



Missouri Medicaid DSH: What you need to know

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Emily Reese - Director

Background and overview of Medicaid DSH program

Recent and upcoming changes in Missouri

Strategies to estimate potential liability

Strategies to capture as much uncompensated care as possible

Medicaid DSH Program

Established by Congress in 1981

Purpose

To assist Hospitals treating a disproportionate share low-income patients.

01

Hospital UCC

02

State Funding

03

Federal Funding

What is a DSH Payment?

1. DSH payments help offset two types of uncompensated care: Medicaid shortfall (the difference between the payments for care a hospital receives and its costs of providing services to Medicaid-enrolled patients) and unpaid costs of care for uninsured individuals.
2. More generally, DSH payments also help support the financial viability of safety-net hospitals

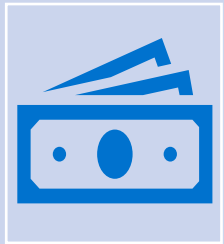
(source: MACPAC Annual Analysis of Disproportionate Share Hospital Allotments to States March 2022)



Medicaid DSH is a FEDERAL program (Administered by the States)



State Medicaid programs are statutorily required to make disproportionate share hospital (DSH) payments to hospitals that serve a high proportion of Medicaid beneficiaries and other low-income patients.

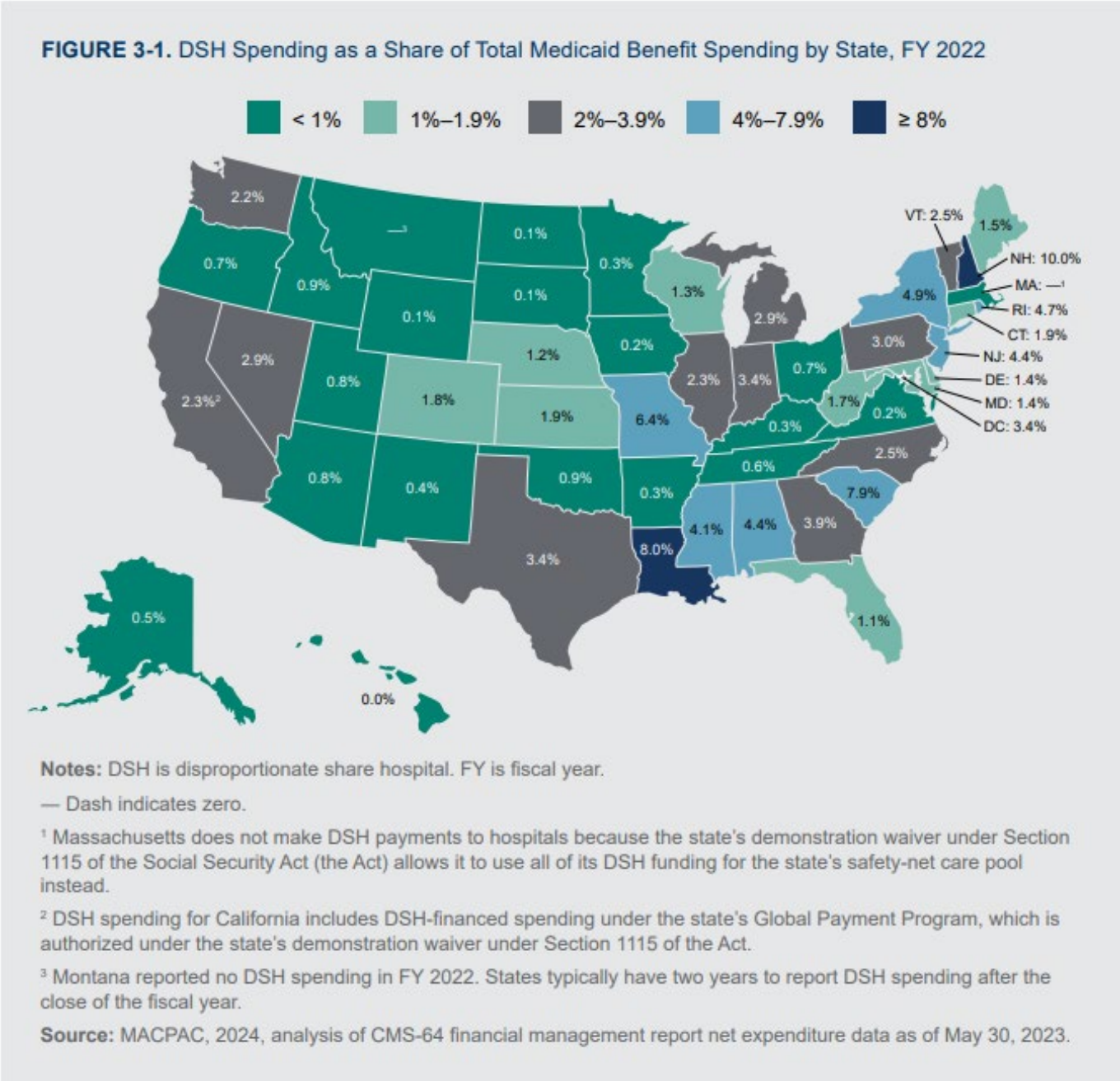


The total amount of such payments is limited by annual federal DSH allotments, which vary widely by state.



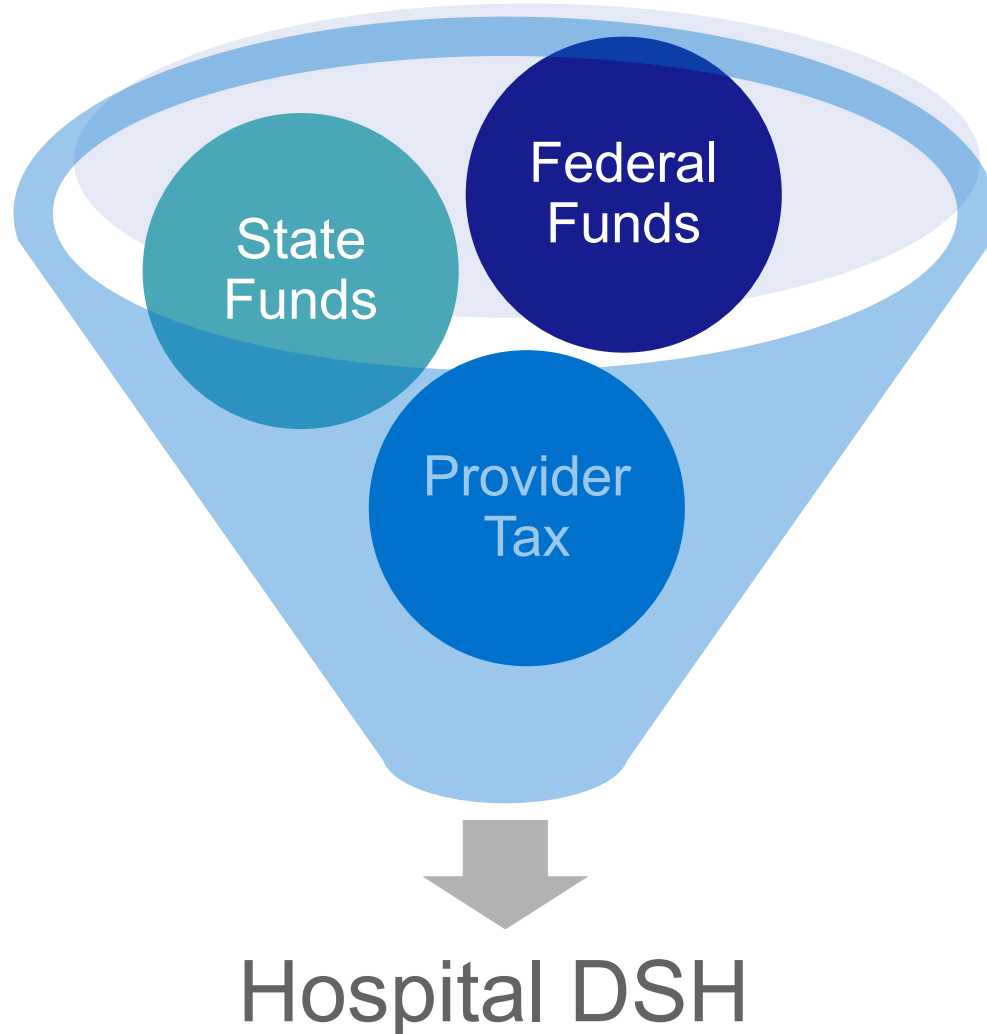
States can distribute DSH payments to virtually any hospital in their state, but total DSH payments to a hospital cannot exceed the total amount of uncompensated care that the hospital provides.

DSH Spending by State as of May 30, 2023



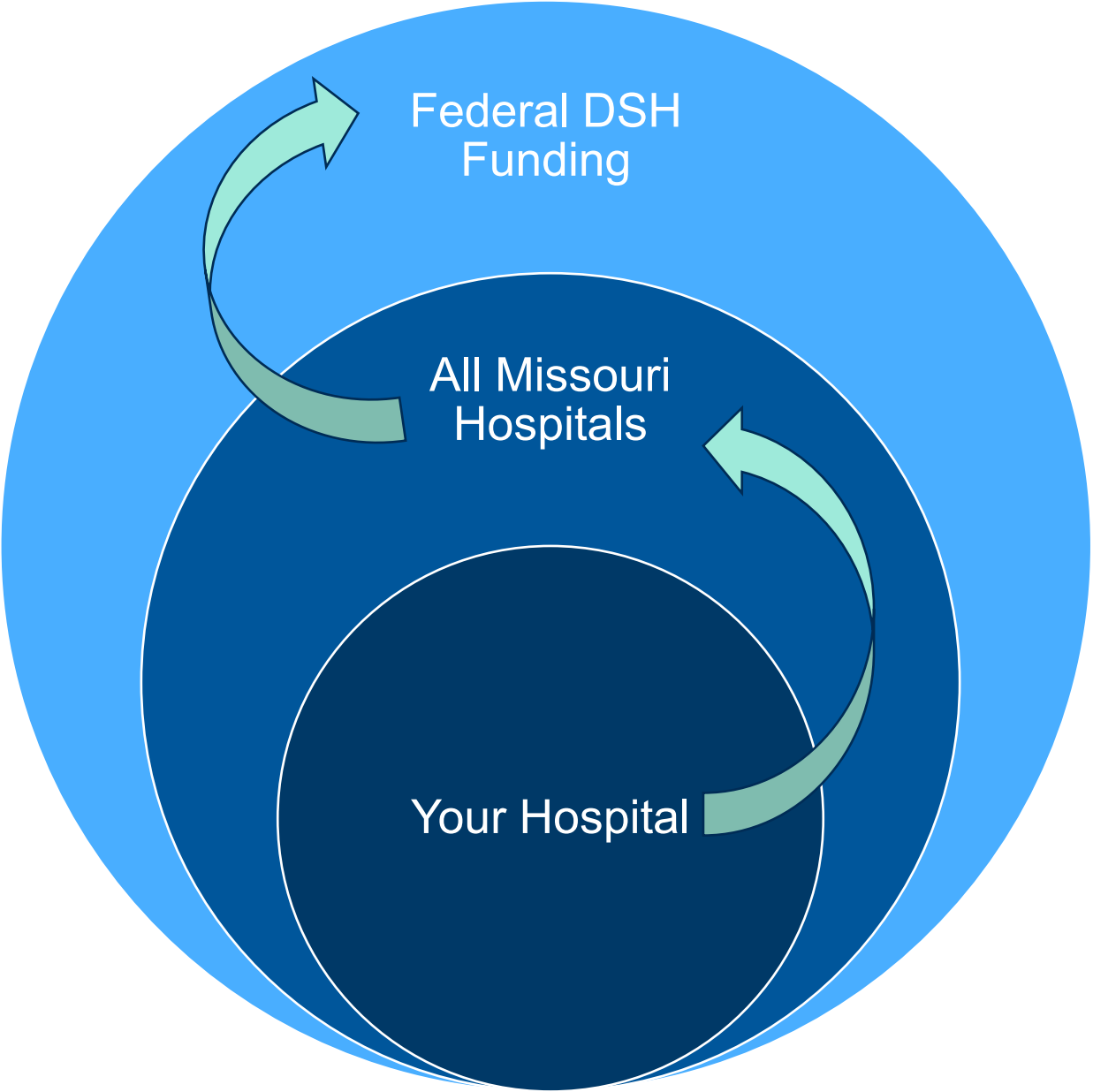
Medicaid DSH Program

State's Role



- Federal Financial Participation (FFP) – States submit claim for share of money from government.
- States have some flexibility with guidelines.
- States must address program in their state plan.
- Federal Medicaid DSH funding is capped.

Funding Stream
Follow the UCC



Payment Timeline



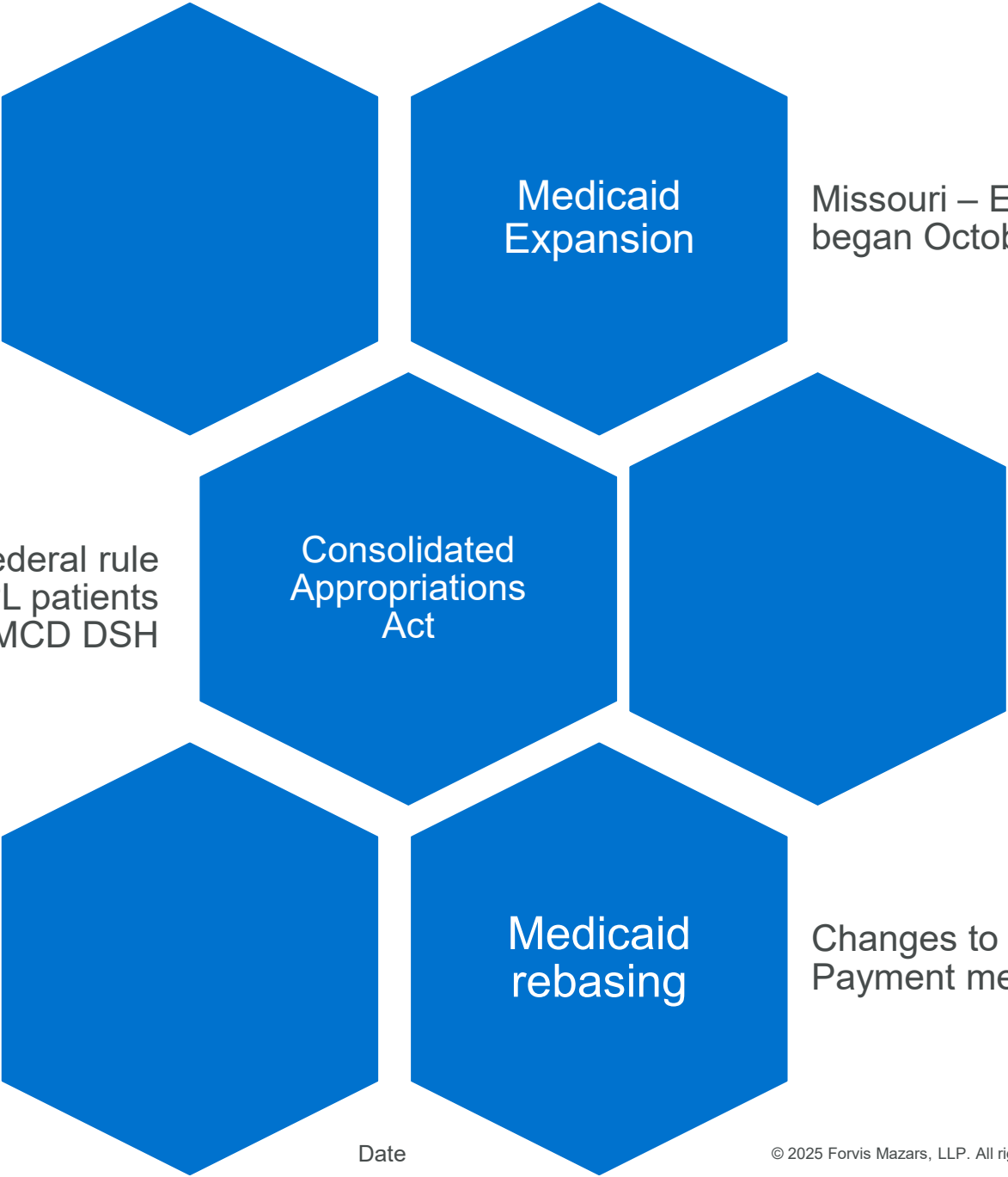
Payment Timeline

State FY	Interim Estimate - Source Year	Audit Year
2021	2017	2024
2022	2018	2025
2023	2019	2026
2024	2020	2027
2025	2021	2028
2026	2022	2029

State Fiscal Year 2023 Year of Change

Why hospitals may
experience DSH liability
for the first time

October 1, 2021 – Federal rule
stating no TPL patients
included in MCD DSH

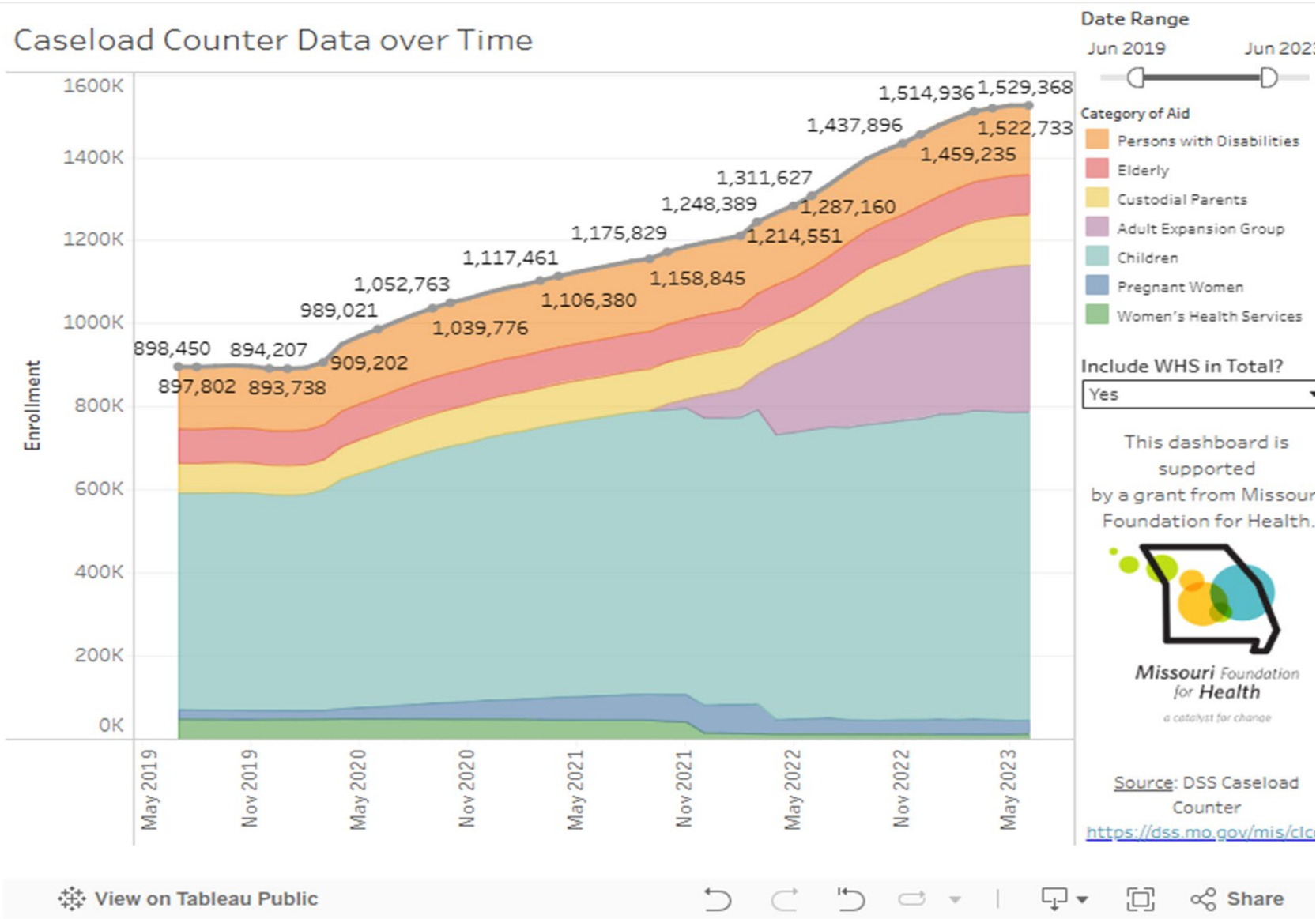


Missouri – Enrollment
began October 1, 2021

Changes to both IP and OP
Payment methodologies

Medicaid Expansion

- 1. Missouri Enrollment began October 1, 2021 (purple section)
- 2. Enrollment Counts from 900,000 enrollees in June 2019 to 1,500,000 in June 2023
- 3. [Caseload Counter Data over Time | Tableau Public](#)



Consolidated Appropriations Act

Effective October 1, 2021

1. Patients with Third-Party Liability (Medicare or Commercial coverage) are excluded from Medicaid DSH

- Effective for Missouri State Fiscal 2023
- Removes Crossover and OME populations from DSH Limit

2. Supplemental Payment Provisions

- States were “encouraged” to consider moving from supplemental payment, or add-on payment methodologies to incorporate into rate
- For this reason, and others, Missouri rebased IP rates effective State Fiscal 2023



Medicaid Rate Changes

Do you know the impact?



Inpatient – Per diem rates are updated, starting July 1, 2022 to be cost-based, previously on fixed per diem rate



Outpatient - Simplified Fee Schedule started July 20, 2021, previously paid on a percent of charge



Inpatient – Moving to DRG effective July 1, 2025

Hospital UCC

Uncompensated Care – SFY2023 Changes

“What was the **LOSS** that the hospital incurred in treating these patients?” (below are typical results)

Medicaid FFS - Higher Payment Rates - Increased Enrollment	Medicaid HMO - Higher Payment Rates - Increased Enrollment	Crossovers EXCLUDED for first time	Other Medicaid Eligible EXCLUDED for first time	Uninsured Potential decrease because of Medicaid expansion
Result Less of a LOSS	Result Less of a LOSS	Result Depends on Medicare Profitability	Result Depends on Commercial Profitability	Result Less of a LOSS

What Strategies can help?

1. Be aware of your potential liability

- Do you know your potential liability through June 30, 2025?
- **DSH payments have been received**, are they being reserved if needed?

2. Capture as much Uncompensated Care Cost as possible

- **Cost Report review** – is your cost report as accurate as it can be? If a PPS hospital, you may not be thinking like a cost-reimbursed hospital, but DSH relies on cost report.
- **Other Medicaid Eligibles** – are there patients without third party insurance payments who were eligible for Medicaid on date of service?
- **Uninsured** – are there patients with insurance on file where the insurance did not pay? Research for potential inclusion as uninsured



DSH Liability estimate

Estimate the loss each category

- **VOLUMES/CHARGES**

- Internal reports
- Forecasted volumes

- **PAYMENTS**

- Paid claims reports
- Estimate unpaids

- **COST**

- Cost report
- Financial statements
- Cost-to-Charge
- Per Diem Cost

Medicaid FFS/HMO

- Actual Paid Claims data
- Consider cost changes

Medicaid Unpaid

- Patients with no TPL coverage
- Medicaid eligibility - infocrossing

Uninsured

- No insurance in file, no insurance paid
- Additional Uninsured

Additional Uninsured (Account Research)

Uninsured

- Non-covered Service by insurance
- No Coverage on date of service
- Exhausted Benefit
- Patient nonresponse



Exclude

- Medical Necessity
- Improper Billing
- Non-Covered Medicaid services
- Accounts with Third Party Coverage

Questions/Discussion

Contact

Forvis Mazars

Emily Reese, CPA

Director

P: 417.522.0490

emily.reese@us.forvismazars.com

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