

Payments in aggregate for inpatient hospital services will not exceed the amount that would be paid for services under Medicare principles.

APPEALS

The Department of Social Services has administrative review procedures to meet the need for provider appeals required by 42 CFR 447.253(e).

ACCESS AND QUALITY OF CARE

All hospitals located in South Dakota are participating in the Medicaid program which results in the best possible access to hospital services for the Medicaid recipient.

Quality of care will be monitored by the South Dakota Professional Review Organization.

DISPROPORTIONATE SHARE PAYMENTS

The program will allow an additional payment to any qualifying hospital that has a disproportionate share of low-income patients. The threshold at which an individual hospital will be deemed to be serving a disproportionate share of low-income patients is when either the Medicaid inpatient utilization rate, as defined in section 1923 (b) (2), is above the mean Medicaid inpatient utilization rate for hospitals receiving the Medicaid payments in the state or the low-income utilization rate, as defined in section 1923 (b) (3), exceeds 25 percent. To qualify as a disproportionate share hospital a hospital must have at least 2 obstetricians who have staff privileges and who have agreed to provide obstetric services to individuals entitled to Medicaid service. This requirement does not apply to hospitals whose patients are predominately under 18 years of age or which do not offer non-emergency obstetric services to the general population. For hospitals located in a rural area, the term "obstetrician" includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures. A hospital must also have a Medicaid utilization rate of at least one percent to qualify for disproportionate share hospital payment.

To identify qualifying hospitals, the Department mails a survey to all hospitals by April 30 of each year. Hospitals have until May 15 to reply, but the Department verifies returns to ensure no qualifying hospital is excluded.

If a hospital qualifies for disproportionate share payment under both the Medicaid inpatient utilization rate and the low-income utilization rate, the payment will be based on whichever utilization rate will result in the higher payment. Only one disproportionate share payment is allowed to a hospital. The Department notifies qualifying hospitals of their disproportionate share payments prior to June 30.

Qualifying disproportionate share hospitals shall be grouped into one of the following three groups, with each hospital groups' surveys calculated independently of the other groups' surveys:

Group 1, acute care hospitals;

Group 2, psychiatric hospitals operated by the State of South Dakota; and
Group 3, other hospitals (any hospital not in Group 1 or 2).

Payments to Group 1 hospitals qualifying under the Medicaid inpatient utilization method will be based on the standard deviation that a facility's qualifying rate exceeds the Medicaid inpatient utilization mean for all participating hospitals. Payments to Group 1 hospitals qualifying under the low-income utilization method will be based on the standard deviation that a facility's qualifying rate exceeds the low-income utilization mean for all participating hospitals. Payments will be made according to the following schedule:

If the qualifying rate is greater than the mean rate to less than 1 standard deviation above the mean--\$20,919.55;

If the qualifying rate is 1 standard deviation above the mean to less than 2 standard deviations above the mean--\$41,839.10;

If the qualifying rate is 2 standard deviations above the mean to less than 3 standard deviations above the mean--\$62,758.65; and

If the qualifying rate is 3 or more standard deviations above the mean--\$83,678.20.

The amount of payment for each hospital is calculated as follows:

The Department determines the number of facilities qualifying at greater than the mean, greater than 1 standard deviation above the mean, greater than 2 standard deviations above the mean, and greater than 3 standard deviations above the mean. The total amount of funding budgeted for disproportionate share payments is then allocated starting with those facilities qualifying at greater than the mean. Facilities qualifying at greater than 1 standard deviation, greater than 2 standard deviations, and greater than 3 standard deviations above the mean are paid double, triple, and quadruple, respectively, the amount for facilities qualifying at greater than the mean. The payment amounts are adjusted until all the budgeted funds are spent.

The proposed disproportionate share payment for each facility is then compared to the payment limit that has been established for each facility. If the payment limit is less than the proposed disproportionate share payment, then the payment limit amount will be the disproportionate share payment for that particular facility. The sum of the payments made to the facilities where the payment limit was met is then subtracted from the total amount budgeted. The remaining budgeted funds are then allocated equally among the facilities where the payment limits have not been met. The subsequent allocation again is determined to ensure that facilities qualifying at greater than 1 standard deviation, greater than 2 standard deviations, and greater than 3 standard deviations above the mean are paid double, triple, and quadruple, respectively, the amount for facilities qualifying at greater than the mean.

Payments to Group 2 hospitals qualifying under the Medicaid inpatient utilization method will be based on the standard deviation that a facility's qualifying rate exceeds the Medicaid inpatient utilization mean for all participating hospitals. Payments to Group 2 hospitals qualifying under the low-income

utilization method will be based on the standard deviation that a facility's qualifying rate exceeds the low-income utilization mean for all participating hospitals. Payment will be made according to the following schedule:

If the qualifying rate is greater than the mean rate to 3 or more standard deviations above the mean--\$751,299.

Payments to Group 3 hospitals qualifying under the Medicaid inpatient utilization method will be based on the standard deviation that a facility's qualifying rate exceeds the Medicaid inpatient utilization mean for all participating hospitals. Payments to Group 3 hospitals qualifying under the low-income utilization method will be based on the standard deviation that a facility's qualifying rate exceeds the low-income utilization mean for all participating hospitals. Payment will be made according to the following schedule:

If the qualifying rate is greater than the mean rate to less than 1 standard deviation above the mean--\$250;

If the qualifying rate is 1 standard deviation above the mean to less than 2 standard deviations above the mean--\$500;

If the qualifying rate is 2 standard deviations above the mean to less than 3 standard deviations above the mean--\$750; and

If the qualifying rate is 3 or more standard deviations above the mean--\$1,000.

If necessary, payments to qualified hospitals will be adjusted for the projected impact of the hospital's specific disproportionate share hospital payment limit as required by OBRA '93.

Disproportionate share payments will be made one time during each state fiscal year. If the total of disproportionate share payments to all qualified hospitals for a year is going to exceed the State disproportionate share hospital payment limit, as established under 1923(f) of the Act, the following process will be used to prevent overspending the limit. First, the amount of over-expenditure will be determined. Then the over-expenditure amount will be deducted from the total payments to Group 2 hospitals. Payments to individual Group 2 hospitals will be reduced based on their percentage of Group 2 total payments.