

OBRA FORMULA FOR FISCAL YEAR 2025-26

$$\text{OBRA 1993 Hospital Specific Limit*} = \left[\text{Medi-Cal / Uninsured Expense} \right] - \left[\text{Medi-Cal / Uninsured Revenues} \right]$$

*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

OBRA Formula for Fiscal Year 2025-26

Medi-Cal / Uninsured Expenses

$$\text{Medi-Cal/Uninsured Expenses} = \left(\text{Projected Total Hospital Expenses for FY 25- 26} \right) \times \left(\text{Medi-Cal / Uninsured Patient Mix} \right)$$

Where

$$\text{Projected Total Hospital Expenses for FY 2025-26} = \left(\text{Projected Adjusted Hospital Operating Expenses for FY 2025-26} \right) + \left(\text{Estimated FY 2025-26 CRRP Costs (from Survey)} \right) - \left(\text{Estimated FY 2025-26 Medi-Cal Administrative Activities (from Survey)} \right)$$

Where

$$\text{Projected Adjusted Hospital Operating Expenses for FY 2025-26} = \left(\left(\text{Total Operating Expenses}^1 \text{ (P8_C1_L200)} - \left(\text{HQAF Fee (Selected Private Hospitals)} \right)^2 \right) - \left(\text{Non-Patient Expenses (from Survey)} \right) - \left(\text{CRRP Costs for FY ending 2023 (from Survey)} \right) \right) \times \left(\text{Trend Factor} \right)$$

Where

$$\text{Trend Factor} = \left(\left(\text{Medicare Market Basket Percentage for FFY 2024} \right) * \left(\text{Hospital 2023 FY Ending Month Adjustment Factor} \right) + 1 \right) * \left(\left(\text{Medicare Market Basket Percentage for FFY 2025} \right) + 1 \right) * \left(\left(\text{Medicare Market Basket Percentage for FFY 2026} \right) + 1 \right)$$

1. From the Department of Health Care Access and Information (HCAI) Annual Financial Disclosure Report (AFDR) for fiscal year ending in 2023.
2. Pursuant to the HCAI Technical Letters No. 23 (August 2011) and 25 (September 2012), hospitals are required to report the Hospital Quality Assurance Fee (HQAF) Program payments in the AFDR. According to California Welfare and Institutions

Code Section 14169.8 (effective 2011), the HCAF payments made to private hospitals will be adjusted in the FY OBRA calculation.

OBRA Formula for Fiscal Year 2025-26

$$\begin{array}{c}
 \text{Medi-Cal/} \\
 \text{Uninsured} \\
 \text{Patient Mix}^3
 \end{array}
 =
 \frac{
 \begin{array}{c}
 \text{Total Medi-Cal} \\
 \text{In/Outpatient Charges}^1 \\
 (\text{P12_C5_L415} + \\
 \text{P12_C6_L415} + \\
 \text{P12_C7_L415} + \\
 \text{P12_C8_L415} + \text{Short-} \\
 \text{Doyle Charges})
 \end{array}
 +
 \begin{array}{c}
 \text{Total County Indigent} \\
 \text{Program In/Outpatient} \\
 \text{Charges}^2 (\text{P12_C9_L415} \\
 + \text{P12_C10_L415} + \\
 \text{P12_C11_L415} + \\
 \text{P12_C12_L415})
 \end{array}
 +
 \begin{array}{c}
 \text{Total Uninsured} \\
 \text{In/Outpatient} \\
 \text{Charges}^2 \\
 (\text{P12_C17_L415} + \\
 \text{P12_C18_L415} + \\
 \text{P12_C19_L415} + \\
 \text{P12_C20_L415})
 \end{array}
 }{
 \text{Total In/Outpatient Charges}^2 (\text{P12_C23_L415})
 }$$

1. From the HCAI AFDR for fiscal year ending in 2023 and Medi-Cal Short/Doyle paid claims for calendar year of service 2023 with dates of payment through May 2025.
2. From the HCAI AFDR for fiscal year ending in 2023.
3. $0 \leq \text{Medi-Cal / Uninsured Patient Mix} \leq 100$

OBRA Formula for Fiscal Year 2025-26

Medi-Cal / Uninsured Revenues

$$\begin{aligned}
 &\text{Medi-Cal/Uninsured Revenues} = \left(\text{Total Medi-Cal In/Outpatient Revenues for CY of Payment 2024}^1 \right) + \left(\text{Estimated FY 2025-26 CRRP Revenues (from Survey)} \right) + \left(\text{Estimated FY 2025-26 Targeted Case Management Revenues (from Survey)} \right) \\
 &\quad + \left(\text{Uninsured Cash Payments}^2 \right) \times \left(\text{Trend Factors}^3 \right) + \left(\text{Other Supplemental Payments Paid or Payable}^4 \right)
 \end{aligned}$$

$$\begin{aligned}
 &\text{Uninsured Cash Payments}^2 \\
 &= (|P12_C17_L445| - |P12_C17_L440|) + P12_C17_L4602 + \\
 &(|P12_C18_L445| - |P12_C18_L440|) + P12_C18_L4602 + \\
 &(|P12_C19_L445| - |P12_C19_L440|) + P12_C19_L4602 + \\
 &(|P12_C20_L445| - |P12_C20_L440|) + P12_C20_L4602 +
 \end{aligned}$$

1. 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 2024.
2. From the HCAI AFDR for fiscal year ending in 2023. To calculate the Uninsured Cash Payments:
 - a. Each Support for Clinical Teaching (Line 445) will be offset by its Teaching Allowance (Line 440).
 - b. Only positive values will be used for the Net Patient Revenue (Line 460).
3. Same as the Trend Factor formula on page 2.
4. Other Supplemental Payments include: Outpatient DSH, Outpatient Small and Rural Hospital, AB 915, NDPH IGT, Graduate Medical Education (GME), Private Hospital Supplemental Fund, NDPH Supplemental Fund, Quality Incentive Pool (QIP), and Enhanced Payment Program (EPP).