

PUBLIC NOTICE

CHANGES TO DISPROPORTIONATE SHARE PAYMENTS (DSH) ALLOCATION METHODOLOGY

Pursuant to 42 C.F.R. § 447.205, the Georgia Department of Community Health is required to give public notice of any significant proposed change in its methods and standards for setting payment rates for services.

Pending Centers for Medicare and Medicaid Services (CMS) approval, the Department of Community Health (DCH) proposes a change to the allocation methodology for the Disproportionate Share Hospital (DSH) program, effective May 15, 2026.

The current methodologies limit the DSH allocation for Pool 2 hospitals to 75% of their Adjusted DSH Limit. The Department is requesting that any undistributed DSH funds that remain after all hospitals receive 75% of their adjusted DSH limit, the available funds will be distributed to the remaining hospitals in the applicable allocation pool based on the hospital-specific allocation factor, up to 100% of their DSH limit. Please see additional details regarding the proposed methodology in Attachment A.

SFY 2026	State Funds	Federal Funds	Total
	\$0	\$0	\$0

This public notice is available for review at each county Division of Family and Children Services office. An opportunity for public comment will be held on **May 21, 2026 at 11:30 a.m., via Zoom audio**. There will be **no in-person** attendance at the Department of Community Health (DCH).

Individuals who are disabled and need assistance to participate during this meeting should call (404) 656-4479 at least three (3) business days before the scheduled public hearing to ensure any necessary accommodations can be provided.

Join Zoom Meeting

<https://us02web.zoom.us/j/84513886271?pwd=BEZw0krLPO66j3ShaxRNObbYseiVzN.1>

Meeting ID: 845 1388 6271

Passcode: 486352

One tap mobile

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Individuals wishing to comment in writing on any of the proposed changes should do so on or before May 28, 2026 to D'Lawren Hicks c/o the Board of Community Health, Post Office Box 1966, Atlanta, Georgia 30301-1966. You may also email comments to D'Lawren Hicks dlawren.hicks@dch.ga.gov or fax to 404-651-6880.

Comments submitted will be available for review by submitting a request via email to openrecordsrequest@dch.ga.gov. *Please note that any comments submitted are subject to open records.*

If the proposed changes are presented to the Board for final action, relevant comments from written and public testimony will be provided to the Board. The Board expects to vote on the proposed changes at the Board meeting to be held on **June 11, 2026**, at 10:30 a.m. at the Department of Community Health unless withdrawn or withheld by the Department for further review.

NOTICE IS HEREBY GIVEN THIS 14th DAY OF MAY 2026
Dean Burke, MD, Commissioner

Attachment A

III. Disproportionate Share Hospitals (DSH)

Methodology A

- i. Pool 1 will be equivalent to that amount necessary to cover 100 percent of the DSH limit for eligible critical access hospitals and rural hospitals with less than 100 beds. Pool 2 will be equivalent to the remaining DSH Payments and will be used in the allocation to all other eligible hospitals.
- ii. Maximum DSH allocations for critical access hospitals, rural hospitals with less than 100 beds, and state-owned and operated acute care hospitals are set at 100% of their DSH limit. All other hospitals are set at 75% of their Adjusted DSH Limit.
- iii. Eligible hospitals in Pool 2 that are classified as a Rural Referral Center (RRC) by the Centers for Medicare and Medicaid Services (CMS) that are not eligible to participate in the Advancing Innovation to Deliver Equity (AIDE) or Strengthening The Reinvestment Of a Necessary-workforce in Georgia (STRONG) state Directed Payment Programs (DPPs) will receive an allocation of no less than 25% of their DSH Limit. No hospital will receive more than 100% of its DSH Limit.
- iv. If undistributed DSH funds remain after all hospitals receive 75% of their adjusted DSH limit, the available funds will be distributed to the remaining hospitals in the applicable allocation pool based on the hospital-specific allocation factor, up to 100% of their DSH limit.

The department will utilize the following steps to determine the amount each hospital is eligible to receive in DSH payments when Methodology A is followed.

- b. Step 1: Calculate 25% of the DSH limit (as determined in section (III)(B)(3)) for hospitals classified as Rural Referral Center (RRC).
- c. Step 2: Reduce the adjusted DSH limit (as determined in section (III)(B)(4)) by the amount calculated in Step 1.
- d. Step 3: Determine the adjusted DSH limit as calculated in Step 2 as a percentage of the total cost for each hospital.
- e. Step 4: For each hospital, multiply the hospital-specific percentage determined in Step 3 by the hospital's adjusted DSH limit as calculated in Step 2. For private hospitals, the outcome of this calculation will be multiplied by the rate of federal matching funds for Medicaid benefit payments.
- f. Step 5: For each hospital, divide the hospital-specific amount identified in Step 4 by the aggregate "Step 4" amount derived from all hospitals in the applicable pool, as defined in section (III)(B)(5), which will result in a hospital-specific allocation factor.
- g. Step 6: Apply the hospital's allocation factor calculated in Step 5 to the total amount of DSH funds available in the applicable pool, as defined in section (III)(B)(5). DSH funds available in Pool 2 will be reduced by the amount calculated in Step 1. This will result in the hospital's DSH payment for all hospitals except RRCs. For RRCs, the amount calculated in Step 1 will be added to the DSH payment calculation based on the hospital's allocation factor. Should the DSH payment amount calculated for a hospital exceed the hospital's DSH limit, as determined in section (III)(B)(3), the excess amount will be redistributed to the remaining hospitals in the applicable allocation pool.
- h. Step 7: If undistributed DSH funds remain after all hospitals receive 75% of their adjusted DSH limit, the available funds will be distributed to the remaining hospitals

in the applicable allocation pool based on the hospital-specific allocation factor, up to 100% of their DSH limit.

Audit of Disproportionate Share Payments:

As required by Section 1923 (j) of the Social Security Act related to auditing and reporting of disproportionate share hospital payments, the Division of Medical Assistance will implement procedures to comply with the Disproportionate Share Hospital Payments final rule issued in the December 19, 2008 Federal Register, with an effective date of January 19, 2009, to ensure that the hospital-specific DSH limits have not been exceeded.

Any funds recouped as a result of audits or other corrections shall be redistributed to other eligible hospitals within the state, provided each hospital remains below their hospital specific DSH limit. Funds shall be redistributed to hospitals within the pools, as identified in (III)(B)(4) above, for which funds were recouped. The recouped funds within each pool shall be redistributed to the governmental facilities that are still below their hospital-specific DSH limit. The funds shall be allocated to those hospitals based on their allocation factor that was derived in (III)(B)(6)(b) above. If the redistribution causes a hospital to exceed its hospital's specific DSH limit, those excess funds will be redistributed using the same methodology until all funds are expended.

If the original DSH payments did not fully expend the federal DSH allotment for any plan year, the remaining DSH allotment may be paid to hospitals that are under their hospital-specific DSH limit. The state will distribute the additional DSH allotment to the providers in the same applicable allocation pool based on the proportion of the original distribution identified in (III)(B)(4) or (III)(B)(6)(b), as applicable.