

WAC 182-550-5000 Payment method—Low income disproportionate share hospital (LIDSH). (1) The medicaid agency makes low income disproportionate share hospital (LIDSH) payments to qualifying hospitals through the disproportionate share hospital (DSH) program.

(2) To qualify for an LIDSH payment, a hospital must:

(a) Not be a hospital eligible for public disproportionate share (PHDSH) payments (see WAC 182-550-5400);

(b) Not be designated as an "institution for mental diseases (IMD)" as defined in WAC 182-550-2600 (2)(d);

(c) Meet the criteria in WAC 182-550-4900 (4) and (5);

(d) Be an in-state hospital. A hospital located out-of-state or in a designated bordering city is not eligible to receive LIDSH payments; and

(e) Meet at least one of the following requirements. The hospital must:

(i) Have a medicaid inpatient utilization rate (MIUR) as defined in WAC 182-550-4900(3) at least one standard deviation above the mean medicaid inpatient utilization rate of in-state hospitals that receive medicaid payments; or

(ii) Have a low income utilization rate (LIUR) as defined in WAC 182-550-4900(3) that exceeds 25 percent.

(3) The agency pays hospitals qualifying for LIDSH payments from a legislatively appropriated pool. The maximum amount of LIDSH payments in any state fiscal year (SFY) is the funding set by the state's appropriations act for LIDSH. The amount that the state appropriates for LIDSH may vary from year to year.

(4) The agency determines LIDSH payments to each LIDSH eligible hospital using the following factors from the specific hospital's base year:

(a) The hospital's medicaid inpatient utilization rate (MIUR) (see WAC 182-550-4900 for how the agency calculates the MIUR).

(b) The hospital's medicaid case mix index (CMI). The agency calculates the CMI by:

(i) Using the DRG weight for each of the hospital's paid inpatient claims assigned in the year the claim was paid;

(ii) Summing the DRG weights; and

(iii) Dividing this total by the number of claims.

The CMI the agency uses for LIDSH calculations is not the same as the CMI the agency uses in other hospital rate calculations.

(c) The number of the hospital's Title XIX medicaid discharges. The agency includes in this number only the discharges pertaining to Washington state medicaid clients.

(5) The agency calculates the LIDSH payment to an eligible hospital as follows.

(a) The agency:

(i) Divides the hospital's MIUR by the average MIUR of all LIDSH-eligible hospitals; then

(ii) Multiplies the result derived in (a) of this section by the CMI (see (4)(b) of this section), and then by the discharges (see (4)(c) of this section); then

(iii) Converts the product to a percentage of the sum of all such products for individual hospitals; and

(iv) Multiplies this percentage by the legislatively appropriated amount for LIDSH.

(b) If a hospital's calculated LIDSH payment is more than the hospital-specific DSH cap, the payment to the hospital is limited to the hospital-specific DSH cap, and the agency:

(i) Subtracts the LIDSH payment calculated for the hospital to determine the remaining LIDSH appropriation to distribute to the other qualifying hospitals; and

(ii) Proportionately distributes the remaining LIDSH appropriation under the factors in (a) of this subsection.

(6) A hospital receiving LIDSH payments must comply with an agency request for uninsured logs (uninsured logs are documentation of payments, charges, and other information for uninsured patients) to verify its hospital-specific DSH cap.

(7) The agency will not make changes in the LIDSH payment distribution after the applicable SFY has ended. The agency recalculates the LIDSH payment distribution only when the applicable SFY has not yet ended at the time the alleged need for an LIDSH adjustment is identified, and if the agency considers the recalculation necessary and appropriate under its regulations.

(8) Consistent with the provisions of subsection (7) of this section, the agency applies any adjustments to the DSH payment distribution required by legislative, administrative, or other state action, to other DSH programs under WAC 182-550-4900 (13) through (16).

[Statutory Authority: RCW 41.05.021 and 41.05.160. WSR 25-14-035, s 182-550-5000, filed 6/25/25, effective 7/26/25; WSR 25-07-061, s 182-550-5000, filed 3/13/25, effective 4/13/25; WSR 15-18-065, § 182-550-5000, filed 8/27/15, effective 9/27/15. WSR 11-14-075, recodified as § 182-550-5000, filed 6/30/11, effective 7/1/11. Statutory Authority: RCW 74.08.090, 74.09.500, and 74.09.730(2). WSR 10-17-095, § 388-550-5000, filed 8/17/10, effective 9/17/10. Statutory Authority: RCW 74.08.090, 74.09.500. WSR 07-14-090, § 388-550-5000, filed 6/29/07, effective 8/1/07; WSR 06-08-046, § 388-550-5000, filed 3/30/06, effective 4/30/06. Statutory Authority: RCW 74.08.090, 74.09.500, 74.09.035(1), and 43.88.290. WSR 03-13-055, § 388-550-5000, filed 6/12/03, effective 7/13/03. Statutory Authority: RCW 74.08.090, 74.09.730 and 42 U.S.C. 1396r-4. WSR 99-14-040, § 388-550-5000, filed 6/30/99, effective 7/1/99. Statutory Authority: RCW 74.08.090, 74.09.730, 74.04.050, 70.01.010, 74.09.200, [74.09.]500, [74.09.]530 and 43.20B.020. WSR 98-01-124, § 388-550-5000, filed 12/18/97, effective 1/18/98.]