

OBRA Formula for Fiscal Year 2023-24

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

* 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 applies

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

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Medi-Cal / Uninsured Expenses

$$\text{Medi-Cal / Uninsured Expenses} = \left[\text{Projected Total Hospital Expenses for FY 2023-24} \right] * \left[\text{Medi-Cal / Uninsured Patient Mix} \right]$$

Where

$$\text{Projected Total Hospital Expenses for FY 2023-24} = \left[\text{Projected Adjusted Hospital Operating Expenses for FY 2023-24} \right] + \left[\text{Estimated FY 2023-24 CRRP Costs (from Survey)} \right] - \left[\text{Estimated FY 2023-24 Medi-Cal Administrative Activities (from Survey)} \right]$$

Where

$$\text{Projected Adjusted Hospital Operating Expenses for FY 2023-24} = \left(\left[\text{Total Operating Expenses}^1_{(P8_C1_L200)} \right] - \left[\text{HQAF Fee (Selected Private Hospitals)}^2 \right] - \left[\text{Non-Patient Expenses (from Survey)} \right] - \left[\text{CRRP Costs for FY ending 2021 (from Survey)} \right] \right) * \left[\text{Trend Factor} \right]$$

Where

$$\text{Trend Factor} = \left(\left[\text{Medicare Market Basket Percentage for FFY 2022} \right] * \left[\text{Hospital 2021 FY Ending Month Adjustment Factor} \right] + 1 \right) * \left(\left[\text{Medicare Market Basket Percentage for FFY 2023} \right] + 1 \right) * \left(\left[\text{Medicare Market Basket Percentage for FFY 2024} \right] + 1 \right)$$

1. From the Department of Health Care Access and Information (HCAI) Annual Financial Disclosure Report (AFDR) for fiscal year ending in 2021.
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 HQAF payments made to private hospitals will be adjusted in the FY OBRA calculation.

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

1. From the HCAI AFDR for fiscal year ending in 2021 and Medi-Cal Short/Doyle paid claims for calendar year of service 2021 with dates of payment through May 2023.
2. From the HCAI AFDR for fiscal year ending in 2021.
3. $0 \leq \text{Medi-Cal / Uninsured Patient Mix} \leq 100$

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Medi-Cal / Uninsured Revenues

$$\begin{aligned} \text{Medi-Cal/} \\ \text{Uninsured} \\ \text{Revenues} = & \left[\begin{array}{c} \text{Total Medi-Cal} \\ \text{In/Outpatient} \\ \text{Revenues for} \\ \text{CY of Payment} \\ \text{2022}^1 \end{array} \right] + \left[\begin{array}{c} \text{Estimated FY 2023-24} \\ \text{CRRP Revenues} \\ \text{(from Survey)} \end{array} \right] + \left[\begin{array}{c} \text{Estimated FY 2023-24} \\ \text{Targeted Case} \\ \text{Management Revenues} \\ \text{(from Survey)} \end{array} \right] + \\ & \left(\left[\begin{array}{c} \text{Uninsured Cash Payments}^2 \\ (|P12_C17_L445|-|P12_C17_L440|)+P12_C17_L460^2+ \\ (|P12_C18_L445|-|P12_C18_L440|)+P12_C18_L460^2+ \\ (|P12_C19_L445|-|P12_C19_L440|)+P12_C19_L460^2+ \\ (|P12_C20_L445|-|P12_C20_L440|)+P12_C20_L460^2+ \end{array} \right] * \left[\begin{array}{c} \text{Trend} \\ \text{Factor}^3 \end{array} \right] \right) + \left[\begin{array}{c} \text{Other} \\ \text{Supplemental} \\ \text{Payments} \\ \text{Paid or} \\ \text{Payable}^4 \end{array} \right] \end{aligned}$$

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 2022.
2. From the HCAI AFDR for fiscal year ending in 2021. 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).