

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-2389-N]

Medicaid Program; Preliminary Disproportionate Share Hospital Allotments (DSH) for Fiscal Year (FY) 2014 and the Preliminary Institutions for Mental Diseases Disproportionate Share Hospital Limits for FY 2014.

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Notice.

SUMMARY: This notice announces the preliminary federal share DSH allotments for FY 2014 and the preliminary federal share FY 2014 limits on aggregate DSH payments that states may make to institutions for mental diseases (IMDs) and other mental health facilities. This notice also includes additional information regarding the calculation of the FY 2014 DSH allotments and FY 2014 IMD DSH limits.

EFFECTIVE DATE: This notice is effective on [**OFR--Insert date 30 days after date of publication in the Federal Register**]. The final allotments and limitations set forth in this notice are effective for the fiscal years specified.

FOR FURTHER INFORMATION CONTACT:

Rory Howe, (410) 786-4878; or Richard Strauss, (410) 786-2019.

SUPPLEMENTARY INFORMATION:

I. Background

A. Fiscal Year DSH Allotments

A state's federal fiscal year (FY) disproportionate share hospital (DSH) allotment represents the aggregate limit on the federal share amount of the state's payments to DSH hospitals in the state for the FY. The amount of such allotment is determined in accordance with

the provisions of section 1923(f)(3) of the Social Security Act (the Act). Under such provisions, in general a state's FY DSH allotment is calculated by increasing the amount of its DSH allotment for the preceding FY by the percentage change in the Consumer Price Index for all Urban Consumers (CPI-U) for the previous FY.

The Affordable Care Act amended Medicaid DSH provisions, adding section 1923(f)(7) of the Act which would have required reductions to states' FY DSH allotments beginning with FY 2014, the calculation of which was described in the Disproportionate Share Hospital Payment Reduction final rule published in the September 18, 2013 **Federal Register** (78 FR 57293). Under the DSH reduction methodology, first, each state's unreduced FY DSH allotment would have been calculated in accordance with the provisions of section 1923(f) of the Act, excluding section 1923(f)(7) of the Act; then, the reduction amount for each state would have been determined under the provisions of section 1923(f)(7) of the Act and implementing regulations at 42 CFR 447.294; and, finally, the net FY DSH allotment for each state would have been determined by subtracting the DSH reduction amount for the state from its unreduced FY 2014 DSH allotment.

The reductions under section 1923(f)(7) of the Act were delayed and modified by section 1204 of Division B (Medicare and Other Health Provisions) of the "Pathway for SGR Reform Act of 2013" (Pub. L. 113-67), which was enacted on December 26, 2013. The reductions of states' fiscal year DSH allotments under section 1923(f)(7) of the Act that were applicable to FY 2014 and 2015 were repealed, and the FY 2016 was increased substantially.

Because there is no reduction to DSH allotments for FY 2014 under section 1923(f)(7) of the Act, this notice contains only the state-specific FY 2014 DSH allotments, as calculated under the statute without application of the reductions that would have been imposed under the Affordable Care Act provisions beginning with FY 2014. This notice also provides information

on the calculation of such FY DSH allotments, the calculation of the states' IMD DSH limits, and the amounts of states' preliminary FY 2014 IMD DSH limits.

B. Determination of Fiscal Year DSH Allotments

Generally, in accordance with the methodology specified under section 1923(f)(3) of the Act, a state's FY DSH allotment is calculated by increasing the amount of its DSH allotment for the preceding FY by the percentage change in the CPI-U for the previous FY. Also in accordance with section 1923(f)(3) of the Act, a state's DSH allotment for a FY is subject to the limitation that an increase to a state's DSH allotment for a FY cannot result in the DSH allotment exceeding the greater of the state's DSH allotment for the previous FY or 12 percent of the state's total medical assistance expenditures for the allotment year (this is referred to as the 12 percent limit).

Furthermore, under section 1923(h) of the Act, federal financial participation (FFP) for DSH payments to institutions for mental diseases (IMDs) and other mental health facilities is limited to state-specific aggregate amounts. Under this provision, the aggregate limit for DSH payments to IMDs and other mental health facilities is the lesser of a state's FY 1995 total computable (state and federal share) IMD and other mental health facility DSH expenditures applicable to the state's FY 1995 DSH allotment (as reported on the Form CMS-64 as of January 1, 1997), or the amount equal to the product of the state's current year total computable DSH allotment and the applicable percentage specified in section 1902(h) of the Act (the applicable percentage is the IMD share of DSH total computable expenditures as of FY 1995).

In general, we determine states' DSH allotments for a FY and the IMD DSH limits for the same FY using the most recent available estimates of or actual medical assistance expenditures, including DSH expenditures in their Medicaid programs and the most recent available change in the CPI-U used for the FY in accordance with the methodology prescribed in

the statute. The indicated estimated or actual expenditures are obtained from states for each relevant FY from the most recent available quarterly Medicaid budget reports (Form CMS-37) or quarterly Medicaid expenditure reports (Form CMS-64), respectively, submitted by the states. For example, as part of the initial determination of a state's FY DSH allotment (referred to as the preliminary DSH allotments) that is determined before the beginning of the FY for which the DSH allotments and IMD DSH limits are being determined, we use estimated expenditures for the FY obtained from the August submission of the CMS-37 submitted by states prior to the beginning of the FY; such estimated expenditures are subject to update and revision during the FY before such actual expenditure data become available. We also use the most recent available estimated CPI-U percentage change that is available before the beginning of the FY for determining the states' preliminary FY DSH allotments; such estimated CPI-U percentage change is subject to update and revision during the FY before the actual CPI-U percentage change becomes available. In determining the final DSH allotments and IMD DSH limits for a FY we use the actual expenditures for the FY and actual CPI-U percentage change for the previous FY.

II. Provisions of the Notice

A. Calculation of the Preliminary FY 2014 Federal Share State DSH Allotments and the Preliminary FY 2014 IMD DSH Limits

1. Calculation of the Preliminary FY 2014 Federal Share State DSH Allotments.

Addendum 1 to this notice provides the preliminary FY 2014 DSH allotments determined in accordance with section 1923(f)(3) of the Act. The preliminary FY 2014 DSH allotments contained in this notice were determined based on the most recent available estimates from states of their FY 2014 total computable Medicaid expenditures. Also, the preliminary FY 2014 allotments contained in this notice were determined by increasing the preliminary FY 2013 DSH

allotments as contained in the notice published in the **Federal Register** on July 26, 2013 (78 FR 45217) by 1.5 percent, representing the most recent available estimate of the percentage increase in the CPI-U for FY 2013 (the previous FY to FY 2014).

We will publish states' final FY 2014 DSH allotments in future notices based on the states' four quarterly Medicaid expenditure reports (Form CMS-64) for FY 2014 available following the end of FY 2014 and the actual change in the CPI-U for FY 2013.

B. Calculation of the Preliminary FY 2014 IMD DSH Limits

Section 1923(h) of the Act specifies the methodology to be used to establish the limits on the amount of DSH payments that a state can make to IMDs and other mental health facilities. FFP is not available for IMD or DSH payments that exceed the IMD limits. In this notice, we are publishing the preliminary FY 2014 IMD DSH Limits determined in accordance with the provisions discussed above.

Addendum 2 to this notice details each state's preliminary FY 2014 IMD DSH Limit, determined in accordance with section 1923(h) of the Act.

III. Collection of Information Requirements

This notice does not impose any new or revised information collection, recordkeeping, or third-party disclosure requirements. The currently approved requirements and burden estimates associated with Form CMS-37 (OCN 0938-0101) and Form CMS-64 (OCN 0938-0067) are unaffected by this notice. Consequently, this notice, Form CMS-37, and Form CMS-64 are not subject to Office of Management and Budget review under the authority of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.).

IV. Regulatory Impact Analysis

We have examined the impact of this notice as required by Executive Order 12866 on Regulatory Planning and Review (September 1993), the Regulatory Flexibility Act (RFA)

(September 19, 1980, Pub. L. 96-354), section 1102(b) of the Act, section 202 of the Unfunded Mandates Reform Act of 1995 (March 22, 1995; Pub. L. 104-4), Executive Order 13132 on Federalism (August 4, 1999) and the Congressional Review Act (5 U.S.C. 804(2)).

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for major rules with economically significant effects (\$100 million or more in any 1 year). This notice reaches the \$100 million economic threshold and thus is considered a major rule under the Congressional Review Act.

The preliminary FY 2014 DSH allotments being published in this notice are about \$108 million more than the preliminary FY 2013 DSH allotments previously published in the July 26, 2013 **Federal Register** (78 FR 45217). The increase in the FY DSH allotments is due to the application of the statutory formula for calculating DSH allotments under which the prior fiscal year allotments are increased by the percentage increase in the CPI-U for the prior fiscal year.

The preliminary FY 2014 IMD DSH limits being published in this notice are about \$9 million more than the preliminary FY 2013 IMD DSH limits previously published in the FR on July 26, 2013 (78 FR 45217). The increase in the IMD DSH limits is because the DSH allotment for a FY is a factor in the determination of the IMD DSH limit for the FY. Since the preliminary FY 2014 DSH allotments were increased as compared to the preliminary FY 2013 DSH allotments previously published in the Federal Register, the associated FY 2014 IMD DSH limits for some states were also increased.

The RFA requires agencies to analyze options for regulatory relief of small businesses, if a rule has a significant impact on a substantial number of small entities. For purposes of the

RFA, small entities include small businesses, nonprofit organizations, and small governmental jurisdictions. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of less than \$7.0 million to less than \$35.5 million in any one year. Individuals and states are not included in the definition of a small entity. We are not preparing an analysis for the RFA because the Secretary has determined that this notice will not have significant economic impact on a substantial number of small entities. Specifically, any impact on providers is due to the effect of the various controlling statutes; providers are not impacted as a result of the independent regulatory action in publishing this notice. The purpose of the notice is to announce the latest state distributions as required by the statute.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside of a Core-Based Statistical Area for Medicaid payment regulations and has fewer than 100 beds. We are not preparing analysis for section 1102(b) of the Act because the Secretary has determined that this notice will not have a significant impact on the operations of a substantial number of small rural hospitals.

The Medicaid statute specifies the methodology for determining the amounts of states' DSH allotments and IMD DSH limits; and as described previously, the application of the methodology specified in statute results in the changes in states' DSH allotments and IMD DSH limits for the applicable FYs. The statute applicable to these allotments and limits does not apply to the determination of the amounts of DSH payments made to specific DSH hospitals; rather, these allotments and limits represent an overall limit on the total of such DSH payments a state can make. In this regard, we do not believe that this notice will have a significant economic

impact on a substantial number of small entities.

Section 202 of the Unfunded Mandates Reform Act of 1995 also requires that agencies assess anticipated costs and benefits before issuing any rule whose mandates require spending in any 1 year of \$100 million in 1995 dollars, updated annually for inflation. Currently the threshold is approximately \$141 million. This notice will have no consequential effect on state, local, or tribal governments, in the aggregate, or on the private sector.

Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates a proposed rule (and subsequent final rule) that imposes substantial direct requirement costs on state and local governments, preempts state law, or otherwise has Federalism implications. Since this notice does not impose any costs on state or local governments, the requirements of E.O. 13132 are not applicable.

A. Alternatives Considered

We calculated the state-specific FY 2014 DSH allotments and the associated state-specific IMD DSH limits in accordance with the methodologies specified in statute and regulation. This notice does not put forward any further discretionary administrative policies for determining such allotments.

B. Accounting Statement

As required by OMB Circular A-4 (available at <http://www.whitehouse.gov/omb/circulars/a004/a-4.pdf>), in the Table 1, we have prepared an accounting statement showing the classification of the estimated expenditures associated with the provisions of this notice. Table 1 provides our best estimate of the change (decrease) in the federal share of states' Medicaid DSH payments resulting from the application of the provisions of the Medicaid statute relating to the calculation of states' FY DSH allotments and the increase in the FY DSH allotments from FY 2013 to FY 2014.

TABLE 1: Accounting Statement: Classification of Estimated Expenditures, from the FY 2013 to FY 2014 (in Millions)

Category	TRANSFERS
Annualized Monetized Transfers	\$108
From Whom To Whom?	Federal Government to States

C. Congressional Review Act

This proposed regulation is subject to the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 et seq.) and has been transmitted to the Congress and the Comptroller General for review.

In accordance with the provisions of Executive Order 12866, this notice was reviewed by the Office of Management and Budget.

CMS-2389-N

(Catalog of Federal Domestic Assistance Program No. 93.778, Medical Assistance Program)

Dated: January 24, 2014.

Marilyn Tavenner,
Administrator,
Centers for Medicare & Medicaid
Services.

Dated: February 11, 2014_____

Kathleen Sebelius,
Secretary.
Department of Health and Human Services.

BILLING CODE 4120-01-P

Key to ADDENDUM 1. Preliminary DSH Allotments for FY 2014.

The Preliminary FY 2014 DSH Allotments for the NON-Low DSH States are presented in the top section of this addendum, and the Preliminary FY 2014 DSH Allotments for the Low-DSH States are presented in the bottom section of this addendum.	
Column	Description
Column A	State.
Column B	FY 2014 FMAPs. This column contains the States' FY 2014 Federal Medical Assistance Percentages.
Column C	Prior FY (2013) DSH Allotments This column contains the States' prior FY 2013 DSH Allotments.
Column D	Prior FY (2013) DSH Allotments (Col C) x (100percent + Percentage Increase in CPIU): 101.5percent. This column contains the amount in Column C increased by 1 plus the estimated percentage increase in the CPI-U for the prior FY (101.5 percent).
Column E	FY 2014 TC MAP Exp. Including DSH. This column contains the amount of the States' projected FY 2014 total computable (TC) medical assistance expenditures including DSH expenditures.
Column F	FY 2014 TC DSH Expenditures. This column contains the amount of the States' projected FY 2014 total computable DSH expenditures.
Column G	FY 2014 TC MAP Exp. Net of DSH. This column contains the amount of the States' projected FY 2014 total computable medical assistance expenditures net of DSH expenditures, calculated as the amount in Column E minus the amount in Column F.
Column H	12 percent Amount. This column contains the amount of the "12 percent limit" in Federal share, determined in accordance with the provisions of section 1923(f)(3) of the Act.

The Preliminary FY 2014 DSH Allotments for the NON-Low DSH States are presented in the top section of this addendum, and the Preliminary FY 2014 DSH Allotments for the Low-DSH States are presented in the bottom section of this addendum.

Column	Description
Column I	<p>Greater of FY 2013 Allotment or 12 percent Limit. This column contains the greater of the State's prior FY (FY 2013) DSH allotment or the amount of the 12 percent Limit, determined as the maximum of the amount in Column C or Column H</p>
Column J	<p>FY 2014 DSH Allotment. This column contains the States' preliminary FY 2014 DSH allotments, determined as the minimum of the amount in Column I or Column D.</p> <p>For states with "na" in Columns I or D, refer to the footnotes in the addendum.</p>

ADDENDUM 1: PRELIMINARY DSH ALLOTMENTS FOR FISCAL YEAR 2014

A	B	C	D	E	F	G	H	I	J
STATE	FY 2014 FMAPs	Prior FY (2013) DSH Allotments	Prior FY (2013) DSH Allotment (Col C) x 100% + Pct Increase in CPIU:	FY 2014 TC MAP Exp. Including DSH /4	FY 2014 TC DSH Expenditures /4	FY 2014 TC MAP EXP. Net Of DSH Col E - F	"12% Amount" =Col G x .12/(1-.12/Col B)* (In FS)	Greater of Col H Or Col C (12% Limit, FY 2013 Allotment)	FY 2014 DSH Allotment
			101.5%						MIN Col I, Col D
ALABAMA	68.12%	\$323,093,267	\$327,939,666	\$5,837,507,000	\$517,367,000	\$5,320,140,000	\$774,927,876	\$774,927,876	\$327,939,666
ARIZONA	67.23%	\$106,384,369	\$107,980,135	\$8,763,763,000	\$156,364,000	\$8,607,399,000	\$1,257,306,757	\$1,257,306,757	\$107,980,135
CALIFORNIA	50.00%	\$1,151,840,630	\$1,169,118,239	\$72,253,198,000	\$935,479,000	\$71,317,719,000	\$11,260,692,474	\$11,260,692,474	\$1,169,118,239
COLORADO	50.00%	\$97,190,657	\$98,648,517	\$5,510,334,000	\$195,772,000	\$5,314,562,000	\$839,141,368	\$839,141,368	\$98,648,517
CONNECTICUT	50.00%	\$210,141,962	\$213,294,091	\$6,585,550,000	\$228,325,000	\$6,357,225,000	\$1,003,772,368	\$1,003,772,368	\$213,294,091
DISTRICT OF COLUMBIA	70.00%	\$64,355,975	\$65,321,315	\$2,345,594,000	\$44,744,000	\$2,300,850,000	\$333,226,552	\$333,226,552	\$65,321,315
FLORIDA	58.79%	\$210,141,962	\$213,294,091	\$21,065,753,000	\$361,462,000	\$20,704,291,000	\$3,121,706,180	\$3,121,706,180	\$213,294,091
GEORGIA	65.93%	\$282,378,262	\$286,613,936	\$8,929,625,000	\$435,776,000	\$8,493,849,000	\$1,246,058,516	\$1,246,058,516	\$286,613,936
ILLINOIS	50.00%	\$225,902,609	\$229,291,148	\$16,174,722,000	\$428,796,000	\$15,745,926,000	\$2,486,198,842	\$2,486,198,842	\$229,291,148
INDIANA	66.92%	\$224,589,223	\$227,958,061	\$8,960,665,000	\$0	\$8,960,665,000	\$1,310,228,045	\$1,310,228,045	\$227,958,061
KANSAS	56.91%	\$43,341,780	\$43,991,907	\$2,825,757,000	\$74,228,000	\$2,751,529,000	\$418,408,859	\$418,408,859	\$43,991,907
KENTUCKY	69.83%	\$152,352,923	\$154,638,217	\$6,276,300,000	\$152,353,000	\$6,123,947,000	\$887,363,415	\$887,363,415	\$154,638,217
LOUISIANA /1	na	na	na	na	na	na	na	na	\$731,960,000
MAINE	61.55%	\$110,324,530	\$111,979,398	\$2,491,965,000	\$37,000,000	\$2,454,965,000	\$365,940,898	\$365,940,898	\$111,979,398
MARYLAND	50.00%	\$80,116,623	\$81,318,372	\$8,676,095,000	\$85,128,000	\$8,590,967,000	\$1,356,468,474	\$1,356,468,474	\$81,318,372
MASSACHUSETTS	50.00%	\$320,466,492	\$325,273,489	\$14,210,660,000	\$0	\$14,210,660,000	\$2,243,788,421	\$2,243,788,421	\$325,273,489
MICHIGAN	66.32%	\$278,438,100	\$282,614,672	\$13,523,842,000	\$364,144,000	\$13,159,698,000	\$1,928,021,733	\$1,928,021,733	\$282,614,672
MISSISSIPPI	73.05%	\$160,233,246	\$162,636,745	\$5,094,327,000	\$321,190,000	\$4,773,137,000	\$685,361,490	\$685,361,490	\$162,636,745
MISSOURI	62.03%	\$497,773,773	\$505,240,380	\$9,279,932,000	\$684,657,000	\$8,595,275,000	\$1,278,828,483	\$1,278,828,483	\$505,240,380
NEVADA	63.10%	\$48,595,328	\$49,324,258	\$2,092,603,000	\$77,014,000	\$2,015,589,000	\$298,670,057	\$298,670,057	\$49,324,258
NEW HAMPSHIRE	50.00%	\$168,217,088	\$170,740,344	\$1,340,075,000	\$124,810,000	\$1,215,265,000	\$191,883,947	\$191,883,947	\$170,740,344
NEW JERSEY	50.00%	\$676,394,441	\$686,540,358	\$13,682,358,000	\$1,207,107,000	\$12,475,251,000	\$1,969,776,474	\$1,969,776,474	\$686,540,358
NEW YORK	50.00%	\$1,687,702,633	\$1,713,018,172	\$67,240,475,000	\$3,373,800,000	\$63,866,675,000	\$10,084,211,842	\$10,084,211,842	\$1,713,018,172
NORTH CAROLINA	65.78%	\$309,959,394	\$314,608,785	\$13,134,561,000	\$478,361,000	\$12,656,200,000	\$1,857,623,286	\$1,857,623,286	\$314,608,785
OHIO	63.02%	\$426,850,861	\$433,253,624	\$19,534,779,000	\$0	\$19,534,779,000	\$2,895,527,493	\$2,895,527,493	\$433,253,624

A	B	C	D	E	F	G	H	I	J
STATE	FY 2014 FMAPs	Prior FY (2013) DSH Allotments	Prior FY (2013) DSH Allotment (Col C) x 100% + Pct Increase in CPIU:	FY 2014 TC MAP Exp. Including DSH /4	FY 2014 TC DSH Expenditures /4	FY 2014 TC MAP EXP. Net Of DSH Col E - F	"12% Amount" =Col G x .12/(1-.12/Col B)* (In FS)	Greater of Col H Or Col C (12% Limit, FY 2013 Allotment)	FY 2014 DSH Allotment
			101.5%						MIN Col I, Col D
PENNSYLVANIA	53.52%	\$589,710,881	\$598,556,544	\$21,451,173,000	\$732,037,000	\$20,719,136,000	\$3,204,879,071	\$3,204,879,071	\$598,556,544
RHODE ISLAND	50.11%	\$68,296,138	\$69,320,580	\$2,302,742,000	\$137,098,000	\$2,165,644,000	\$341,706,914	\$341,706,914	\$69,320,580
SOUTH CAROLINA	70.57%	\$344,107,463	\$349,269,075	\$5,582,305,000	\$474,540,000	\$5,107,765,000	\$738,511,134	\$738,511,134	\$349,269,075
TENNESSEE /2	65.29%	na	na	na	na	na	na	na	\$0
TEXAS	58.69%	\$1,004,741,257	\$1,019,812,376	\$37,675,429,000	\$2,991,551,000	\$34,683,878,000	\$5,231,775,883	\$5,231,775,883	\$1,019,812,376
VERMONT /5	56.76%	\$23,640,971	\$23,995,586	\$1,536,190,000	\$37,449,000	\$1,498,741,000	\$228,065,789	\$228,065,789	\$23,995,586
VIRGINIA	50.00%	\$92,050,138	\$93,430,890	\$8,287,311,000	\$243,321,000	\$8,043,990,000	\$1,270,103,684	\$1,270,103,684	\$93,430,890
WASHINGTON	50.00%	\$194,381,315	\$197,297,035	\$7,949,059,000	\$456,511,000	\$7,492,548,000	\$1,183,033,895	\$1,183,033,895	\$197,297,035
WEST VIRGINIA	71.09%	\$70,922,912	\$71,986,756	\$3,534,234,000	\$70,185,000	\$3,464,049,000	\$500,103,388	\$500,103,388	\$71,986,756
TOTAL		\$10,244,637,203	\$10,398,306,761	\$424,148,883,000	\$15,426,569,000	\$408,722,314,000	\$62,783,822,812	\$62,783,822,812	\$11,130,266,762
LOW DSH STATES									
ALASKA	50.00%	\$21,402,636	\$21,723,676	\$1,583,467,000	\$20,638,000	\$1,562,829,000	\$246,762,473.68	\$246,762,474	\$21,723,676
ARKANSAS	70.10%	\$45,325,292	\$46,005,171	\$4,549,145,000	\$43,820,000	\$4,505,325,000	\$652,302,821	\$652,302,821	\$46,005,171
DELAWARE	55.31%	\$9,512,282	\$9,654,966	\$1,620,151,000	\$16,804,000	\$1,603,347,000	\$245,710,799	\$245,710,799	\$9,654,966
HAWAII /3	51.85%	\$10,240,000	\$10,393,600	\$1,940,694,000	\$0	\$1,940,694,000	\$303,011,243.86	\$303,011,244	\$10,393,600
IDAHO	71.64%	\$17,271,044	\$17,530,110	\$1,867,605,000	\$23,451,000	\$1,844,154,000	\$265,825,337.14	\$265,825,337	\$17,530,110
IOWA	57.93%	\$41,378,149	\$41,998,821	\$3,852,612,000	\$53,536,000	\$3,799,076,000	\$574,997,969	\$574,997,969	\$41,998,821
MINNESOTA	50.00%	\$78,476,334	\$79,653,479	\$10,571,446,000	\$154,792,000	\$10,416,654,000	\$1,644,734,842	\$1,644,734,842	\$79,653,479
MONTANA	66.33%	\$11,926,371	\$12,105,267	\$1,078,653,000	\$18,023,000	\$1,060,630,000	\$155,387,273	\$155,387,273	\$12,105,267
NEBRASKA	54.74%	\$29,733,219	\$30,179,217	\$2,060,181,000	\$41,391,000	\$2,018,790,000	\$310,272,058	\$310,272,058	\$30,179,217
NEW MEXICO	69.20%	\$21,402,636	\$21,723,676	\$3,598,324,000	\$21,380,000	\$3,576,944,000	\$519,282,220	\$519,282,220	\$21,723,676
NORTH DAKOTA	50.00%	\$10,036,360	\$10,186,905	\$844,103,000	\$1,600,000	\$842,503,000	\$133,026,789	\$133,026,789	\$10,186,905
OKLAHOMA	64.02%	\$38,049,129	\$38,619,866	\$5,219,568,000	\$58,140,000	\$5,161,428,000	\$762,248,260	\$762,248,260	\$38,619,866
OREGON	63.14%	\$47,561,414	\$48,274,835	\$6,163,918,000	\$71,176,000	\$6,092,742,000	\$902,688,455	\$902,688,455	\$48,274,835
SOUTH DAKOTA	53.54%	\$11,604,719	\$11,778,790	\$843,570,000	\$1,476,000	\$842,094,000	\$130,242,791	\$130,242,791	\$11,778,790
UTAH	70.34%	\$20,612,808	\$20,922,000	\$2,089,446,000	\$29,583,000	\$2,059,863,000	\$298,026,939	\$298,026,939	\$20,922,000

A	B	C	D	E	F	G	H	I	J
STATE	FY 2014 FMAPs	Prior FY (2013) DSH Allotments	Prior FY (2013) DSH Allotment (Col C) x 100% + Pct Increase in CPIU:	FY 2014 TC MAP Exp. Including DSH /4	FY 2014 TC DSH Expenditures /4	FY 2014 TC MAP EXP. Net Of DSH Col E - F	"12% Amount" =Col G x .12/(1-.12/Col B)* (In FS)	Greater of Col H Or Col C (12% Limit, FY 2013 Allotment)	FY 2014 DSH Allotment
			101.5%						MIN Col I, Col D
WISCONSIN	59.06%	\$99,326,563	\$100,816,461	\$7,532,985,000	\$159,936,000	\$7,373,049,000	\$1,110,375,539	\$1,110,375,539	\$100,816,461
WYOMING	50.00%	\$237,807	\$241,374	\$568,307,000	\$463,000	\$567,844,000	\$89,659,579	\$89,659,579	\$241,374
TOTAL LOW DSH STATES		\$514,096,763	\$521,808,214	\$55,984,175,000	\$716,209,000	\$55,267,966,000	\$8,344,555,389	\$8,344,555,389	\$521,808,214
TOTAL		\$10,758,733,966	\$10,920,114,975	\$480,133,058,000	\$16,142,778,000	\$463,990,280,000	\$71,128,378,201	\$71,128,378,201	\$11,652,074,976

FOOTNOTES:

/1 Louisiana's FY 2014 DSH allotment is determined under the provisions of section 1923(f)(3)(C) and (D) of the Act.

/2 Tennessee's DSH allotment for FY 2014, determined under section 1923(f)(6)(A) of the Act, is \$0

/3 Beginning FY 2013, under section 1923(f)(6)(B)(II) of the Act, Hawaii's DSH allotment for a fiscal year is determined as for low-DSH states. This means Hawaii's DSH allotment for a fiscal year is determined as for all States, by increasing the previous fiscal year allotment by the percentage increase in the CPIU for the previous fiscal year.

/4 Expenditures based on the amounts reported by States on the Form CMS-37.

/5 FMAP for Vermont for FY 2014 determined in accordance with section 1905(z)(1)(A) of the Act.

Key to ADDENDUM 2. Preliminary IMD DSH Limits for FY 2014

The preliminary FY 2014 IMD DSH Limits for the Non-Low DSH States are presented in the top section of this addendum and the preliminary FY 2014 IMD DSH Limits for the Low-DSH States are presented in the bottom section of the addendum.

Column	Description
Column A	State.
Column B	Inpatient Hospital Services FY 95 DSH Total Computable. This column contains the States' total computable FY 1995 inpatient hospital DSH expenditures as reported on the Form CMS-64.
Column C	IMD and Mental Health Services FY 95 DSH Total Computable. This column contains the total computable FY 1995 mental health facility DSH expenditures as reported on the Form CMS-64 as of January 1, 1997.
Column D	Total Inpatient Hospital & IMD & Mental Health FY 95 DSH Total Computable, Col. B + C. This column contains the total computation of all inpatient hospital DSH expenditures and mental health facility DSH expenditures for FY 1995 as reported on the Form CMS-64 as of January 1, 1997 (representing the sum of Column B and Column C).
Column E	Applicable Percentage, Col. C/D. This column contains the "applicable percentage" representing the total Computable FY 1995 mental health facility DSH expenditures divided by total computable all inpatient hospital and mental health facility DSH expenditures for FY 1995 (the amount in Column C divided by the amount in Column D) Per section 1923(h)(2)(A)(ii)(III) of the Act, for FYs after FY 2002, the applicable percentage can be no greater than 33 percent.
Column F	FY 2014 Federal Share DSH Allotment. This column contains the states' preliminary FY 2014 DSH allotments from Column J Addendum 1.
Column G	FY 2014 FMAP.

The preliminary FY 2014 IMD DSH Limits for the Non-Low DSH States are presented in the top section of this addendum and the preliminary FY 2014 IMD DSH Limits for the Low-DSH States are presented in the bottom section of the addendum.

Column	Description
Column H	FY 2014 DSH Allotments in Total Computable, Col. F/G. This column contains states' FY 2014 total computable DSH allotment (determined as Column F/Column G).
Column I	Applicable Percentage Applied to FY 2014 Allotments in TC, Col E x Col H. This column contains the applicable percentage of FY 2013 total computable DSH allotment (calculated as the percentage in Column E multiplied by the amount in Column H).
Column J	FY 2014 TC IMD DSH Limit. Lesser of Col. I or C. This column contains the total computable FY 2014 TC IMD DSH Limit equal to the lesser of the amount in Column I or Column C.
Column K	FY 2014 IMD DSH Limit in Federal Share, Col. G x J. This column contains the FY 2014 Federal Share IMD DSH limit determined by converting the total computable FY 2014 IMD DSH Limit from Column J into a federal share amount by multiplying it by the FY 2014 FMAP in Column G.

ADDENDUM 2: PRELIMINARY IMD DSH LIMIT FOR FISCAL YEAR 2014

A	B	C	D	E	F	G	H	I	J	K
STATE	Inpatient Hospital Services FY 95 DSH Total Computable	IMD And Mental Health Services FY 95 DSH Total Computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2014 Allotment In FS	FY 2014 FMAPs	FY 2014 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2014 Allotments in TC Col E x Col H	FY 2014 TC IMD Limit (Lesser Of) Col I or Col C	FY 2014 IMD Limit In FS Col G x J
ALABAMA	\$413,006,229	\$4,451,770	\$417,457,999	1.07%	\$327,939,666	68.12%	\$481,414,659	\$5,133,804	\$4,451,770	\$3,032,546
ARIZONA	\$93,916,100	\$28,474,900	\$122,391,000	23.27%	\$107,980,135	67.23%	\$160,613,022	\$37,367,451	\$28,474,900	\$19,143,675
CALIFORNIA	\$2,189,879,543	\$1,555,919	\$2,191,435,462	0.07%	\$1,169,118,239	50.00%	\$2,338,236,478	\$1,660,148	\$1,555,919	\$777,960

A	B	C	D	E	F	G	H	I	J	K
STATE	Inpatient Hospital Services FY 95 DSH Total Computable	IMD And Mental Health Services FY 95 DSH Total Computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2014 Allotment In FS	FY 2014 FMAPs	FY 2014 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2014 Allotments in TC Col E x Col H	FY 2014 TC IMD Limit (Lesser Of) Col I or Col C)	FY 2014 IMD Limit In FS Col G x J
COLORADO	\$173,900,441	\$594,776	\$174,495,217	0.34%	\$98,648,517	50.00%	\$197,297,034	\$672,497	\$594,776	\$297,388
CONNECTICUT	\$303,359,275	\$105,573,725	\$408,933,000	25.82%	\$213,294,091	50.00%	\$426,588,182	\$110,131,741	\$105,573,725	\$52,786,863
DISTRICT OF COLUMBIA	\$39,532,234	\$6,545,136	\$46,077,370	14.20%	\$65,321,315	70.00%	\$93,316,164	\$13,255,248	\$6,545,136	\$4,581,595
FLORIDA	\$184,468,014	\$149,714,986	\$334,183,000	33.00%	\$213,294,091	58.79%	\$362,806,755	\$119,726,229	\$119,726,229	\$70,387,050
GEORGIA	\$407,343,557	\$0	\$407,343,557	0.00%	\$286,613,936	65.93%	\$434,724,611	\$0	\$0	\$0
ILLINOIS	\$315,868,508	\$89,408,276	\$405,276,784	22.06%	\$229,291,148	50.00%	\$458,582,296	\$101,168,027	\$89,408,276	\$44,704,138
INDIANA	\$79,960,783	\$153,566,302	\$233,527,085	33.00%	\$227,958,061	66.92%	\$340,642,649	\$112,412,074	\$112,412,074	\$75,226,160
KANSAS	\$11,587,208	\$76,663,508	\$88,250,716	33.00%	\$43,991,907	56.91%	\$77,300,838	\$25,509,277	\$25,509,277	\$14,517,329
KENTUCKY	\$158,804,908	\$37,443,073	\$196,247,981	19.08%	\$154,638,217	69.83%	\$221,449,545	\$42,251,398	\$37,443,073	\$26,146,498
LOUISIANA	\$1,078,512,169	\$132,917,149	\$1,211,429,318	10.97%	\$731,960,000	60.98%	\$1,200,327,976	\$131,699,118	\$131,699,118	\$80,310,122
MAINE	\$99,957,958	\$60,958,342	\$160,916,300	33.00%	\$111,979,398	61.55%	\$181,932,409	\$60,037,695	\$60,037,695	\$36,953,201
MARYLAND	\$22,226,467	\$120,873,531	\$143,099,998	33.00%	\$81,318,372	50.00%	\$162,636,744	\$53,670,126	\$53,670,126	\$26,835,063
MASSACHUSETTS	\$469,653,946	\$105,635,054	\$575,289,000	18.36%	\$325,273,489	50.00%	\$650,546,978	\$119,453,988	\$105,635,054	\$52,817,527
MICHIGAN	\$133,258,800	\$304,765,552	\$438,024,352	33.00%	\$282,614,672	66.32%	\$426,137,925	\$140,625,515	\$140,625,515	\$93,262,842
MISSISSIPPI	\$182,608,033	\$0	\$182,608,033	0.00%	\$162,636,745	73.05%	\$222,637,570	\$0	\$0	\$0
MISSOURI	\$521,946,524	\$207,234,618	\$729,181,142	28.42%	\$505,240,380	62.03%	\$814,509,721	\$231,485,157	\$207,234,618	\$128,547,634
NEVADA	\$73,560,000	\$0	\$73,560,000	0.00%	\$49,324,258	63.10%	\$78,168,396	\$0	\$0	\$0
NEW HAMPSHIRE	\$92,675,916	\$94,753,948	\$187,429,864	33.00%	\$170,740,344	50.00%	\$341,480,688	\$112,688,627	\$94,753,948	\$47,376,974
NEW JERSEY	\$736,742,539	\$357,370,461	\$1,094,113,000	32.66%	\$686,540,358	50.00%	\$1,373,080,716	\$448,489,771	\$357,370,461	\$178,685,231
NEW YORK	\$2,418,869,368	\$605,000,000	\$3,023,869,368	20.01%	\$1,713,018,172	50.00%	\$3,426,036,344	\$685,463,469	\$605,000,000	\$302,500,000
NORTH CAROLINA	\$193,201,966	\$236,072,627	\$429,274,593	33.00%	\$314,608,785	65.78%	\$478,274,225	\$157,830,494	\$157,830,494	\$103,820,899
OHIO	\$535,731,956	\$93,432,758	\$629,164,714	14.85%	\$433,253,624	63.02%	\$687,485,916	\$102,093,623	\$93,432,758	\$58,881,324
PENNSYLVANIA	\$388,207,319	\$579,199,682	\$967,407,001	33.00%	\$598,556,544	53.52%	\$1,118,379,193	\$369,065,134	\$369,065,134	\$197,523,660
RHODE ISLAND	\$108,503,167	\$2,397,833	\$110,901,000	2.16%	\$69,320,580	50.11%	\$138,336,819	\$2,991,033	\$2,397,833	\$1,201,554
SOUTH CAROLINA	\$366,681,364	\$72,076,341	\$438,757,705	16.43%	\$349,269,075	70.57%	\$494,925,712	\$81,303,266	\$72,076,341	\$50,864,274
TENNESSEE*	\$0	\$0	\$0	0.00%	\$0	65.29%	\$0	\$0	\$0	\$0
TEXAS	\$1,220,515,401	\$292,513,592	\$1,513,028,993	19.33%	\$1,019,812,376	58.69%	\$1,737,625,449	\$335,934,780	\$292,513,592	\$171,676,227

A	B	C	D	E	F	G	H	I	J	K
STATE	Inpatient Hospital Services FY 95 DSH Total Computable	IMD And Mental Health Services FY 95 DSH Total Computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2014 Allotment In FS	FY 2014 FMAPs	FY 2014 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2014 Allotments in TC Col E x Col H	FY 2014 TC IMD Limit (Lesser Of) Col I or Col C)	FY 2014 IMD Limit In FS Col G x J
VERMONT **	\$19,979,252	\$9,071,297	\$29,050,549	31.23%	\$23,995,586	56.76%	\$42,275,521	\$13,200,914	\$9,071,297	\$5,148,868
VIRGINIA	\$129,313,480	\$7,770,268	\$137,083,748	5.67%	\$93,430,890	50.00%	\$186,861,780	\$10,591,818	\$7,770,268	\$3,885,134
WASHINGTON	\$171,725,815	\$163,836,435	\$335,562,250	33.00%	\$197,297,035	50.00%	\$394,594,070	\$130,216,043	\$130,216,043	\$65,108,022
WEST VIRGINIA	\$66,962,606	\$18,887,045	\$85,849,651	22.00%	\$71,986,756	71.09%	\$101,261,438	\$22,277,660	\$18,887,045	\$13,426,800
TOTAL	\$13,402,460,846	\$4,118,758,904	\$17,521,219,750		\$11,130,266,762		\$19,837,936,852	\$3,778,134,755	\$3,440,982,495	\$1,930,546,450
LOW DSH STATES										
ALASKA	\$2,506,827	\$17,611,765	\$20,118,592	33.00%	\$21,723,676	50.00%	\$43,447,352	\$14,337,626	\$14,337,626	\$7,168,813
ARKANSAS	\$2,422,649	\$819,351	\$3,242,000	25.27%	\$46,005,171	70.10%	\$65,627,919	\$16,586,151	\$819,351	\$574,365
DELAWARE	\$0	\$7,069,000	\$7,069,000	33.00%	\$9,654,966	55.31%	\$17,456,095	\$5,760,511	\$5,760,511	\$3,186,139
HAWAII	\$0	\$0	\$0	0.00%	\$10,393,600	51.85%	\$20,045,516	\$0	\$0	\$0
IDAHO	\$2,081,429	\$0	\$2,081,429	0.00%	\$17,530,110	71.64%	\$24,469,724	\$0	\$0	\$0
IOWA	\$12,011,250	\$0	\$12,011,250	0.00%	\$41,998,821	57.93%	\$72,499,259	\$0	\$0	\$0
MINNESOTA	\$24,240,000	\$5,257,214	\$29,497,214	17.82%	\$79,653,479	50.00%	\$159,306,958	\$28,392,877	\$5,257,214	\$2,628,607
MONTANA	\$237,048	\$0	\$237,048	0.00%	\$12,105,267	66.33%	\$18,250,063	\$0	\$0	\$0
NEBRASKA	\$6,449,102	\$1,811,337	\$8,260,439	21.93%	\$30,179,217	54.74%	\$55,131,927	\$12,089,248	\$1,811,337	\$991,526
NEW MEXICO	\$6,490,015	\$254,786	\$6,744,801	3.78%	\$21,723,676	69.20%	\$31,392,595	\$1,185,861	\$254,786	\$176,312
NORTH DAKOTA	\$214,523	\$988,478	\$1,203,001	33.00%	\$10,186,905	50.00%	\$20,373,810	\$6,723,357	\$988,478	\$494,239
OKLAHOMA	\$20,019,969	\$3,273,248	\$23,293,217	14.05%	\$38,619,866	64.02%	\$60,324,689	\$8,477,046	\$3,273,248	\$2,095,533
OREGON	\$11,437,908	\$19,975,092	\$31,413,000	33.00%	\$48,274,835	63.14%	\$76,456,818	\$25,230,750	\$19,975,092	\$12,612,273
SOUTH DAKOTA	\$321,120	\$751,299	\$1,072,419	33.00%	\$11,778,790	53.54%	\$21,999,981	\$7,259,994	\$751,299	\$402,245
UTAH	\$3,621,116	\$934,586	\$4,555,702	20.51%	\$20,922,000	70.34%	\$29,744,100	\$6,101,896	\$934,586	\$657,388
WISCONSIN	\$6,609,524	\$4,492,011	\$11,101,535	33.00%	\$100,816,461	59.06%	\$170,701,763	\$56,331,582	\$4,492,011	\$2,652,982
WYOMING	\$0	\$0	\$0	0.00%	\$241,374	50.00%	\$482,748	\$0	\$0	\$0
TOTAL LOW DSH STATES	\$98,662,480	\$63,238,167	\$161,900,647		\$521,808,214		\$887,711,318	\$188,476,899	\$58,655,539	\$33,640,422
TOTAL	\$13,501,123,326	\$4,181,997,071	\$17,683,120,397		\$11,652,074,976		\$20,724,648,170	\$3,966,611,654	\$3,499,638,034	\$1,964,186,872

A	B	C	D	E	F	G	H	I	J	K
STATE	Inpatient Hospital Services FY 95 DSH Total Computable	IMD And Mental Health Services FY 95 DSH Total Computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2014 Allotment In FS	FY 2014 FMAPs	FY 2014 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2014 Allotments in TC Col E x Col H	FY 2014 TC IMD Limit (Lesser Of Col I or Col C)	FY 2014 IMD Limit In FS Col G x J

FOOTNOTES

* Tennessee's DSH allotment for FY 2014, determined under section 1923(f)(6)(A) of the Act, is \$0

** Vermont's FMAP for FY 2014 determined in accordance with section 1905(z)(1)(A) of the Act