

OBRA FORMULA FOR FISCAL YEAR 2021-22

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

* 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

$$\text{Medi-Cal / Uninsured Expenses} = \left(\frac{\text{Projected Total Hospital Expenses for FY 2021-22}}{\text{Medi-Cal / Uninsured Patient Mix}} \right)$$

Where

$$\begin{aligned} \text{Projected Total Hospital Expenses for FY 2021-22} &= \left(\text{Projected Adjusted Hospital Operating Expenses for FY 2021-22} \right) + \left(\text{Estimated FY 2021-22 CRRP Costs (from Survey)} \right) - \left(\text{Estimated FY 2021-22 Medi-Cal Administrative Activities (from Survey)} \right) \\ \text{Projected Adjusted Hospital Operating Expenses for FY 2021-22} &= \left[\left(\text{Total Operating Expenses}^1 \text{ (P8_C1_L200)} \right) - \left(\text{QAF Fee (selected Private Hospitals)}^2 \right) - \left(\text{Non-Patient Expenses (from Survey)} \right) - \left(\text{CRRP Costs for FY ending in 2019 (from Survey)} \right) \right] * \left(\text{Trend Factor} \right) \\ \text{Trend Factor} &= \left[\left(\text{Medicare Market Basket Percentage for FFY 2020} \right) * \left(\text{Hospital 2019 FY Ending Month Adjustment Factor} + 1 \right) * \left(\text{Medicare Market Basket Percentage for FFY 2021} \right) + 1 \right] * \left[\left(\text{Medicare Market Basket Percentage for FFY 2022} \right) + 1 \right] \end{aligned}$$

1. From the Office of Statewide Health Planning and Development (OSHPD) Annual Financial Disclosure Report (AFDR) for fiscal year ending in 2019.
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.

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

1. From the OSHPD AFDR for fiscal year ending in 2019 and Medi-Cal Short/Doyle paid claims for calendar year of service 2019 with dates of payment through May 2021.
2. From the OSHPD AFDR for fiscal year ending in 2019.
3. $0 \leq \text{Medi-Cal / Uninsured Patient Mix} \leq 100$

Medi-Cal / Uninsured Revenues

$$\begin{aligned}
 \text{Medi-Cal / Uninsured Revenues} &= \left(\begin{array}{c} \text{Total Medi-Cal} \\ \text{In / Outpatient} \\ \text{Revenues for} \\ \text{CY of Payment} \\ \text{2020}^1 \end{array} \right) + \left(\begin{array}{c} \text{Estimated FY 2021-22} \\ \text{CRRP Revenues} \\ \text{(from Survey)} \end{array} \right) + \left(\begin{array}{c} \text{Estimated FY 2021-22} \\ \text{Targeted Case Management} \\ \text{Revenues} \\ \text{(from Survey)} \end{array} \right) \\
 + \left[\left(\begin{array}{c} \text{Uninsured Cash Payments}^2 \\ (|P12_C17_L445| - |P12_C17_L440|) + P12_C17_L460^2 + \\ (|P12_C18_L445| - |P12_C18_L440|) + P12_C18_L460^2 + \\ (|P12_C19_L445| - |P12_C19_L440|) + P12_C19_L460^2 + \\ (|P12_C20_L445| - |P12_C20_L440|) + P12_C20_L460^2 \end{array} \right) * \left(\begin{array}{c} \text{Trend Factor}^3 \end{array} \right) + \left(\begin{array}{c} \text{Other} \\ \text{Supplemental} \\ \text{Payments Paid} \\ \text{or Payable}^4 \end{array} \right) \right]
 \end{aligned}$$

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 2020.
2. From the OSHPD AFDR for fiscal year ending in 2019. 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, and Enhanced Payment Program (EPP).