

The Governor really wants a simple timeline of major Medicaid events related to IGT, DSH, any bed taxes, GRA, UPL, the disallowance in 2005, ending with the amount of money paid in by hospitals in 2005.

Major Medicaid Events:

1. 1980s – States began funding Medicaid through revenue assessments
2. 1993 – Medicaid established the DSH-IGT funding method and began to finance a large portion of the direct payments to hospitals by requiring public hospitals (but not private hospitals) to transfer 72% of DSH funds directly to Medicaid prior to receiving DSH payments.
3. 2001 – During the regular legislative session, MHA and its member hospitals lobbied the Legislature to create the Upper Payment Limit (UPL) Program for hospitals. Because Mississippi did not have sufficient general funds to put up the state's portion of the UPL payments, MHA suggested, and the Legislature enacted, a revenue assessment on hospitals.
4. 2002 to 2004 - MHA received payments of over \$11 million from Medicaid to administer the revenue assessment program as MHA was named in the statute as the only entity with whom DOM could contract to administer the assessment and DSH/UPL calculations.
5. 2002 – CMS begins to investigate whether the contract between MHA and DOM was a proper expense given its proposed \$5 million yearly payment. CMS later determined that the allowable cost associated with this contract for federal reimbursement purposes was significantly less than \$5 million.

6. 2005 – During the legislative session, MHA and its member hospitals strike a deal with the Legislature to increase the revenue assessment in exchange for:

- a. Maintaining 30 covered inpatient days,
- b. Six covered ER visits, and
- c. An immediate 2005 hospital rate update.

Total DSH & UPL IGTs + UPL GRAs + Bed Taxes = \$171 million

Total DSH + UPL + IP +OP + Crossover = \$1.1 billion

7. 2005 - In exchange for maintaining service limits and a rate increase, MHA agreed to

- a. An increase in the assessment levied on hospitals from \$1.50 to \$3.25 per day for each licensed inpatient acute care bed, and
- b. An increase in the assessment on hospital gross revenue

8. 2005 to 2006 – MHA collected approx, \$2.5 million per year from its member hospitals as payment under the contract to administer the assessment and DSH/UPL calculations.

9. 2005 – CMS informed the State that it must stop forcing public hospitals to transfer an extra \$90 million that private hospitals were not required to contribute.

10. 2006 – MHA lost the contract to administer the DSH/UPL Program to advise, calculate, and collect the revenue assessment.

11. During 2005 and 2006, DOM and MHA and the DC law firm of Covington and Burling worked together for months to develop an alternative method for filling the \$90 million dollar hole.

12. After months of discussions, in the summer of 2006, DOM decided that the best alternative was to raise the gross revenue assessment to fill the void.

13. In late summer of 2006, MHA and member hospitals filed a lawsuit which alleged that the assessment was unconstitutional.

14. In 2007, when DOM told hospitals that there would be no UPL payments because the mechanism to collect the necessary assessments was arguably unconstitutional, the hospitals amended the complaint to challenge only the increase in the assessment, not the assessment itself.

15. In March 2008, oral arguments in the case were heard by the Court.

16. As of this date, we have not received the court's ruling.