OBRA FORMULA FOR SFY 2016-17

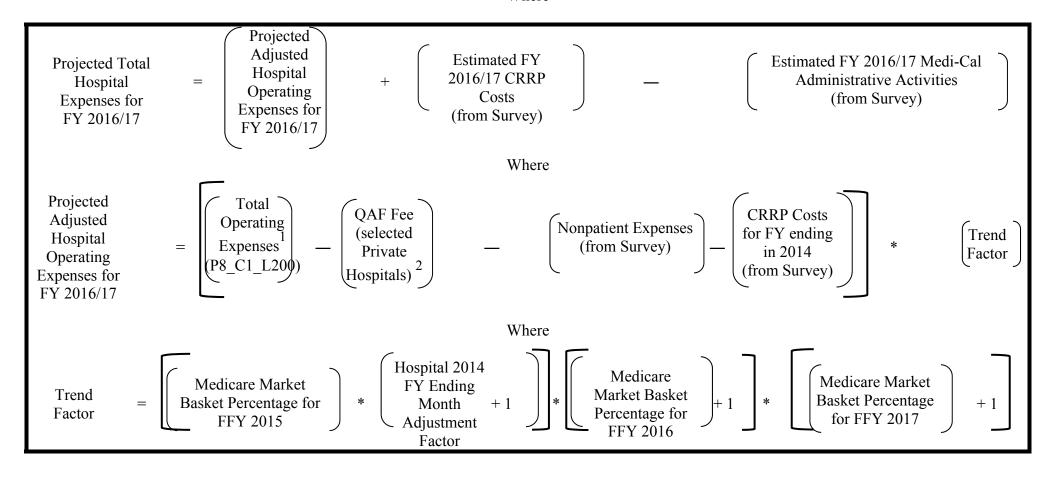$$\text{OBRA 1993 Hospital Specific Limit}^* = \left(\begin{array}{c} \text{Medi-Cal / Uninsured} \\ \text{Expenses} \end{array} \right) - \left(\begin{array}{c} \text{Medi-Cal / Uninsured} \\ \text{Revenues} \end{array} \right)$$
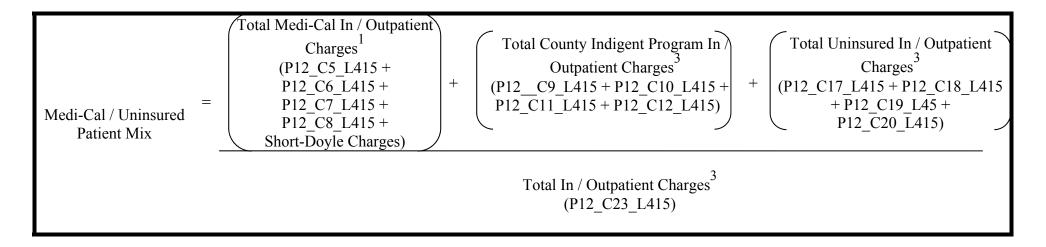
* Note: According to the Balanced Budget Act of 1997 and Balanced Budget Refinement Act of 1999, the OBRA (Omnibus Budget Reconciliation Act) limit amounts that are determined by this formula will be applied:

- at 175 % to public hospitals
- at 100 % to nonpublic hospitals

Medi-Cal / Uninsured Expenses

$$\text{Medi-Cal / Uninsured Expenses} = \left(\begin{array}{c}\text{Projected Total Hospital Expenses for FY 2016/17}\end{array}\right) * \left(\begin{array}{c}\text{Medi-Cal / Uninsured Patient Mix}\end{array}\right)$$

Where

$$\begin{array}{c}\text{Projected Total Hospital Expenses for FY 2016/17}\end{array} = \left(\begin{array}{c}\text{Projected Adjusted Hospital Operating Expenses for FY 2016/17}\end{array}\right) + \left(\begin{array}{c}\text{Estimated FY 2016/17 CRRP Costs (from Survey)}\end{array}\right) - \left(\begin{array}{c}\text{Estimated FY 2016/17 Medi-Cal Administrative Activities (from Survey)}\end{array}\right)$$

Where

$$\begin{array}{c}\text{Projected Adjusted Hospital Operating Expenses for FY 2016/17}\end{array} = \left[\left(\begin{array}{c}\text{Total Operating Expenses}^1 \text{(P8\_C1\_L200)}\end{array}\right) - \left(\begin{array}{c}\text{QAF Fee (selected Private Hospitals)}^2\end{array}\right) - \left(\begin{array}{c}\text{Nonpatient Expenses (from Survey)}\end{array}\right) - \left(\begin{array}{c}\text{CRRP Costs for FY ending in 2014 (from Survey)}\end{array}\right)\right] * \left(\begin{array}{c}\text{Trend Factor}\end{array}\right)$$

Where

$$\begin{array}{c}\text{Trend Factor}\end{array} = \left[\left(\begin{array}{c}\text{Medicare Market Basket Percentage for FFY 2015}\end{array}\right) * \left(\begin{array}{c}\text{Hospital 2014 FY Ending Month Adjustment Factor}\end{array} + 1\right)\right] * \left[\left(\begin{array}{c}\text{Medicare Market Basket Percentage for FFY 2016}\end{array}\right) + 1\right] * \left[\left(\begin{array}{c}\text{Medicare Market Basket Percentage for FFY 2017}\end{array}\right) + 1\right]$$

Medi-Cal / Uninsured Patient Mix

$$\text{Medi-Cal / Uninsured Patient Mix} = \frac{\left(\begin{array}{c}\text{Total Medi-Cal In / Outpatient}\\ \text{Charges}^{1}\\ (\text{P12\_C5\_L415} +\\ \text{P12\_C6\_L415} +\\ \text{P12\_C7\_L415} +\\ \text{P12\_C8\_L415} +\\ \text{Short-Doyle Charges})\end{array}\right) + \left(\begin{array}{c}\text{Total County Indigent Program In /}\\ \text{Outpatient Charges}^{3}\\ (\text{P12\_\_C9\_L415} + \text{P12\_C10\_L415} +\\ \text{P12\_C11\_L415} + \text{P12\_C12\_L415})\end{array}\right) + \left(\begin{array}{c}\text{Total Uninsured In / Outpatient}\\ \text{Charges}^{3}\\ (\text{P12\_C17\_L415} + \text{P12\_C18\_L415}\\ + \text{P12\_C19\_L45} +\\ \text{P12\_C20\_L415})\end{array}\right)}{\begin{array}{c}\text{Total In / Outpatient Charges}^{3}\\ (\text{P12\_C23\_L415})\end{array}}$$

1. The Total Medi-Cal Inpatient and Outpatient Charges come from the OSHPD Annual Financial Disclosure Report (AFDR) for fiscal year ending (FYE) in 2014. Medi-Cal Short/Doyle paid claims for calendar year of service 2014 with dates of payment through May 2016.
2. Pursuant to the OSHPD Technical Letters No. 23 (August 2011) and 25 (September 2012), hospitals are required to report the Quality Assurance Fee (QAF) Program payments in the AFDR. According to California Welfare and Institutions Code Section 14169.8 (effective 2011), the QAF payments made to private hospitals will be adjusted in the OBRA calculation.
3. The Total County Indigent Program Inpatient and Outpatient charges and Total Uninsured Inpatient and Outpatient Charges come from the AFDR for the hospital's fiscal year ending in 2014.
4. The Medi-Cal/Uninsured Patient Mix must be between zero and one hundred.

Medi-Cal / Uninsured Revenues

$$\text{Medi-Cal / Uninsured Revenues} = \begin{pmatrix} \text{Total Medi-Cal In / Outpatient Revenues for CY of Payment 2015}^{1} \end{pmatrix} + \begin{pmatrix} \text{Estimated FY 2016/17 CRRP Revenues (from Survey)} \end{pmatrix} + \begin{pmatrix} \text{Supplemental Payments Paid or Payable and SNCP CPEs Claimed for FY 2016/17} \end{pmatrix} + \begin{pmatrix} \text{Estimated FY 2016/17 Targeted Case Management Revenues (from Survey)} \end{pmatrix}$$

$$+ \left[\begin{pmatrix} \text{Uninsured Cash Payments}^{2} \\ (|P12\_C17\_L445|) + (|P12\_C18\_L445|) + (|P12\_C19\_L445|) \\ + (|P12\_C20\_L445|) + (P12\_C17\_L460^{3} + P12\_C18\_L460^{3} + \\ P12\_C19\_L460^{3} + P12\_C20\_L460^{3}) \end{pmatrix} \ast \ (\text{Trend Factor}^{4}) \right]$$

$$+ (\text{Outpatient DSH Payments}) + (\text{AB 915 Payments}) + (\text{Outpatient Small and Rural Hospital Payments}) + (\text{NDPH IGT})$$

1. The Total Medi-Cal Inpatient and Outpatient Revenues come from the Medi-Cal paid claims files, Medi-Cal Short/Doyle paid claims files, Medi-Cal Inpatient Psychiatric paid claims files, and data collected from the Medi-Cal Managed Care plans for calendar year of payment 2015.
2. The Uninsured Cash Payments come from the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2014.
3. To calculate the Uninsured Cash Payments, each support for Clinical Teaching (Line 445) will be offset by its Teaching Allowance (Line 440), and only positive values will be used for the Net Patient Revenue (Line 460).
4. Same as the Trend Factor calculated on page two.