

201 South Grand Avenue East
Springfield, Illinois 62763-0002

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

October 22, 2010

Community Health Systems
ATTN: Eric Graves
P.O. Box 689020
Franklin, TN 37067

Dear Mr. Graves:

This letter is in response to your Disproportionate Share Hospital (DSH) Adjustment appeal for rate year 2011, dated September 23, 2010 for Gateway Regional Medical Center. In your letter, you claim that 68 eligible HMO days were excluded from the calculation of the hospital's Medicaid inpatient utilization rate (MIUR). Upon review of the submitted documentation, the Department has verified 66 days to have supporting documentation and to be Title XIX eligible on the dates provided, and has added those days to Gateway's RY 2011 calculations.

The appeal received by the Department contains 2 days that will not be allowed into the calculations based on the following:

These days were duplicates of days already counted.

Included with this letter is an attachment detailing the calculation of Gateway's new MIUR and MPA rate. The facility's DSH rate remains unchanged. The MHVA rate is not impacted by the MIUR, therefore this rate will not change. The newly calculated MPA rate is effective for all dates of service on and following October 1, 2010, and claims will be adjusted retroactively.

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

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

Sincerely,

Joseph R. Holler, Deputy Administrator
Division of Finance

Attachment

**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:

2

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

1,2

YOUR HOSPITAL'S 2011 MEDICAID INPATIENT UTILIZATION RATE CALCULATION

Medicaid Routine Days:	3,107	Total Hospital Routine Days:	16,503
Medicaid ICU Days:	371	Total Hospital ICU Days:	1,673
Medicaid Psychiatric Days:	12,856	Total Hospital Psychiatric Days:	27,951
Medicaid Rehabilitation Days:	242	Total Hospital Rehabilitation Days:	1,935
Medicaid Nursery Days	752	Total Hospital Nursery Days:	<u>787</u>
Medicaid 19 LD Days	-		
Total Mdcd Days from Cost Report + 19 ld's	<u>17,328</u>		
Medicaid Out-of-State Days:	167		
Medicaid HMO Days:	511		
Medicaid DASA Days:	-		
Medicaid Denied Days:	-		
Medicaid Inappropriate Level of Care Days:	-		
Medicaid/Medicare Crossover Days:	<u>4,879</u>		
Total Medicaid Days from Other Sources:	5,557		
TOTAL MEDICAID INPATIENT DAYS	22,885	TOTAL HOSPITAL INPATIENT DAYS:	<u>48,849</u>

YOUR HOSPITAL'S 2008 MEDICAID INPATIENT UTILIZATION RATE

46.85%

Your hospital's <u>state</u> fiscal year 2008 total Medicaid obstetrical days:	614
Your hospital's <u>state</u> fiscal year 2008 total Medicaid days:	15,118
Your hospital's obstetrical inpatient utilization rate:	4.06%
Your hospital's low income utilization rate:	33.37%

Illinois' total Medicaid inpatient utilization days:	2,378,545
Illinois' total hospital inpatient days:	8,188,643
Illinois' statewide mean Medicaid inpatient utilization rate:	29.05%
One-half of a standard deviation above the statewide mean Medicaid inpatient utilization rate:	38.86%

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:	46.85%

Medicaid Percentage Adjustment

6) Medicaid MPA add-on per day **:	\$42.80
7) Medicaid MPA add-on per day capped:	\$42.80
8) Medicaid MPA add-on per day inflated by the lesser of the percent change in the statewide average payment rate or the DRI	\$77.55

(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.