



Health and Human Services Major Funding for County Public Hospitals

Senate Finance Subcommittee on General Government Issues

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September 11, 2008



Overview of Major HHS Funding: Public Hospitals

Major Funding Provided through Health and Human Services (HHS) Agencies to Large 11 Public Hospitals¹

	FY 2007 Payments (All Funds)
Medicaid Payments	
Regular Medicaid Payments	\$453,746,472
Medicaid Managed Care Payments	\$110,956,465
Disproportionate Share Hospital Program (DSH)	\$582,762,910
Upper Payment Limit Hospital Program (UPL)	\$900,776,895
Graduate Medical Education (GME)	\$0.00
Total Medicaid	\$2,048,242,742
Additional HHS Major Funding Sources	
CHIP ²	\$4,078,335
Trauma ³	\$20,344,528
Department of State Health Services Direct Services ⁴	\$18,256,922
Total HHS Funding to Public Hospitals	\$2,090,922,527

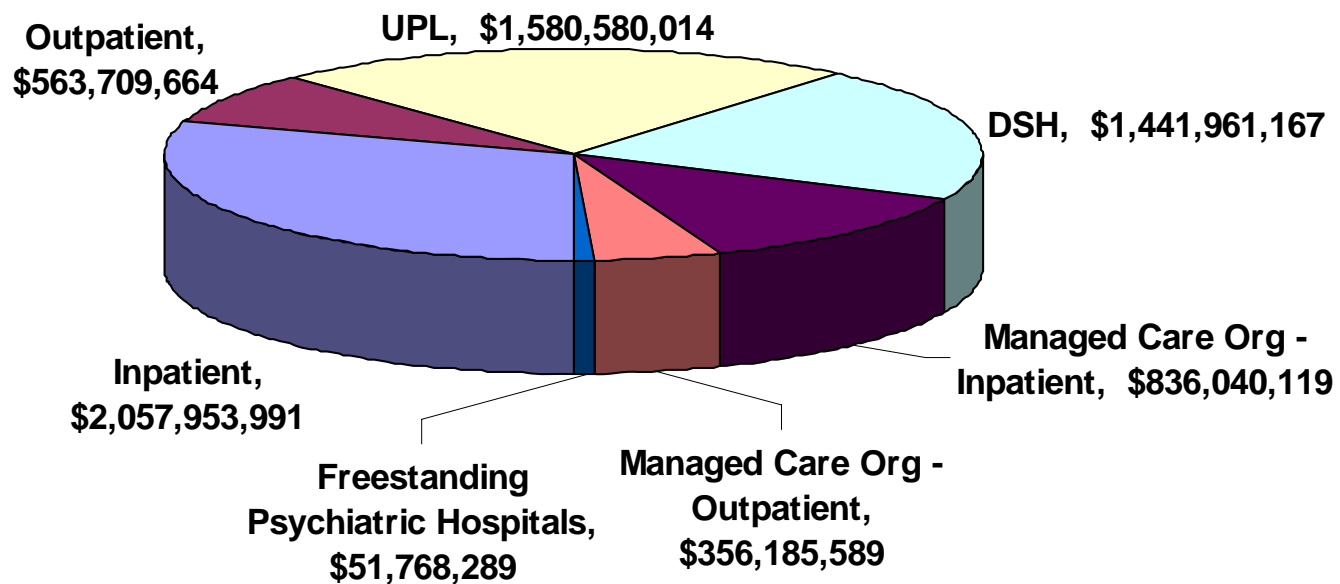
¹Brackenridge Hospital, Harris County Hospital District, John Peter Smith-Tarrant County Hospital District, Medical Center Hospital-Odessa, Midland Memorial Hospital, Northwest Texas Hospital, Parkland Memorial-Dallas County Hospital District, RE Thomason-El Paso County Hospital District, Spohn Memorial-Nueces County Hospital District, University Hospital-Bexar County Hospital District, University Med Center-Lubbock.

²CHIP providers do not submit claims/encounter information using a TPI. Provider Tax ID is used as a proxy in this table. However, it appears that each provider is issued one Tax ID number regardless of how many TPI suffixes that provider may have and multiple TPIs can associate with one single Provider Tax ID. Therefore, the information provided for CHIP may overestimate the dollar amount for each provider TPI.

³This reflects trauma funding to the large 11 public hospitals. Total trauma funding for all hospitals was \$47.5 million for FY07.

⁴DSHS Direct Services include Children With Special Health Care Needs, Title V Maternal & Child Health, Breast & Cervical Cancer Services, Family Planning, Primary Health Care, and Epilepsy Services, and payments reflect all public hospitals across the state.

FY 2007 Medicaid Hospital Payments *All Funds*





DSH and UPL Funding Overview

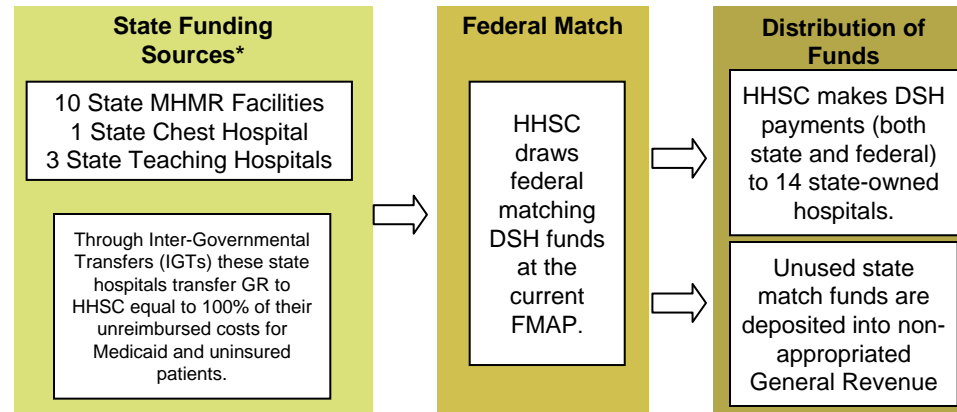
DSH: Federal and state laws require that state Medicaid programs make special payments to hospitals that serve a disproportionately large number of Medicaid, low-income, and indigent patients.

- Texas pays approximately \$1.5 billion (all funds) per year in DSH.
 - All hospitals must meet minimum criteria, such as non-emergency obstetrical services and Medicaid inpatient utilization, to receive DSH funds.
 - In FY 2007, DSH payments were made to three state-owned teaching hospitals, one state chest hospital, ten state psychiatric hospitals and approximately 165 non-state hospitals.
 - Federal DSH funding to Texas is capped at approximately \$901 million per federal fiscal year.

UPL: Federal regulations fund a reasonable estimate of the amount that would be paid for Medicaid services using Medicare payment principles.

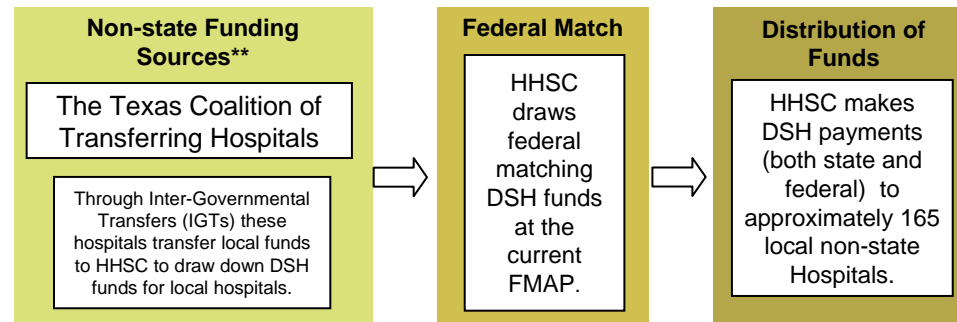
- Texas pays approximately \$1.6 billion (all funds) per year in UPL payments for inpatient and outpatient services to eligible acute care hospitals.
 - In FY 2007, UPL payments were made to approximately 195 hospitals.
 - Over \$900 million of the total payments were paid to 11 of the largest public hospitals in Texas.

DSH Formula for State Owned Hospitals:



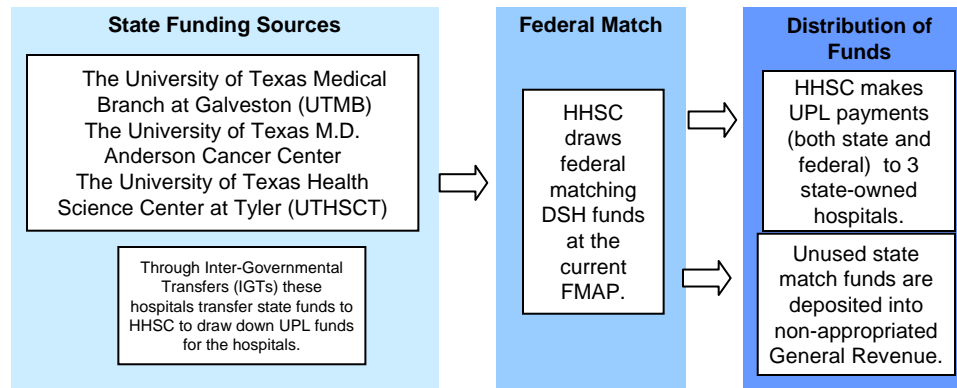
State Funding Sources: The University of Texas Medical Branch at Galveston (UTMB), The University of Texas M.D. Anderson Cancer Center, The University of Texas Health Science Center at Tyler (UTHSCT), Texas Center for Infectious Disease (TCID) in San Antonio, Austin State Hospital, Big Spring State Hospital, San Antonio State Hospital, Rio Grande State Psychiatric Center, Harris County Psychiatric Center, El Paso State Psychiatric Center, Terrell State Hospital, Rusk State Hospital, Wichita Falls State Hospital, Vernon State Hospital.

DSH Formula for Non-State Owned Hospitals:

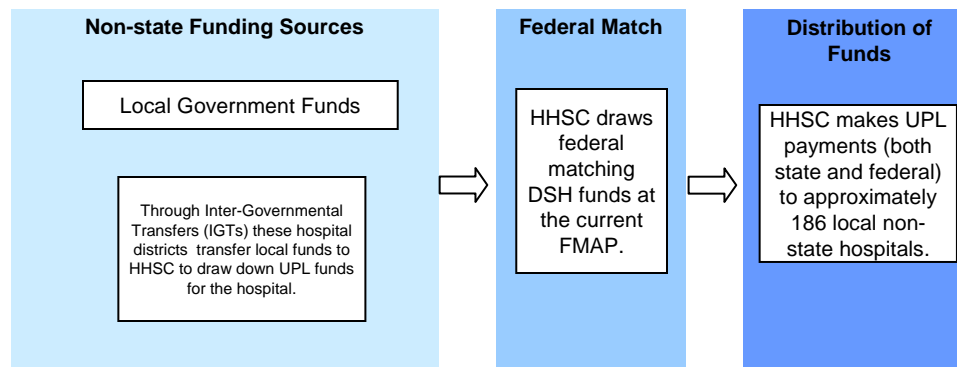


**Texas Coalition of Transferring Hospitals includes the hospital districts of Bexar County, Dallas County, Ector County, El Paso, Harris County, Lubbock County, Tarrant County, and Travis County.

UPL Formula for State Owned Teaching Hospitals:



UPL Formula for Non-State Owned Hospitals:





Federal and State DSH and UPL Payments by Major Category

DSH Payments (all funds)

Hospital Category	FY 2007	FY 2008
	Payments	Estimates
State Teaching Hospitals	\$180,702,372	\$141,391,400
Other State Hospitals	\$246,254,251	\$312,637,424
Large Public Hospitals	\$570,906,969	\$575,231,676
Children's Hospitals	\$73,385,177	\$68,984,121
Urban Hospitals	\$312,095,422	\$307,180,527
Rural Hospitals	\$58,616,976	\$51,520,641
Totals:	\$1,441,961,167	\$1,456,945,789

UPL Payments (all funds)

Hospital Category	FY 2007	FY 2008
	Payments	Estimates
State Teaching Hospitals	\$144,558,569	\$144,558,569
Other State Hospitals		
Large Public Hospitals	\$900,776,895	\$938,401,571
Children's Hospitals	\$31,871,494	\$31,693,712
Private Hospitals	\$427,156,110	\$990,000,000
Rural Hospitals	\$76,216,946	\$72,514,760
Totals:	\$1,580,580,014	\$2,177,168,612

DSH and UPL programs use different categories for private and urban hospitals.
UPL payments for physician services are not included.

DSH hospitals have a cap on the amount of supplemental funds (DSH and UPL payments) each hospital can receive.

DSH Cap = Self-Reported Uninsured Costs + Medicaid Shortfall

Self-reported uninsured charges reflect uninsured charges incurred and subtract payments made. HHSC converts charges to costs.

Medicaid Shortfall is the difference between the costs to treat a Medicaid patient and the actual payment from Medicaid.

Impacts to UPL Payments:

UPL payments to DSH hospitals count toward their individual DSH Caps.

FY 2007 DSH Cap Computation

Hospital Category	Self-Reported Uninsured Costs	Medicaid Shortfall	Hospital DSH Cap
State Teaching Hospitals	\$200,097,726	\$45,868,705	\$245,966,431
Other State Hospitals	\$301,892,709	\$12,682,928	\$314,575,637
Large Public Hospitals	\$1,195,917,519	\$181,118,597	\$1,377,036,116
Children's Hospitals	\$45,180,861	\$98,259,186	\$143,440,047
Urban Hospitals	\$782,867,009	\$300,526,211	\$1,083,393,220
Rural Hospitals	\$118,770,756	\$18,591,644	\$137,362,400
Totals:	\$2,644,726,580	\$657,047,271	\$3,301,773,851

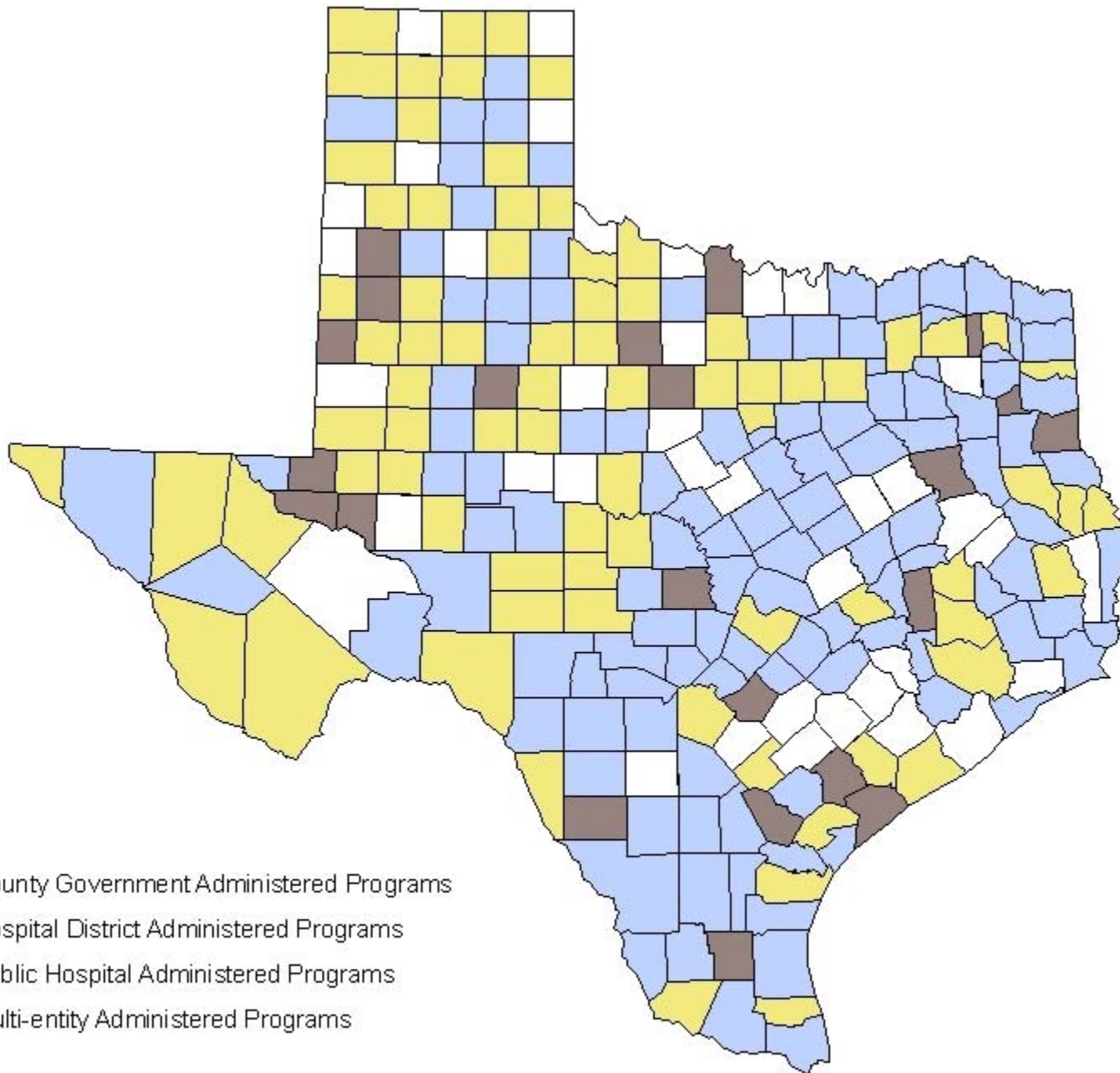
Note: GME costs are included in DSH in both the uninsured and the Medicaid shortfall, since the ratio of cost to charges used is determined prior to the allocation of the GME cost to the separate GME cost report worksheets

In 1986, the Texas Legislature passed the Indigent Health Care and Treatment Act, Chapter 61:

- Defined responsibilities of counties, hospital districts and public hospitals in providing health care to eligible indigent residents
 - Eligible indigent population is defined at a minimum of 21 percent of Federal Poverty Level

- Identified health care services for the eligible population
 - Basis services include hospital, physician, prescriptions, etc.
 - County-run programs reported spending 55 percent of their expenditures for hospital services

- Defined state responsibilities and provided a state assistance fund for counties without public hospitals or hospital districts
 - Only counties spending over 8 percent of their general revenue tax levy (GRTL) are eligible for state assistance funds



- County Government Administered Programs
- Hospital District Administered Programs
- Public Hospital Administered Programs
- Multi-entity Administered Programs

Total CIHCP funds

•Total CIHCP local funds if all 140 county-run program *spent* their entire 8 percent GRTL = \$150 million

•112 county-run programs reported spending on eligible indigent resident = \$60 million

•Total state assistance funds available for counties expending over 8 percent GRTL = \$5 million

•Ten counties received state assistance fund reimbursements = \$2.6 million

