

MEMORANDUM

DATE: September 29, 2009

TO: Ms. Sharon L. Summers, DMMA
Planning & Policy Development Unit

FROM: Daniese McMullin-Powell, Chairperson
State Council for Persons with Disabilities

RE: 13 DE Reg. 373 [DMMA “Outlier” Hospital Medicaid Reimbursement Regulation]

The State Council for Persons with Disabilities (SCPD) has reviewed the Department of Health and Social Services/Division of Medicaid and Medical Assistance’s (DMMAs) proposal to amend its hospital outlier reimbursement methodology regulations published as 13 DE Reg. 373 in the September 1, 2009 issue of the Register of Regulations. SCPD has the following observations.

The current standards authorize a compensation “add on” for “high cost outliers” whose cost of discharge exceeds the threshold of 3 times the hospital operating cost per discharge. The “add on” is 79% of the difference between the outlier threshold and the total cost of the case.

The revision would authorize a compensation “add on” for those whose cost of discharge exceeds the threshold of 4 times the hospital operating cost per discharge. The “add on” would also be reduced to 70% of the difference between the outlier threshold and the total cost of the case. The combined effect of the revision would be to reduce compensation for very expensive Medicaid patients who may tend to be persons with severe disabilities.

St. Francis Hospital has presented testimony in legislative hearings confirming its precarious financial circumstances. Other hospitals may also be under financial stress. The proposed regulation would ostensibly reduce Medicaid reimbursement for “deep end” beneficiaries (who may tend to be persons with severe disabilities) which could adversely affect patient care. For example, the reduction in compensation provides an incentive to hospitals to discharge earlier in the recovery process and/or exercise any discretion involving treatment in favor of “bare-bones” or minimally adequate services. For these reasons, SCPD has reservations with the proposed regulation.

Thank you for your consideration and please contact SCPD if you have any questions or

comments regarding our observations on the proposed regulation.

cc: Ms. Rosanne Mahaney
Mr. Brian Hartman, Esq.
Governor's Advisory Council for Exceptional Citizens
Developmental Disabilities Council

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