OBRA FORMULA FOR FISCAL YEAR 2007/08

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

* Note: As per BBA 97 and BBRA 99, the OBRA limit amounts determined by the formula will be applied:

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

Release Date: June 15, 2007

Medi-Cal/Uninsured Expenses

$$\begin{array}{l} \text{Medi-Cal/Uninsu red} \\ \text{Expenses} \end{array} = \left(\begin{array}{c} \text{Projected Total} \\ \text{Hospital Expenses} \\ \text{For FY 07/08} \end{array} \right) \left(\begin{array}{c} \text{Medi-Cal/Uninsu red} \\ \text{Patient Mix} \end{array} \right)$$

Where,

$$\begin{array}{l} \text{Projected Total} \\ \text{Hospital Expenses} \\ \text{For FY 07/08} \end{array} = \left(\begin{array}{c} \text{Projected Adjusted} \\ \text{Hospital Operating} \\ \text{Expenses For FY 07/08} \end{array} \right) + \left(\begin{array}{c} \text{Estimated FY 07/08} \\ \text{CRRP Costs} \\ \text{(From Survey)} \end{array} \right) - \left(\begin{array}{c} \text{Estimated FY 07/08} \\ \text{Medi-Cal Administra tive} \\ \text{Activities} \\ \text{(From Survey)} \end{array} \right)$$

Where,

$$\begin{array}{l} \text{Projected Adjusted} \\ \text{Hospital Operating} \\ \text{Expenses For FY 07/08} \end{array} = \left[\left(\begin{array}{c} \text{Total Operating} \\ \text{Expenses}^{2} \\ \text{(L0820001)} \end{array} \right) - \left(\begin{array}{c} \text{Non - Patient} \\ \text{Expenses} \end{array} \right) - \left(\begin{array}{c} \text{CRRP Costs} \\ \text{For FY Ending} \\ \text{In 2005} \\ \text{(From Survey)} \end{array} \right) \right] \left(\begin{array}{c} \text{Trend} \\ \text{Factor} \end{array} \right)$$

and where,

$$\begin{array}{l} \text{Trend} \\ \text{Factor} \end{array} = \left[\left(\begin{array}{c} \text{Medicare Market} \\ \text{Basket Percentage} \\ \text{for FFY 2006} \end{array} \right) \left(\begin{array}{c} \text{Hospital 2005 FY} \\ \text{End Month} \\ \text{Adjustment Factor} \end{array} \right) + 1 \right] \left[\left(\begin{array}{c} \text{Medicare Market} \\ \text{Basket Percentage} \\ \text{for FFY 2007} \end{array} \right) + 1 \right] \left[\left(\begin{array}{c} \text{Medicare Market} \\ \text{Basket Percentage} \\ \text{for FFY 2008} \end{array} \right) + 1 \right]$$

1. Demonstration project expenses are determined based on the terms and conditions of an approved federal Medicaid demonstration project.
2. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2005.

(continued next page)

$$\text{Medi-Cal/Uninsured Patient Mix} = \frac{\left(\begin{array}{c}\text{Total Medi-Cal} \\ \text{In/Outpatient Charges}^1 \\ (\text{L1241505} + \text{L1241506} + \\ \text{L1241507} + \text{L1241508} \\ + \text{Short/Doyle Charges})\end{array}\right) + \left(\begin{array}{c}\text{Total County Indigent Program} \\ \text{In/Outpatient Charges}^2 \\ (\text{L1241509} + \text{L1241510} + \\ \text{L1241511} + \text{L1241512})\end{array}\right) + \left(\begin{array}{c}\text{Total Uninsured} \\ \text{In/Outpatient Charges}^2 \\ (\text{L1241517} + \text{L1241518} + \\ \text{L1241519} + \text{L1241520})\end{array}\right)}{\begin{array}{c}\text{Total In/Outpatient Charges}^2 \\ (\text{L1241523})\end{array}}$$

1. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2005 and the OSHPD Confidential Discharge Data files for calender year of service 2005. Medi-Cal Short/Doyle paid claims files for calender year of service 2005 with dates of payment through May 2007.
2. From the OSHPD Annual Financial Disclosure Report for the hospital's fiscal year ending in 2005.

Medi-Cal/Uninsured Revenues

$$
\begin{aligned}
\text{Medi-Cal/Uninsured Revenues} = &\left(\begin{array}{c} \text{Total Medi-Cal} \\ \text{In/Outpatient} \\ \text{Revenues For CY} \\ \text{of Payment 2006}^1 \end{array} \right) + \left(\begin{array}{c} \text{Estimated} \\ \text{FY 07/08} \\ \text{CRRP Revenues} \\ \text{(From Survey)} \end{array} \right) + \left(\begin{array}{c} \text{Emergency Services/} \\ \text{Supplemental Payments} \\ \text{Revenues} \\ \text{(SB1255 Funds Paid} \\ \text{or Payable} \\ \text{For FY 07/08)}^2 \end{array} \right) + \left(\begin{array}{c} \text{Estimated FY 07/08} \\ \text{Targeted Case} \\ \text{Management Revenues} \\ \text{(From Survey)} \end{array} \right) \\[2em]
&+ \left[\left(\begin{array}{c} \text{Uninsured Cash} \\ \text{Payments}^3 \\ (|\,L1244517\,| + |\,L1244518\,| + |\,L1244519\,| + |\,L1244520\,| \\ + |\,L1246017\,| + |\,L1246018\,| + |\,L1246019\,| + |\,L1246020\,|) \end{array} \right) \left(\text{Trend Factor}^4 \right) \right]
\end{aligned}
$$

1. From the Medi-Cal paid claims files, Medi-Cal Short/Doyle paid claims files, Medi-Cal Inpatient Psychiatric paid claims files, the San Mateo, Santa Barbara, Solano, Napa, Orange, Santa Cruz, Monterey, and Yolo county plans paid claims files and data collected from the Medi-Cal Managed Care plans for calendar year of payment 2006**.**
2. From CMAC.
3. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2005.
4. Same as the Trend Factor calculated on page two.