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October 24, 2011

MacNeal Hospital
ATTN: Chief Executive Officer
3249 South Oak Park Avenue
Berwyn IL, 60402

Dear Chief Executive Officer:

This letter is in response to the October 13, 2011 appeal of the Disproportionate Share Hospital (DSH) Adjustment determination submitted by Andy Kane on behalf of MacNeal Hospital. The appeal stated that the total adjusted revenues paid the hospital included \$4,553,866 of non-hospital based revenue that should have been excluded from the Low Income Utilization (LIU) rate calculation.

After reviewing the appeal and documentation, the Department agrees that an incorrect amount for the outpatient portion of the 'Total revenues paid the hospital for patient services' was used in the calculation of the hospital's LIU percentage. The reduction in total hospital revenues by the amount appealed and substantiated through the financial statements submitted results in a LIU greater than 25%. This in turn qualifies MacNeal Hospital for DSH status.

Attached you will find the revised attachments for the RY 2012 DSH determination which includes the DSH, MPA, and MHVA rate amounts. These rates will be adjusted retroactively for all dates of service beginning October 1, 2011.

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

Please contact Dan Jenkins 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 2012 (October 1, 2011-September 30, 2012)**

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%;
- 3) Be an Illinois hospital, that on July 1, 1991, had a MIUR 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 MIUR 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:

2

YOUR HOSPITAL'S 2012 MEDICAID INPATIENT UTILIZATION RATE CALCULATION

Medicaid Routine Days:	5,967	Total Hospital Routine Days:	56,852
Medicaid ICU Days:	2,161	Total Hospital ICU Days:	4,963
Medicaid Psychiatric Days:	4,807	Total Hospital Psychiatric Days:	7,506
Medicaid Rehabilitation Days:	-	Total Hospital Rehabilitation Days:	-
Medicaid Nursery Days	1,735	Total Hospital Nursery Days:	4,121
	-		
Total Mdcd Days from Cost Report	<u>14,670</u>		
Medicaid Out-of-State Days:	-		
Medicaid HMO Days:	638		
Medicaid DASA Days:	-		
Medicaid Denied Days:	-		
Medicaid Inappropriate Level of Care Days:	-		
Medicaid/Medicare Crossover Days:	<u>6,670</u>		
Total Medicaid Days from Other Sources:	7,308		
TOTAL MEDICAID INPATIENT DAYS	21,978	TOTAL HOSPITAL INPATIENT DAYS:	<u>73,442</u>
YOUR HOSPITAL'S RY12 MEDICAID INPATIENT UTILIZATION RATE			29.93%

Your hospital's state fiscal year 2009 total Medicaid obstetrical days:

2,488

Your hospital's state fiscal year 2009 total Medicaid days:

16,406

Your hospital's obstetrical inpatient utilization rate:

15.17%

Your hospital's low income utilization rate:

25.08%

Illinois' total Medicaid inpatient utilization days:

2,427,554

Illinois' total hospital inpatient days:

7,696,693

Illinois' statewide mean Medicaid inpatient utilization rate:

31.54%

One-half of a standard deviation above the statewide mean Medicaid inpatient utilization rate:

41.58%

DISPROPORTIONATE SHARE ADJUSTMENT (DSH) CALCULATION**For Rate Year 2012 (October 1, 2011 - September 30, 2012)****DSH Adjustment**

1) Statewide mean plus one standard deviation:	51.62%
2) Hospital Medicaid Inpatient Utilization Rate (MIUR):	29.93%
3) Amount over the mean plus one standard deviation {Line 2 / Line 1}:	N/A
4) Aggregate value of the amounts over the mean plus one standard deviation:	35.37
5) Proportional Value {Line 3 / Line 4}:	N/A
6) Your hospital's estimated rate year 2012 utilization:	20,576
7) Total estimated rate year 2012 utilization for all hospitals whose Medicaid percentage is greater than one standard deviation above the mean:	640,227
8) Your hospital's weighted days {Line 5 * Line 6}:	N/A
9) Total of all weighted days:	14,797
10) Your hospital's percent weighted days {Line 8 / Line 9}:	N/A
11) Estimated spending of \$5.00 per day to eligible hospitals {Line 7 * \$5.00}:	\$3,201,135
12) Estimated pool for eligible hospitals {\$5,000,000 - Line 11}:	\$1,798,865
13) Federal DSH add-on per day {(Line 10 * Line 12) / Line 6} +\$5.00}:	\$5.00

MEDICAID PERCENTAGE ADJUSTMENT (MPA) AND MEDICAID HIGH VOLUME (MHVA) CALCULATION**For Rate Year 2012 (October 1, 2011 - September 30, 2012)**

1) Illinois mean Medicaid inpatient utilization rate:	31.54%
2) One-half a standard deviation above the mean Medicaid inpatient utilization rate:	41.58%
3) One standard deviation above the mean Medicaid inpatient utilization rate:	51.62%
4) One and one-half standard deviations above the mean Medicaid inpatient utilization rate:	61.66%
5) Your hospital's Medicaid inpatient utilization rate:	29.93%

Medicaid Percentage Adjustment

6) Medicaid MPA add-on per day **:	\$25.00
7) Medicaid MPA add-on per day capped:	\$47.17
8) Medicaid MPA add-on per day inflated by the lesser of the percent change in the statewide average payment rate or the DRI	\$47.17

(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 * 1.0414)

** MIUR=Medicaid Inpatient Utilization Rate	MPA Add-On (Children's hospital rates are multiplied by 2)
MIUR is < 31.54	\$25.00
MIUR is >= 31.54 but < 51.62	\$25.00 Plus \$1.00 for every percent over 31.54
MIUR is >= 51.62 but < 61.66	\$40.00 Plus \$7.00 for every percent over 51.62
MIUR is >= 61.66	\$90.00 Plus \$2.00 for every percent over 61.66

MEDICAID HIGH VOLUME INPATIENT PAYMENT ADJUSTMENT

1) Medicaid high volume adjustment (MHVA) per day:	\$60.00
2) MHVA per day inflated from 1993 to 2012 by lesser of the percent change in the statewide average payment rate or the DRI	\$113.22

(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 * 1.0414):

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