

## OBRA FORMULA FOR FISCAL YEAR 2017-18

$$\begin{array}{l} \text{OBRA} \\ \text{1993} \\ \text{Hospital} \\ \text{Specific} \\ \text{Limit}^* \end{array} = \left( \begin{array}{c} \text{Medi-Cal / Uninsured} \\ \text{Expenses} \end{array} \right) - \left( \begin{array}{c} \text{Medi-Cal / Uninsured} \\ \text{Revenues} \end{array} \right)$$

\* 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

$$\text{Medi-Cal / Uninsured Expenses} = \left( \text{Projected Total Hospital Expenses for FY 2017-18} \right) * \left( \text{Medi-Cal / Uninsured Patient Mix} \right)$$

Where

$$\text{Projected Total Hospital Expenses for FY 2017-18} = \left( \text{Projected Adjusted Hospital Operating Expenses for FY 2017-18} \right) + \left( \text{Estimated FY 2017-18 CRRP Costs (from Survey)} \right) - \left( \text{Estimated FY 2017-18 Medi-Cal Administrative Activities (from Survey)} \right)$$

Where

$$\text{Projected Adjusted Hospital Operating Expenses for FY 2017-18} = \left[ \left( \text{Total Operating Expenses}^1 \text{ (P8_C1_L200)} \right) - \left( \text{QAF Fee (selected Private Hospitals)}^2 \right) - \left( \text{Nonpatient Expenses (from Survey)} \right) - \left( \text{CRRP Costs for FY ending in 2015 (from Survey)} \right) \right] * \left( \text{Trend Factor} \right)$$

Where

$$\text{Trend Factor} = \left[ \left( \text{Medicare Market Basket Percentage for FFY 2016} \right) * \left( \text{Hospital 2015 FY Ending Month Adjustment Factor} + 1 \right) \right] * \left[ \left( \text{Medicare Market Basket Percentage for FFY 2017} \right) + 1 \right] * \left[ \left( \text{Medicare Market Basket Percentage for FFY 2018} \right) + 1 \right]$$

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

1. From the OSHPD Annual Financial Disclosure Report (AFDR) for fiscal year ending (FYE) in 2015. Medi-Cal Short/Doyle paid claims for calendar year of service 2015 with dates of payment through May 2017.
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 FY OBRA calculation.
3. From the AFDR for the hospital's fiscal year ending in 2015.
4.  $0 \leq \text{Medi-Cal / Uninsured Patient Mix} \leq 100$ .

## Medi-Cal / Uninsured Revenues

$$\begin{aligned}
 \text{Medi-Cal / Uninsured Revenues} &= \left( \begin{array}{c} \text{Total Medi-Cal In /} \\ \text{Outpatient Revenues for} \\ \text{CY of Payment} \\ \text{2016}^1 \end{array} \right) + \left( \begin{array}{c} \text{Estimated FY 2017-18 CRRP} \\ \text{Revenues} \\ \text{(from Survey)} \end{array} \right) + \left( \begin{array}{c} \text{Supplemental Payments Paid or} \\ \text{Payable and SNCP CPEs} \\ \text{Claimed for FY 2017-18} \end{array} \right) + \left( \begin{array}{c} \text{Estimated FY 2017-} \\ \text{18 Targeted Case} \\ \text{Management} \\ \text{Revenues} \\ \text{(from Survey)} \end{array} \right) \\
 + \left[ \begin{array}{c} \text{Uninsured Cash Payments}^2 \\ \text{(P12\_C17\_L445)} + \text{(P12\_C18\_L445)} + \text{(P12\_C19\_L445)} \\ + \text{(P12\_C20\_L445)} + \text{(P12\_C17\_L460}^3 + \text{P12\_C18\_L460}^3 + \\ \text{P12\_C19\_L460}^3 + \text{P12\_C20\_L460}^3 \end{array} \right] * \text{(Trend Factor}^4) \\
 + \text{(Outpatient DSH Payments)} + \text{(AB 915 Payments)} + \text{(Outpatient Small and Rural Hospital Payments)} + \text{(NDPH IGT)}
 \end{aligned}$$

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 2016.
2. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2015.
3. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2015. 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).
4. Same as the Trend Factor calculated on page two.