH, MPA and MHVA will all pay on a date of service basis not by admission date. For example if your hospital was eligible for DSH, MPA and /or MHVA for rate year 2010 (October 1, 2009 through September 30, 2010) and eligible in rate year 2011 (October 1, 2010 through September 30, 2011) and an admission crosses that period you will get different rates. If your hospital was eligible for DSH, MPA and /or MHVA for rate year 2010 (October 1, 2009 through September 30, 2010) and not eligible in rate year 2011 (October 1, 2010 through September 30, 2011) and an admission crosses that period you will only receive payment for dates of service until September 30, 2010. If your hospital was ineligible for DSH, MPA and /or MHVA for rate year 2010 (October 1, 2009 through September 30, 2010) and eligible in rate year 2011 (October 1, 2010 through September 30, 2011) and an admission crosses that period you will payment for dates of service October 1, 2010 and after.

Your hospital has been determined to be eligible to receive payments under the MHVA and MPA programs in rate year 2011. Your facility qualifies for Disproportionate Share status in accordance with 89 IL Adm. Code 148.120, but 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.

Appeals must be made in accordance with Section 148.310(b) and (f) of the *89 Illinois Administrative Code* . All appeals must be made in writing no later than THIRTY (30) DAYS FROM THE DATE OF THIS LETTER. For Rate Year 2011, appeals MUST BE SUBMITTED IN WRITING AND MUST BE RECEIVED OR POSTMARKED NO LATER THAN MONDAY, OCTOBER 18, 2010. The Department will NOT ACCEPT hospital logs as supporting documentation for appeals.

Direct all appeals and supporting documentation to:

Illinois Department of Healthcare and Family Services
Bureau of Rate Development and Analysis, DSH Unit
ATTN: Kristy Pickford
201 South Grand Avenue East, 2nd Floor
Springfield, Illinois 62763-0001

If you have any questions regarding this determination, please contact the Bureau of Rate Development and **Analysis at (217) 785-0710.**

Please provide a copy of this letter to your CFO and Patient Accounts Manager.

Sincerely,

Joseph R. Holler, Deputy Administrator of Finance
Illinois Department of Healthcare and Family Services

Clarian Health Partners Inc. Indianapolis, IN

DISPROPORTIONATE SHARE (DSH), MEDICAID HIGH VOLUME (MHVA), AND MEDICAID PERCENTAGE ADJUSTMENT

(MPA) DETERMINATION for Rate Year 2011 (October 1, 2010-September 30, 2011)

DSH CRITERIA

1) Have a Medicaid inpatient utilization rate (MUR) 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%;

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: 6

Your hospital qualifies for Medicaid Percentage Adjustment and Medicaid High Volume under criteria: 6

Clarian Health Partners Inc. Indianapolis, IN

MEDICAID PERCENTAGE ADJUSTMENT (MPA) AND MEDICAID HIGH VOLUME (MHVA) CALCULATION

For Rate Year 2011 (October 1, 2010 - September 30, 2011)

1) Illinois mean Medicaid inpatient utilization rate:	29.05%
2) One-half a standard deviation above the mean Medicaid inpatient utilization rate:	38.86%
3) One standard deviation above the mean Medicaid inpatient utilization rate:	48.67%
4) One and one-half standard deviations above the mean Medicaid inpatient utilization rate:	58.49%
5) Your hospital's Medicaid inpatient utilization rate:	73.19%

Medicaid Percentage Adjustment

6) Medicaid MPA add-on per day **:	$119.40
7) Medicaid MPA add-on per day capped:	$119.40
8) Medicaid MPA add-on per day inflated by the lesser of the percent change in the statewide average payment rate or the DRI	$216.35

(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 * 1.0328 * 1.0583 * 1.0251 * 1.0417)

** MIUR=Medicaid Inpatient Utilization Rate					MPA Add-On (Children's hospital rates are multiplied by 2)
MIUR is	<	29.05			$25.00
MIUR is	>=	29.05 but	<	48.89	$25.00 Plus $1.00 for every percent over 29.61
MIUR is	>=	48.89 but	<	58.81	$40.00 Plus $7.00 for every percent over 48.84
MIUR is	>=	58.81			$90.00 Plus $2.00 for every percent over 58.45

MEDICAID HIGH VOLUME INPATIENT PAYMENT ADJUSTMENT

1) Medicaid high volume adjustment (MHVA) per day:	$60.00
2) MHVA per day inflated from 1993 to 2011 by lesser of the percent change in the statewide average payment rate or the DRI	$108.72

(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 * 1.0328 * 1.0583 * 1.0251 * 1.0417):

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