

**DSH Factor 1 Analysis  
FFY 2016 - FFY 2019**



*About this analysis* - Each year CMS estimates total DSH payments for the upcoming federal year as the starting point for determining the amount of dollars for DSH Uncompensated Care funding. "Factor 1" is CMS' first step, representing 75% of total DSH payments under the "Empirical" DSH method (pre-ACA). The following analysis shows CMS' estimates of total DSH payments (before the reduction to 75%) as achieved by utilizing the factors: 1) hospital payment updates; 2) discharges; 3) case mix index; and 4) other. The other factor accounts for "other factors" that contribute to the Medicare DSH estimates, including but not limited to, the effect of Medicaid expansion resulting from the ACA. This analysis trends these factors from Proposed to Final from 2016 to 2019.

FFY	Proposed FY2016	Final FY2016	Proposed FY2017	Final FY2017	Proposed FY2018	Final FY2018	Proposed FY2019	Final FY2019
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**1. Payment Update Factor**

2013	1.0280	1.0280						
2014	1.0090	1.0090	1.0090	1.0090				
2015	1.0140	1.0140	1.0140	1.0140	1.0140	1.0140		
2016	1.0090	1.0110	1.0090	1.0090	1.0090	1.0090	1.0090	1.0090
2017			1.0005	1.0015	1.0015	1.0015	1.0015	1.0015
2018					1.0221	1.0181	1.0181	1.0181
2019							1.0175	1.0185

**2. Discharge Factor**

2013	0.9844	0.9844						
2014	0.9595	0.9634	0.9553	0.9553				
2015	0.9885	0.9893	0.9894	0.9897	1.0068	1.0068		
2016	1.0012	1.0006	1.0078	0.9868	0.9757	0.9742	0.9864	0.9864
2017			1.0168	1.0084	1.0058	0.9952	0.9925	0.9931
2018					1.0188	1.0070	0.9921	0.9892
2019							1.0110	1.0014

**3. Case-Mix Index**

2013	1.0140	1.0140						
2014	1.0150	1.0150	1.0150	1.0150				
2015	1.0050	1.0050	1.0050	1.0050	1.0050	1.0050		
2016	1.0050	1.0050	1.0050	1.0250	1.0270	1.0270	1.0310	1.0310
2017			1.0050	1.0050	1.0050	1.0050	1.0040	1.0040
2018					1.0050	1.0050	1.0050	1.0200
2019							1.0050	1.0050

**4. Other**

2013	1.0139	1.0402						
2014	0.9993	0.9860	1.0480	1.0586				
2015	1.0485	1.0598	1.0702	1.0705	1.0493	1.0496		
2016	1.0446	1.0603	0.9993	0.9999	1.0689	1.0685	1.0460	1.0443
2017			1.0134	1.0125	1.0535	1.0535	1.0657	1.0662
2018					0.9934	0.9935	1.0275	1.0277
2019							1.0005	1.0004

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FFY	Proposed FY2016	Final FY2016	Proposed FY2017	Final FY2017	Proposed FY2018	Final FY2018	Proposed FY2019	Final FY2019
<b>Total</b>								
2013	1.0404	1.0674						
2014	0.9820	0.9728	1.0253	1.0357				
2015	1.0562	1.0684	1.0790	1.0797	1.0766	1.0769		
2016	1.0605	1.0780	1.0212	1.0205	1.0807	1.0787	1.0733	1.0716
2017			1.0361	1.0276	1.0665	1.0553	1.0635	1.0647
2018					1.0396	1.0236	1.0430	1.0557
2019							1.0344	1.0254

**Est DSH Payments (Factor 1)**

2013	\$12.102	\$12.105						
2014	11.884	11.935	\$12.461	\$12.715				
2015	12.552	12.648	13.446	13.728	\$13.355	\$13.348		
2016	13.338	13.411	13.731	14.009	14.433	14.398	\$14.202	\$14.177
2017			14.227	14.397	15.393	15.194	15.105	15.094
2018					16.003	15.553	15.754	15.935
2019							16.295	16.339
Final Factor 1 % Change				7.35%		8.03%		5.05%
Proposed Factor 1 % Change							4.77%	

**Factor 1 Paid vs Recalculations**

FFY	Actual	Recalc	% Underpaid
2016	\$13.411	\$14.177	5.71%
2017	14.397	15.094	4.84%
2018	15.553	15.935	2.46%
2019 Final	16.339		