

KHA and Kentucky hospitals request the Kentucky congressional delegation to support restructuring state Medicaid DSH allotments by working to enact the MACPAC proposal or the SAFE Hospitals Act to increase Kentucky's DSH Allotment.

Although Kentucky had the fifth highest poverty rate in 2017, Kentucky's 2017 Medicaid DSH allotment ranked 22nd lowest in total funding and 24th lowest per person in poverty.



5th highest
Poverty Rate

22nd lowest
DSH funding



Kentucky's federal Medicaid Disproportionate Share Hospital (DSH) program allotment is **far less** than other states both in total dollars and when compared on the basis of low-income population. **Kentucky received about \$100 less in DSH allotment per person in poverty** compared to the U.S. average and **more than \$400 less than Connecticut**, the state with the fifth highest DSH allotment per population below poverty.

- State DSH allotments have not been updated since they were legislatively set based on each state's **FY 1992** DSH spending. Accordingly, states that spent the most in FY 1992 still have the largest allotments and states that spent the least still have the smallest allotments.
- **Since Kentucky's DSH allotment is smaller to start with, its hospitals will be harmed to a greater extent from continuing the Medicaid DSH cuts, as opposed to other states that receive a much larger allotment, both in total dollars and low-income population.** Unless the allotments are reformed to align with uncompensated care, the DSH cuts will merely continue to perpetuate the existing inequities!
- **The only way to achieve "fairness" is to structurally reform the Medicaid DSH allotments.**

MACPAC's 2019 Report to Congress on Medicaid and CHIP contains recommendations to update the DSH allotment methodology to better target DSH funding to states with higher amounts of uncompensated care. MACPAC specifically recommends updating **the DSH allotment methodology to distribute reductions in a way that improves the relationship between DSH allotments and the number of non-elderly, low-income individuals in a state.**

- **Implementation of the MACPAC recommendations would lower the cut to Kentucky's DSH allotment by 12 percent, which would provide \$23 million more in DSH funding than if no changes are made to the ACA DSH reduction criteria.**

Senator Marco Rubio (R-FL) introduced the State Accountability, Flexibility and Equity for Hospitals Act (SAFE Hospital Act), which contains similar recommendations. The SAFE Act would gradually change the DSH allocation formula to be based on the state's share of the total U.S. population earning less than 100 percent of the federal poverty level; prioritize DSH funding to safety-net hospitals while still providing states with flexibility to address unique needs; expand the definition of uncompensated care to include costs incurred by hospitals to provide certain outpatient physician and clinical services; and allow states to reserve some DSH funding allocations for use in future years.

- **If Kentucky's FY 2017 federal DSH allocation was allocated based on the formula proposed in the SAFE Hospitals Act, it would have been approximately \$20 million, or 13.5%, higher.**

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Medicaid DSH Allotment Table

	2017 Total Population	Poverty Rate	Rank Poverty Rate	Population Below Poverty	FY 2017 DSH Allotment	Rank DSH Allotment	DSH Allotment per Prsn < Poverty	Rank DSH Per Prsn < Poverty
United States	325,147,121	12.3%		39,993,096	\$12,045,052,255		\$301	
New Hampshire	1,349,767	7.70%	51	103,932	\$175,731,503	20	\$1,691	1
Louisiana	4,670,818	19.70%	2	920,151	\$752,615,495	4	\$818	2
New Jersey	8,888,543	10.00%	45	888,854	\$706,609,619	5	\$795	3
Maine	1,335,063	11.10%	36	148,192	\$115,252,830	23	\$778	4
Connecticut	3,573,880	9.60%	47	343,092	\$219,529,202	17	\$640	5
New York	19,590,719	14.10%	17	2,762,291	\$1,763,093,901	1	\$638	6
Missouri	6,108,612	13.40%	22	818,554	\$520,009,796	7	\$635	7
Rhode Island	1,056,486	11.60%	32	122,552	\$71,346,990	31	\$582	8
District of Columbia	695,691	16.60%	7	115,485	\$67,230,818	32	\$582	9
South Carolina	5,021,219	15.40%	10	773,268	\$359,479,068	9	\$465	10
Massachusetts	6,863,246	10.50%	42	720,641	\$334,782,032	11	\$465	11
Alabama	4,875,120	16.90%	6	823,895	\$337,526,148	10	\$410	12
Pennsylvania	12,790,447	12.50%	29	1,598,806	\$616,053,822	6	\$385	13
Vermont	624,525	11.30%	34	70,571	\$24,697,037	41	\$350	14
Mississippi	2,989,663	19.80%	1	591,953	\$167,391,016	21	\$283	15
Ohio	11,664,129	14.00%	18	1,632,978	\$445,918,692	8	\$273	16
Alaska	739,786	11.10%	37	82,116	\$22,358,712	42	\$272	17
Indiana	6,660,082	13.50%	21	899,111	\$234,621,836	16	\$261	18
Texas	28,322,717	14.70%	14	4,163,439	\$1,049,623,997	3	\$252	19
Washington	7,425,432	11.00%	38	816,798	\$203,064,512	19	\$249	20
California	39,399,349	13.30%	23	5,240,113	\$1,203,294,436	2	\$230	21
North Carolina	10,270,800	14.70%	15	1,509,808	\$323,805,572	12	\$214	22
West Virginia	1,817,048	19.10%	4	347,056	\$74,091,106	30	\$213	23
Kentucky	4,453,874	17.20%	5	766,066	\$159,158,672	22	\$208	24
Michigan	9,976,447	14.20%	16	1,416,655	\$290,876,193	14	\$205	25
Georgia	10,413,055	14.90%	12	1,551,545	\$294,992,365	13	\$190	26
Colorado	5,615,902	10.30%	43	578,438	\$101,532,256	26	\$176	27
Wisconsin	5,792,051	11.30%	33	654,502	\$103,763,574	25	\$159	28
Minnesota	5,568,155	9.50%	48	528,975	\$81,981,945	29	\$155	29
Nebraska	1,917,575	10.80%	39	207,098	\$31,061,430	40	\$150	30
Maryland	6,024,891	9.30%	50	560,315	\$83,695,509	28	\$149	31
Illinois	12,786,196	12.60%	28	1,611,061	\$235,993,892	15	\$146	32
North Dakota	755,176	10.30%	44	77,783	\$10,484,694	49	\$135	33
Nevada	2,972,405	13.00%	25	386,413	\$50,766,127	34	\$131	34
Kansas	2,910,689	11.90%	31	346,372	\$45,277,897	37	\$131	35
Iowa	3,143,637	10.70%	40	336,369	\$43,226,550	38	\$129	36
Virginia	8,465,207	10.60%	41	897,312	\$96,162,104	27	\$107	37
South Dakota	873,286	13.00%	26	113,527	\$12,123,113	47	\$107	38
Arizona	7,048,876	14.90%	13	1,050,283	\$111,136,659	24	\$106	39
Arkansas	3,002,997	16.40%	8	492,492	\$47,350,016	36	\$96	40
Montana	1,053,090	12.50%	30	131,636	\$12,459,133	46	\$95	41
Oregon	4,146,592	13.20%	24	547,350	\$49,686,028	35	\$91	42
Idaho	1,718,904	12.80%	27	220,020	\$18,042,558	45	\$82	43
Hawaii	1,424,203	9.50%	49	135,299	\$10,697,430	48	\$79	44
Delaware	957,078	13.60%	20	130,163	\$9,937,205	50	\$76	45
Florida	20,976,812	14.00%	19	2,936,754	\$219,529,202	18	\$75	46
Utah	3,103,118	9.70%	46	301,002	\$21,533,602	44	\$72	47
Oklahoma	3,932,640	15.80%	9	621,357	\$39,748,819	39	\$64	48
New Mexico	2,093,395	19.70%	3	412,399	\$22,358,712	43	\$54	49
Tennessee	6,708,794	15.00%	11	1,006,319	\$53,100,000	33	\$53	50
Wyoming	578,934	11.30%	35	65,420	\$248,430	51	\$4	51