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Disproportionate Share Formula State Policies

Disproportionate Share Hospital (DSH) payments are federal funds allocated to states for the purpose of reimbursing hospitals that serve a high proportion of uninsured and Medicaid-insured patients.¹ DSH funding is granted to the states through the federal government. To draw on DSH funding, states must match federal DSH funds with equal funds from state sources and may do so up to their maximum allotment as calculated by the federal government based on a state's FY 1992 DSH payments.² States have considerable power to determine the distribution of these funds to hospitals.³ Hospitals within each state are divided into different categories based on certain criteria.⁴ The Federal Government has established two mandatory hospital groupings: "Group 1" refers to hospitals having a "Me

categories.¹⁰ This report discusses DSH grouping policies enacted by New England states, additional states with a similar number of hospitals to Vermont

Table 1. Connecticut's DSH Categories and Criteria

Sources: Data from State of Vermont, *Federal Medicaid Disproportionate Share*, (2017); Center for Medicaid and CHIP Services (CMCS), *State Plan Under Title XIX*, (2011).

Through Connecticut's DSH groupings, both private and public institutions receive payments for their uncompensated care services.¹⁹ The State also allows chronic disease, psychiatric, and children's hospitals to receive payments.²⁰

¹⁹ Center for Medicaid and CHIP Services (CMCS), *State Plan Under Title XIX*, (2011), 7-17.

²⁰ Center for Medicaid and CHIP Services (CMCS), *State Plan Under Title XIX*, (2011), 6-19.

health and psychiatric services.³⁹ Table 2 details

