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Springfield, Illinois 62763-0002

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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

October 26, 2011

Massac Memorial
ATTN: Chief Executive Officer
P.O. Box 850
Metropolis, IL 62960

Dear Chief Executive Officer:

This notice serves as a response to your facility's appeal of the RY12 Disproportionate Share Hospital (DSH) Adjustment Determination. In your letter, you state that Massac Memorial Hospital should not be excluded from DSH Program eligibility because of the OB requirements, and that your facility does meet the minimum criteria in order to be deemed a DSH facility. In addition, you attached the required Obstetrical Statement, previously not submitted to the Department, for the RY 12 DSH calculations. This form indicates that your facility discontinued non-emergency OB services prior to December 22, 1987. Federal law prohibits States from making DSH payments to hospitals that discontinue non-emergency ob services to the general public after that date.

It has been determined by the Department that your facility does qualify for the Disproportionate Share Hospital Adjustment Program for RY12. While Massac does not meet the necessary criteria to receive the DSH add-on, it does qualify for the Medicaid Percentage Adjustment (MPA) add-on as well as the Medicaid High Volume Adjustment (MHVA) add-on. The attachments detail your facility's rates, to be effective retroactive from October 1, 2011 through September 30, 2012.

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

Enclosures

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 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: 0
Your hospital qualifies for Medicaid Percentage Adjustment and Medicaid High Volume under criteria: 3

YOUR HOSPITAL'S 2012 MEDICAID INPATIENT UTILIZATION RATE CALCULATION

Medicaid Routine Days:	303	Total Hospital Routine Days:	2,974
Medicaid ICU Days:	52	Total Hospital ICU Days:	495
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	355		
Medicaid Out-of-State Days:	-		
Medicaid HMO Days:	-		
Medicaid DASA Days:	-		
Medicaid Denied Days:	-		
Medicaid Inappropriate Level of Care Days:	-		
Medicaid/Medicare Crossover Days:	404		
Total Medicaid Days from Other Sources:	404		
TOTAL MEDICAID INPATIENT DAYS	759	TOTAL HOSPITAL INPATIENT DAYS:	3,469
YOUR HOSPITAL'S RY12 MEDICAID INPATIENT UTILIZATION RATE			21.88%

Your hospital's state fiscal year 2009 total Medicaid obstetrical days: -
 Your hospital's state fiscal year 2009 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: 2,427,554
 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%

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:	21.88%

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.