

201 South Grand Avenue East  
Springfield, Illinois 62763-0002

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

November 22, 2011

Vista Medical Center East  
ATTN: Chief Executive Officer  
1324 North Sheridan Road  
Waukegan, IL 60085

Dear Chief Executive Officer:

This letter is in response to your disproportionate share hospital (DSH) adjustment appeal for rate year 2012, dated October 27, 2011. In your letter, you claim that the Medicaid inpatient utilization rate (MIUR) calculated by the Department does not reflect all days of service provided to Medicaid clients. You claim that 41 eligible HMO days were excluded from the calculations, and that an inaccurate number of cost report days were utilized in the calculations.

After a review of the HMO days and supporting documentation you submitted with your appeal, the Department has determined that the 41 days submitted are eligible for inclusion in a revised calculation of your hospital's MIUR and associated rates.

The modifications that you are requesting to your cost report were not received by the Department by the necessary deadline. In accordance with the rules governing the DSH calculations, 89 Ill. Admin. Code 148.120(c)(B), in the absence of a final audited cost report, the Department will use the unaudited cost report for the hospital's base fiscal year. Due to the unaudited nature of the cost report, the hospital may submit revised cost report data no later than the first day of July preceding the calculations. Your facility's request to use modified cost report data in its DSH appeal falls after the July 1, 2011, deadline for the RY2012 DSH calculations. For this reason, the Department is denying your request to modify the cost report days. Furthermore, per subsection (oo) of section 148.310: The review procedures provided for in this Section may not be used to submit any new or corrected information that was required to be submitted by a specific date. A copy of the rules is included for your information and future reference.

Attached you will find the revised MIUR calculations as well as the new MPA and DSH rates. The 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 Kristy Pickford, at 217/785-0710 should you have questions.

Sincerely,

F. N. Kopel, Administrator  
Division of Finance

Attachments

**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:

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:	8,359	Total Hospital Routine Days:	38,969
Medicaid ICU Days:	685	Total Hospital ICU Days:	5,427
Medicaid Psychiatric Days:	-	Total Hospital Psychiatric Days:	-
Medicaid Rehabilitation Days:	-	Total Hospital Rehabilitation Days:	-
Medicaid Nursery Days	3,734	Total Hospital Nursery Days:	4,391
	-		
Total Mdcd Days from Cost Report	<u>12,778</u>		
Medicaid Out-of-State Days:	94		
Medicaid HMO Days:	69		
Medicaid DASA Days:	-		
Medicaid Denied Days:	-		
Medicaid Inappropriate Level of Care Days:	-		
Medicaid/Medicare Crossover Days:	<u>4,685</u>		
Total Medicaid Days from Other Sources:	4,848		
<b>TOTAL MEDICAID INPATIENT DAYS</b>	<b>17,626</b>	<b>TOTAL HOSPITAL INPATIENT DAYS:</b>	<b><u>48,787</u></b>

**YOUR HOSPITAL'S RY12 MEDICAID INPATIENT UTILIZATION RATE**

**36.13%**

Your hospital's <u>state</u> fiscal year 2009 total Medicaid obstetrical days:	2,913
Your hospital's <u>state</u> fiscal year 2009 total Medicaid days:	10,817
Your hospital's obstetrical inpatient utilization rate:	26.93%
Your hospital's low income utilization rate:	34.73%

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):	36.13%
3) Amount over the mean plus one standard deviation {Line 2 / Line 1}:	0.00
4) Aggregate value of the amounts over the mean plus one standard deviation:	35.37
5) Proportional Value {Line 3 / Line 4}:	0.00%
6) Your hospital's estimated rate year 2012 utilization:	16,143
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:	36.13%

**Medicaid Percentage Adjustment**

6) Medicaid MPA add-on per day **:	\$29.59
7) Medicaid MPA add-on per day capped:	\$29.59
8) Medicaid MPA add-on per day inflated by the lesser of the percent change in the statewide average payment rate or the DRI	\$55.83

(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.