

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE TENNESSEE

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
FOR INPATIENT HOSPITAL SERVICES

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**Medicaid Disproportionate Share Hospital (DSH) Redistribution**

**Auditing and Reporting**

As required by Section 1923(j) of the Social Security Act related to auditing and reporting of disproportionate share hospital payments, the Bureau of TennCare will implement procedures to comply with the Disproportionate Share Hospital Payments final rule issued in the December 19, 2008, Federal Register, with an effective date of January 19, 2009, to ensure that the hospital-specific DSH limits have not been exceeded.

**Redistribution Method for Recoupment of DSH Funding**

Effective in State Fiscal Year 2019, in the event that a hospital received DSH payments in a previous State Fiscal Year that exceeded its hospital-specific DSH limit in that year, the amount of the DSH excess payments received in that Fiscal Year will be recovered from the hospital and redistributed among the other hospitals that are part of the DSH funding pool. The data used to redistribute excess DSH payments will be consistent with the original determination of DSH payments for that Fiscal Year. Funding will be redistributed proportionally to any hospitals with availability of Medicaid shortfall or uncompensated care. The redistribution of funds related to a prior year's allotment shall not count against the State's current year DSH funding allotment.