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**STATE OF NEW HAMPSHIRE**  
**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
***DIVISION OF MEDICAID SERVICES***

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August 28, 2020

The Honorable Mary Jane Wallner, Chairman  
Fiscal Committee of the General Court  
State House  
Concord, NH 03301

His Excellency, Governor Christopher T. Sununu  
and the Honorable Council  
State House  
Concord, NH 03301

**REQUESTED ACTION**

- Pursuant to the provisions of RSA 14:30-a, VI, authorize the Department of Health and Human Services, Division of Medicaid Services to accept and expend federal funds in the amount of \$2,501,156 from the Centers for Medicare and Medicaid Services to fund the New Hampshire Hospital Disproportionate Share Hospital Payments, effective upon approval by the Fiscal Committee and Governor and Council through June 30, 2021, and further authorize the allocation of these funds in the accounts below. 100% Federal Funds.

**05-95-47-470010-79370000, HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF HHS: OFF. OF MEDICAID SERVICES, MEDICAID ADMINISTRATION**

Class/Obj	Class Title	Current Modified Budget	Increase (Decrease) Amount	Revised Modified Budget
000-403978	Federal Funds	\$29,271,887	\$2,501,156	\$31,773,043
	General Funds	\$5,441,923	\$0	\$5,441,923
<b>Total Revenue</b>		<b>\$34,713,810</b>	<b>\$2,501,156</b>	<b>\$37,214,966</b>

010-500100	Personal Services-Perm. Classified	\$1,826,082	\$0	\$1,826,082
012-500128	Personal Services-Unclassified	\$490,062	\$0	\$490,062
018-500106	Overtime	\$7,500	\$0	\$7,500
020-500200	Current Expense	\$151,170	\$0	\$151,170
026-500251	Organizational Dues	\$12,200	\$0	\$12,200
030-500301	Equipment New/Replacement	\$4,000	\$0	\$4,000
039-500188	Telecommunications	\$26,200	\$0	\$26,200
040-500800	Indirect Costs	\$1,260,294	\$0	\$1,260,294

Division of Medicaid Services SFY 2021 continued:

Class/Obj	Class Title	Current Modified Budget	Increase (Decrease) Amount	Revised Modified Budget
041-500801	Audit Fund Set Aside	\$28,381	\$2,499	\$30,880
042-500620	Additional Fringe Benefits	\$125,000	\$0	\$125,000
049-584994	Transfer to Other State Agencies	\$20,036,796	\$2,498,657	\$22,535,453
050-500109	Personal Service-Temp/Appointe	\$415,902	\$0	\$415,902
060-500601	Benefits	\$984,124	\$0	\$984,124
066-501709	Employee Training	\$3,000	\$0	\$3,000
070-500706	In-State Travel	\$1,500	\$0	\$1,500
080-500715	Out-of State Travel	\$2,500	\$0	\$2,500
101-500729	Medical Payments to Providers	\$364,616	\$0	\$364,616
102-500731	Contracts for Program Services	\$8,974,046	\$0	\$8,974,046
211-500757	Property and Causality Insurance	\$437	\$0	\$437
<b>Total Expenses</b>		<b>\$34,713,810</b>	<b>\$2,501,156</b>	<b>\$37,214,966</b>

- Contingent upon approval of Requested Action #1, pursuant to RSA 14:30-a, VI, authorize the Department of Health and Human Services to accept and expend additional Intra-Agency transfer from the Disproportionate Share Hospital Program in the amount of \$2,498,657 which will be used to replace Provider Fees which are less than estimated, effective upon approval by the Fiscal Committee and Governor and Council through June 30, 2021, and further authorize the allocation of these funds in the accounts below. 100% Intra-Agency Funds.

**05-95-94-940010-87500000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: NEW HAMPSHIRE HOSPITAL, ACUTE PSYCHIATRIC SERVICES**

Class/Obj	Class Title	Current Modified Budget	Increase (Decrease) Amount	Revised Modified Budget
001-484947	Inter-Agency	\$16,250,256	\$2,498,657	\$18,748,913
007-402865	Tuition-APC	\$23,000		\$23,000
000-405921	Agency Income - Provider Fees	\$28,200,131	\$0	\$28,200,131
	General Funds	\$22,822,307	\$0	\$22,822,307
<b>Total Revenue</b>		<b>\$67,295,694</b>	<b>\$2,498,657</b>	<b>\$69,794,351</b>

New Hampshire Hospital SFY2021 continued:

Class/Obj	Class Title	Current Modified Budget	Increase (Decrease) Amount	Revised Modified Budget
010-500100	Personal Services-Perm. Classified	\$25,084,072	\$0	\$25,084,072
012-500128	Personal Services-Unclassified	\$1,173,554	\$0	\$1,173,554
018-500106	Overtime	\$3,109,076	\$0	\$3,109,076
019-500105	Holiday Pay	\$474,716	\$0	\$474,716
020-500200	Current Expense	\$114,453	\$4,816	\$119,269
022-500255	Rent - Leases other	\$441,458	\$0	\$441,458
026-500251	Organizational Dues	\$300	\$0	\$300
039-500188	Telecommunications	\$13,854	\$0	\$13,854
042-500620	Additional Fringe Benefits	\$324,460	\$21,345	\$345,805
050-500109	Personal Service-Temp/Appointe	\$1,222,010	\$1,605,517	\$2,827,527
057-500531	Books, Periodicals, Subscriptions	\$79,199	\$0	\$79,199
059-500117	Temp Full-time	\$471,225	\$0	\$471,225
060-500601	Benefits	\$15,029,722	\$866,979	\$15,896,701
066-501709	Employee Training	\$34,641	\$0	\$34,641
070-500706	In-State Travel	\$1,530	\$0	\$1,530
080-500715	Out-of State Travel	\$2,500	\$0	\$2,500
100-500726	Prescription Drug Expenses	\$1,675,457	\$0	\$1,675,457
101-500729	Medicaid Payments to Providers	\$1,312,260	\$0	\$1,312,260
102-500731	Contracts for Program Services	\$16,686,199	\$0	\$16,686,199
501-500425	Payments to Clients	\$45,008	\$0	\$45,008
<b>Total Expenses</b>		<b>\$67,295,694</b>	<b>\$2,498,657</b>	<b>\$69,794,351</b>

**EXPLANATION**

The Department is requesting to (1) increase the amount of federal Medicaid Disproportionate Share Hospital (DSH) Program revenue and (2) accept a transfer of DSH funds (intra-agency to NHH) for uncompensated care to help fund new positions to allow for increased adult census on the former children's unit. Additional funding is required in FY21 as adult occupancy of the former children's unit was not anticipated until the 22/23 biennium. The 30 new full-time temporary positions, created pursuant to RSA 21-I:54, will enable NHH to expand E and F Units to twice the occupancy compared to when the children were in residence; effectively going from twelve individuals on each unit to twenty-four.

1. The Disproportionate Share Hospital (DSH) payment program is a joint State and Federal program designed to reimburse hospitals for uncompensated care of uninsured and Medicaid insured patients. When services are provided to Medicaid insured individuals the state makes payments on behalf of the individuals but the level of reimbursement is typically a fraction of the cost. The DSH payment at New Hampshire Hospital (NHH) is calculated by determining the cost of care for the uninsured and the Medicaid patients and subtracting any payments received to arrive at the uncompensated care cost (UCC). The UCC is then split evenly between state and federal funds. Many factors contribute to the volatility of the budgeted amount, the least of which are patient mix, legislative changes and inflation.

Funds are budgeted as follows:

Class 041- Audit costs per state requirements.

Class 049- Transfer to other State Agencies will be used for New Hampshire Hospital Disproportionate Share Hospital Payments.

2. This request is being made to accept and expend additional intra-agency income from Medicaid Disproportionate Share Hospital program, which are revenues to cover the hospital cost of uncompensated care. The Department has earned this additional DSH revenue by having a higher-than-anticipated amount of unreimbursed bed days. The Department seeks to utilize this revenue to fund additional staffing to support the expansion of bed counts pursuant to Chapter 346, Section 220 (Laws of 2019).

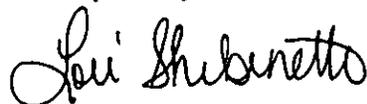
Funds from uncompensated care cost are greater than budgeted due to a larger than anticipated number of patients unable to be discharged into appropriate community settings. When this occurs, patients waiting for discharge do not require the same level of acute care services that carry higher reimbursement rates rendering them non-certified by insurance providers.

Patients who are unable to be discharged to a lower level of care setting may qualify as Administrative Necessity. The Centers for Medicare and Medicaid Services permits partial payments (in the form of federal DSH revenue) for uncompensated care for qualified patients who are hospitalized due to Administrative Necessity. These additional funds are the result of an audit that determined a higher per diem reimbursement rate.

Source of Funds: These funds are 100% Federal Funds from the United States Department of Health and Human Services Centers for Medicare and Medicaid Services, Medicaid, Catalog of Federal Domestic Assistance (CFDA) #93.778.

In the event that these Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Lori A. Shibinette  
Commissioner