

**DSH Factor 1 Analysis  
FFY 2016 - FFY 2020**



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 2020.

FFY	Proposed FY2016	Final FY2016	Proposed FY2017	Final FY2017	Proposed FY2018	Final FY2018	Proposed FY2019	Final FY2019	Proposed FY2020	Final FY2020
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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	1.0015	1.0015
2018					1.0221	1.0181	1.0181	1.0181	1.0181	1.0181
2019							1.0175	1.0185	1.0185	1.0185
2020									1.0320	1.0310

**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	0.9986	1.0021
2018					1.0188	1.0070	0.9921	0.9892	0.9819	0.9845
2019							1.0110	1.0014	0.9791	0.9687
2020									1.0055	0.9939

**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	1.0040	1.0040
2018					1.0050	1.0050	1.0050	1.0200	1.0180	1.0180
2019							1.0040	1.0040	1.0050	1.0050
2020									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	1.0751	1.0714
2018					0.9934	0.9935	1.0275	1.0277	1.0345	1.0319
2019							1.0657	1.0662	1.0221	1.0208
2020									0.9932	1.0012

**Total**

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	1.0795	1.0796
2018					1.0396	1.0236	1.0430	1.0557	1.0528	1.0528
2019							1.1007	1.0918	1.0243	1.0121
2020									1.0358	1.0311

**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	15.093	15.093
2018					16.003	15.553	15.754	15.935	15.889	15.891
2019							16.295		16.275	16.084
2020									16.857	16.583

Final Factor 1 % Change				7.35%		8.03%		5.05%		1.49%
Proposed Factor 1 % Change									3.17%	

**Factor 1 Paid vs Recalculations**

FFY	Actual	Recalc	% Underpaid
2016	\$13.411	\$14.177	5.71%
2017	14.397	15.093	4.83%
2018	15.553	15.891	2.17%
2019	16.339	16.084	-1.56%
2020 Final	16.583		