

201 South Grand Avenue East
Springfield, Illinois 62763-0002

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

October 14, 2010

Loretto Hospital
ATTN: Chief Executive Officer
645 South Central
Chicago, IL 60644

Dear Chief Executive Officer:

This notice serves as a revision to the previous letter dated September 29, 2010 regarding the RY2011 Disproportionate Share Hospital Adjustment determination. The previous letter stated that your hospital does not qualify for the DSH add-on rates because it did not appear that your hospital met the obstetrical services criteria outlined in the Action Notice that was available to all hospitals prior to the RY11 calculations. The Department has received your certified Obstetrical Statement verifying that your facility discontinued ob services prior to the December 22, 1987 cutoff. Therefore your facility is eligible for MPA and MHVA reimbursement. Although your hospital is considered a DSH eligible facility, you will not receive DSH payments because your hospital exceeds the OBRA cap. The attachments detail your facility's rates, to be effective retroactive from October 1, 2010 through September 30, 2011.

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 2010, appeals **MUST BE SUBMITTED IN WRITING AND MUST BE RECEIVED OR POSTMARKED NO LATER THAN MONDAY, NOVEMBER 15, 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 the determination and calculation of the DSH, MHVA, or MPA rates, please contact the Bureau of Rate Development and Analysis at (217) 785-0710. Questions regarding the payment process should be directed to the Bureau of Comprehensive Health Services at (217) 782-5565.

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

Sincerely,

Joseph R. Holler, Deputy Administrator
Division of Finance

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:

1

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

1

YOUR HOSPITAL'S 2011 MEDICAID INPATIENT UTILIZATION RATE CALCULATION

Medicaid Routine Days:	5,773	Total Hospital Routine Days:	16,065
Medicaid ICU Days:	582	Total Hospital ICU Days:	3,217
Medicaid Psychiatric Days:	13,557	Total Hospital Psychiatric Days:	21,110
Medicaid Rehabilitation Days:	-	Total Hospital Rehabilitation Days:	-
Medicaid Nursery Days:	-	Total Hospital Nursery Days:	-
Medicaid 19 LD Days:	-		
Total Mdcd Days from Cost Report + 19 ld's	<u>19,912</u>		
Medicaid Out-of-State Days:	-		
Medicaid HMO Days:	38		
Medicaid DASA Days:	5,065		
Medicaid Denied Days:	-		
Medicaid Inappropriate Level of Care Days:	-		
Medicaid/Medicare Crossover Days:	<u>6,357</u>		
Total Medicaid Days from Other Sources:	11,460		
TOTAL MEDICAID INPATIENT DAYS	31,372	TOTAL HOSPITAL INPATIENT DAYS:	<u>40,392</u>
YOUR HOSPITAL'S 2008 MEDICAID INPATIENT UTILIZATION RATE			77.67%

Your hospital's state fiscal year 2008 total Medicaid obstetrical days:

-

Your hospital's state fiscal year 2008 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:

2,378,545

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:	77.67%

Medicaid Percentage Adjustment

This 6) Medicaid MPA add-on per day **:	\$128.36
7) Medicaid MPA add-on per day capped:	\$128.36
8) Medicaid MPA add-on per day inflated by the lesser of the percent change in the statewide average payment rate or the DRI	\$232.59

(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.