



Division of Medical Services

P.O. Box 1437, Slot S295, Little Rock, AR 72203-1437

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MEMORANDUM

TO: Interested Persons and Providers

FROM: Elizabeth Pitman, Director, Division of Medical Services

DATE: December 14, 2023

SUBJ: Disproportionate Share Hospital Audit—Medicaid State Plan Amendment

As part of the submission process for Medicaid State Plan Amendments (SPA), attached for your review and comment are proposed changes to the AR Medicaid State Plan. DHS plans to do a second notice at a later time as a part of the Arkansas Administrative Procedure Act process.

Public comments must be submitted in writing at the above address or at the following email address: ORP@dhs.arkansas.gov Please note that public comments submitted in response to this notice are considered public documents. A public comment, including the commenter's name and any personal information contained within the public comment, will be made publicly available and may be seen by various people.

If you have any comments, please submit those comments in writing, no later than January 15, 2024.

All DHS proposed rules, public notices, and recently finalized rules may also be viewed at: [Proposed Rules & Public Notices](#).

NOTICE

Effective October 1, 2023, the Arkansas Department of Human Services (DHS), Division of Medical Services (DMS), amends its Disproportionate Share Hospital (DSH) payment methodology to allow redistribution to other eligible hospitals after the completion of annual independent certified audit of DSH payments in accordance with 42 CFR 447.299, 455.301, 455.304. Any overpayments of DSH funds shall be redistributed to other eligible hospitals within the state, provided each acute care hospital remains below their hospital specific DSH limit. DHS projects an annual cost of \$10,948,978.00 (federal share \$7,883,264.00; state share \$3,065,714).

The State Plan Amendment is available for review at the Department of Human Services (DHS) Office of Policy and Rules, 2nd floor Donaghey Plaza South Building, 7th and Main Streets, P. O. Box 1437, Slot S295, Little Rock, Arkansas 72203-1437, or at [ar.gov/dhs-proposed-rules](https://www.ark.gov/dhs-proposed-rules). This notice also shall be posted at the local office of the Division of County Operations (DCO) of DHS in every county in the state.

Public comments must be submitted in writing at the above address, to the local DCO office, or at the following email address: ORP@dhs.arkansas.gov. All public comments must be received by DHS no later than **January 15, 2024**. Please note that public comments submitted in response to this notice are considered public documents. A public comment, including the commenter's name and any personal information contained within the public comment, will be made publicly available and may be seen by various people.

If you need this material in a different format, such as large print, contact the Office of Rules Promulgation at 501-320-6428. The Arkansas Department of Human Services is in compliance with Titles VI and VII of the Civil Rights Act and is operated, managed and delivers services without regard to religion, disability, political affiliation, veteran status, age, race, color or national origin. 4502172997



Janet Mann, State Medicaid Director

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -
INPATIENT HOSPITAL SERVICES

Revised: 10-01-2023

3a. Annual Disproportionate Share Hospital (DSH) Audit

In addition to any other audits which may occur, independent certified audits of the DSH payments shall be conducted annually in accordance with 42 CFR 455.301 and 42 CFR 455.304. Reporting of the audit shall follow the guidelines stated in 42 CFR 447.299. In accordance with 42 CFR 455.304(e), any overpayments of DSH funds shall be redistributed to other eligible hospitals within the state, provided each acute care hospital remains below their hospital specific DSH limit in the following manner:

- (a) The amount of the DSH payment made to the acute care hospital will be recouped by the State of Arkansas to the extent necessary to reduce the DSH payment to an allowable amount.
- (b) Amounts recouped from acute care hospitals with payments in excess of the audited hospital specific DSH limits, will be placed into an acute care hospital redistribution pool. Redistribution will be made to remaining acute care hospitals that do not exceed their hospital specific DSH limit. The allocation will be made based on these remaining acute care hospitals available uncompensated care. No acute care hospital shall exceed its hospital specific DSH limit after redistribution.
- (c) Additionally, DSH funds not otherwise paid to qualifying acute hospitals shall be paid, subject to the uncompensated care cost limits and annual DSH allotment, to the Arkansas State Operated Teaching Hospital.

TN: 23-0026

Approval Date:

Effective Date: 10/01/2023

Supersedes: NEW