

the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than February 27, 2019.

*A. Federal Reserve Bank of Chicago* (Colette A. Fried, Assistant Vice President) 230 South LaSalle Street, Chicago, Illinois 60690-1414:

1. *Richard Molepske, as trustee of Richard S. Molepske Trust, Belleair, Florida, together with Michael B. Molepske and Amy H. Molepske, as trustees of the Michael B. Molepske and Amy H. Molepske Trust and Michael B. Molepske, as trustee of the Nicholas JA Molepske Gift Trust, all of Manitowoc, Wisconsin; Kim Burke Molepske of Belleair, Florida; Kay F. Schroeder of Manitowoc, Wisconsin; Mark R. Molepske, as trustee of the Mark R. Molepske Trust, Chicago, Illinois; Amy E. Molepske, as trustee of the Amy E. Molepske Trust, Chicago, Illinois; Scott J. and Sarah J. Molepske, as trustee of the Scott J. and Sarah J. Molepske trust, Cedarburg, Wisconsin, as a group acting in concert; to acquire voting shares of Bank First National Corporation and thereby indirectly acquire Bank First National Association, both of Manitowoc, Wisconsin.*

*B. Federal Reserve Bank of Minneapolis* (Mark A. Rauzi, Vice President), 90 Hennepin Avenue, Minneapolis, Minnesota 55480-0291:

1. *Mark A. Manion; the 2016 Mark A. Manion and Shelly M Manion Joint Revocable Trust—Bank Stock (and its trustees Mark A. Manion and Shelly M. Manion); John Manion; Mary Jon Manion; and Gerald J. Manion; all of Superior, Wisconsin; to retain voting shares of NATCOM Bancshares, Inc., Superior, Wisconsin (NATCOM), and thereby indirectly retain shares of National Bank of Commerce, Superior, Wisconsin, and Republic Bancshares, Inc. Duluth, Minnesota, and its subsidiary bank, Republic Bank, Duluth, Minnesota.*

*C. Federal Reserve Bank of Kansas City* (Dennis Denney, Assistant Vice President) 1 Memorial Drive, Kansas City, Missouri 64198-0001:

1. *Carroll D. Esry, Sarasota, Florida, The Nancy Marie Esry Irrevocable Trust, Independence, Missouri, The William C. Esry Family Trust and William C. Esry, Independence, Missouri, individually and as trustee, The David Reich Esry Family Trust and David R. Esry, Lee's Summit, Missouri, individually, as custodian, and as trustee, Marcie Esry Johnson, Sarasota, Florida, The Carolyn Marcie Weir Irrevocable Trust, Independence, Missouri, Weir Farm*

*LLC, Independence, Missouri, Robert K. Weir, Independence, Missouri, William N. Weir, Blue Springs, Missouri, Susan Weir Carter, Bay Village, Ohio, and Geoffrey D. Carter, Bay Village, Ohio; to become members of the Reich Family Group, and thereby retain shares of Blue Ridge Bancshares and its subsidiary, Bank and Trust Co., both of Independence, Missouri.*

Board of Governors of the Federal Reserve System, February 6, 2019.

**Yao-Chin Chao,**

*Assistant Secretary of the Board.*

[FR Doc. 2019-01842 Filed 2-8-19; 8:45 am]

**BILLING CODE 6210-01-P**

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Centers for Medicare & Medicaid Services

[CMS-2417-N]

RIN 0938-ZB50

### Medicaid Program; Final FY 2017 and Preliminary FY 2019 Disproportionate Share Hospital Allotments, and Final FY 2017 and Preliminary FY 2019 Institutions for Mental Diseases Disproportionate Share Hospital Limits

**AGENCY:** Centers for Medicare & Medicaid Services (CMS), HHS.

**ACTION:** Notice.

**SUMMARY:** This notice announces the final federal share disproportionate share hospital (DSH) allotments for federal fiscal year (FY) 2017 and the preliminary federal share DSH allotments for FY 2019. This notice also announces the final FY 2017 and the preliminary FY 2019 limitations on aggregate DSH payments that states may make to institutions for mental disease and other mental health facilities. In addition, this notice includes background information describing the methodology for determining the amounts of states' FY DSH allotments.

**DATES:** This notice is effective March 13, 2019. The final allotments and limitations set forth in this notice are applicable for the fiscal years specified.

**FOR FURTHER INFORMATION CONTACT:** Stuart Goldstein, (410) 786-0694 and Richard Cuno, (410) 786-1111.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

##### A. Fiscal Year DSH Allotments

A state's federal fiscal year (FY) disproportionate share hospital (DSH) allotment represents the aggregate limit on the federal share amount of the

state's DSH payments to DSH hospitals in the state for the FY. The amount of such allotment is determined in accordance with the provisions of section 1923(f)(3) of the Social Security Act (the Act), with some state-specific exceptions as specified in section 1923(f) of the Act. Under such provisions, in general a state's FY DSH allotment is calculated by increasing the amount of its DSH allotment for the preceding FY by the percentage change in the Consumer Price Index for all Urban Consumers (CPI-U) for the previous FY.

The Patient Protection and Affordable Care Act of 2010 (Pub. L. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152) (collectively, the Affordable Care Act), amended Medicaid DSH provisions, adding section 1923(f)(7) of the Act. Section 1923(f)(7) would have required reductions to states' FY DSH allotments from FY 2014 through FY 2020, the calculation of which was described in the Disproportionate Share Hospital Payment Reduction final rule published in the September 18, 2013 **Federal Register** (78 FR 57293). Subsequent legislation, most recently by the Bipartisan Budget Act of 2018 (Pub. L. 115-123, enacted February 9, 2018), delayed the start of these reductions until FY 2020. A proposed rule delineating a revised methodology for the calculation of DSH allotment reductions previously scheduled to begin in FY 2018 was published in the July 28, 2017 **Federal Register** (82 FR 35155).

Because there are no reductions to DSH allotments for FY 2017 and FY 2019 under section 1923(f)(7) of the Act, as amended, this notice contains only the state-specific final FY 2017 DSH allotments and preliminary FY 2019 DSH allotments, as calculated under the statute without application of the reductions that would have been imposed under the Affordable Care Act provisions beginning with FY 2014. This notice also provides information on the calculation of such FY DSH allotments, the calculation of the states' institutions for mental diseases (IMDs) DSH limits, and the amounts of states' final FY 2017 IMD DSH limits and preliminary FY 2019 IMD DSH limits.

##### B. Determination of Fiscal Year DSH Allotments

Generally, in accordance with the methodology specified under section 1923(f)(3) of the Act, a state's FY DSH allotment is calculated by increasing the amount of its DSH allotment for the preceding FY by the percentage change

in the CPI-U for the previous FY. Also in accordance with section 1923(f)(3) of the Act, a state's DSH allotment for a FY is subject to the limitation that an increase to a state's DSH allotment for a FY cannot result in the DSH allotment exceeding the greater of the state's DSH allotment for the previous FY or 12 percent of the state's total medical assistance expenditures for the allotment year (this is referred to as the 12 percent limit).

Furthermore, under section 1923(h) of the Act, federal financial participation (FFP) for DSH payments to IMDs and other mental health facilities is limited to state-specific aggregate amounts. Under this provision, the aggregate limit for DSH payments to IMDs and other mental health facilities is the lesser of a state's FY 1995 total computable (state and federal share) IMD and other mental health facility DSH expenditures applicable to the state's FY 1995 DSH allotment (as reported on the Form CMS-64 as of January 1, 1997), or the amount equal to the product of the state's current year total computable DSH allotment and the applicable percentage specified in section 1923(h) of the Act.

In general, we determine states' DSH allotments for a FY and the IMD DSH limits for the same FY using the most recent available estimates of or actual medical assistance expenditures, including DSH expenditures in their Medicaid programs and the most recent available change in the CPI-U used for the FY in accordance with the methodology prescribed in the statute. The indicated estimated or actual expenditures are obtained from states for each relevant FY from the most recent available quarterly Medicaid budget reports (Form CMS-37) or quarterly Medicaid expenditure reports (Form CMS-64), respectively, submitted by the states. For example, as part of the initial determination of a state's FY DSH allotment (referred to as the preliminary DSH allotments) that is determined before the beginning of the FY for which the DSH allotments and IMD DSH limits are being determined, we use estimated expenditures for the FY obtained from the August submission of the CMS-37 submitted by states prior to the beginning of the FY; such estimated expenditures are subject to update and revision during the FY before such actual expenditure data become available. We also use the most recent available estimated CPI-U percentage change that is available before the beginning of the FY for determining the states' preliminary FY DSH allotments; such estimated CPI-U percentage change is subject to update and revision

during the FY before the actual CPI-U percentage change becomes available. In determining the final DSH allotments and IMD DSH limits for a FY we use the actual expenditures for the FY and actual CPI-U percentage change for the previous FY.

## II. Provisions of the Notice

### A. Calculation of the Final FY 2017 Federal Share State DSH Allotments, and the Preliminary FY 2019 Federal Share State DSH Allotments

#### 1. Final FY 2017 Federal Share State DSH Allotments

Addendum 1 to this notice provides the states' final FY 2017 DSH allotments determined in accordance with section 1923(f)(3) of the Act. As described in the background section, in general, the DSH allotment for a FY is calculated by increasing the FY DSH allotment for the preceding FY by the CPI-U increase for the previous fiscal year. For purposes of calculating the states' final FY 2017 DSH allotments, the preceding final fiscal year DSH allotments (for FY 2016) were published in the July 6, 2018 **Federal Register** (83 FR 31536). For purposes of calculating the states' final FY 2017 DSH allotments we are using the actual Medicaid expenditures for FY 2017. Finally, for purposes of calculating the states' final FY 2017 DSH allotments, the applicable historical percentage change in the CPI-U for the previous FY (FY 2016) was 0.9 percent; we note that this is the same as the estimated 0.9 percentage change in the CPI-U for FY 2016 that was available and used in the calculation of the preliminary FY 2017 DSH allotments which were published in the November 3, 2017 **Federal Register** (82 FR 51259).

#### 2. Calculation of the Preliminary FY 2019 Federal Share State DSH Allotments

Addendum 2 to this notice provides the preliminary FY 2019 DSH allotments determined in accordance with section 1923(f)(3) of the Act. The preliminary FY 2019 DSH allotments contained in this notice were determined based on the most recent available estimates from states of their FY 2019 total computable Medicaid expenditures. Also, the preliminary FY 2019 allotments contained in this notice were determined by increasing the preliminary FY 2018 DSH allotments. The estimated percentage increase in the CPI-U for FY 2018 was 2.4 percent (CMS originally published the preliminary FY 2018 DSH allotments in the July 6, 2018 **Federal Register** (83 FR 31536)).

We will publish states' final FY 2019 DSH allotments in a future notice based on the states' four quarterly Medicaid expenditure reports (Form CMS-64) for FY 2019 available following the end of FY 2019 utilizing the actual change in the CPI-U for FY 2018.

### B. Calculation of the Final FY 2017 and Preliminary FY 2019 IMD DSH Limits

Section 1923(h) of the Act specifies the methodology to be used to establish the limits on the amount of DSH payments that a state can make to IMDs and other mental health facilities. FFP is not available for DSH payments to IMDs or other mental health facilities that exceed the IMD DSH limits. In this notice, we are publishing the final FY 2017 and the preliminary FY 2019 IMD DSH limits determined in accordance with the provisions discussed above.

Addendums 3 and 4 to this notice detail each state's final FY 2017 and preliminary FY 2019 IMD DSH limit, respectively, determined in accordance with section 1923(h) of the Act.

## III. Collection of Information Requirements

As it relates to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), this notice does not impose any new or revised collection of information requirements or burden. While discussed in section I.B. and in Addendums 3 and 4 of this notice, the requirements and burden associated with Form CMS-37 and Form CMS-64 are unaffected by this notice. Both forms are approved by the Office of Management and Budget (OMB) under control number 0938-1265. Since this notice will not impose any new or revised requirements/burden, we are not making any changes under that control number.

## IV. Regulatory Impact Analysis

We have examined the impact of this notice as required by Executive Order 12866 on Regulatory Planning and Review (September 1993), the Regulatory Flexibility Act (RFA) (September 19, 1980, Pub. L. 96-354), section 1102(b) of the Act, section 202 of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104-4; enacted on March 22, 1995) (UMRA '95), Executive Order 13132 on Federalism (August 4, 1999) and the Congressional Review Act (5 U.S.C. 804(2)), and Executive Order 13771 on Reducing Regulation and Controlling Regulatory Costs (January 30, 2017).

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select

regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for major rules with economically significant effects (\$100 million or more in any 1 year). This notice reaches the \$100 million economic threshold and thus is considered a major rule under the Congressional Review Act.

The final FY 2017 DSH allotments being published in this notice are equal to the preliminary FY 2017 DSH allotments published in the November 3, 2017 **Federal Register** (82 FR 51259). This is due to the actual percentage change in the CPI-U for FY 2016 used in the calculation of the final FY 2017 allotments (0.9 percent) being equal to the estimated percentage change in the CPI-U for FY 2016 used in the calculation of the preliminary FY 2017 allotments (0.9 percent). The final FY 2017 IMD DSH limits being published in this notice are also equal to the preliminary FY 2017 IMD DSH limits published in the November 3, 2017 **Federal Register** (82 FR 51259). Since the final FY 2017 DSH allotments were equal to the preliminary FY 2017 DSH allotments, the associated FY 2017 IMD DSH limits also remained the same.

The preliminary FY 2019 DSH allotments being published in this notice have been increased by approximately \$295 million more than the preliminary FY 2018 DSH allotments published in the July 6, 2018 **Federal Register** (83 FR 31536). The increase in the DSH allotments is due to the application of the statutory formula for calculating DSH allotments under which the prior fiscal year allotments are increased by the percentage increase in the CPI-U for the prior fiscal year. The preliminary FY 2019 IMD DSH limits being published in this notice are approximately \$24 million more than the preliminary FY 2018 IMD DSH limits published in the July 6, 2018 **Federal Register** (83 FR 31536). The increases in the IMD DSH limits are because the DSH allotment for a FY is a factor in the determination of the IMD DSH limit for the FY. Since the preliminary FY 2019 DSH allotments are greater than the preliminary FY 2018 DSH allotments, the associated preliminary FY 2019 IMD DSH limits for some states also increased.

The RFA requires agencies to analyze options for regulatory relief of small businesses, if a rule has a significant impact on a substantial number of small entities. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and small

governmental jurisdictions. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of less than \$7.5 million to \$38.5 million in any one year. Individuals and states are not included in the definition of a small entity. We are not preparing an analysis for the RFA because the Secretary has determined that this notice will not have significant economic impact on a substantial number of small entities. Specifically, any impact on providers is due to the effect of the various controlling statutes; providers are not impacted as a result of the independent regulatory action in publishing this notice. The purpose of the notice is to announce the latest DSH allotments and IMD DSH limits, as required by the statute.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside of a Core-Based Statistical Area for Medicaid payment regulations and has fewer than 100 beds. We are not preparing analysis for section 1102(b) of the Act because the Secretary has determined that this notice will not have a significant impact on the operations of a substantial number of small rural hospitals.

The Medicaid statute specifies the methodology for determining the amounts of states' DSH allotments and IMD DSH limits; and as described previously, the application of the methodology specified in statute results in the decreases or increases in states' DSH allotments and IMD DSH limits for the applicable FYs. The statute applicable to these allotments and limits does not apply to the determination of the amounts of DSH payments made to specific DSH hospitals; rather, these allotments and limits represent an overall limit on the total of such DSH payments. For this reason, we do not believe that this notice will have a significant economic impact on a substantial number of small entities.

Section 202 of the Unfunded Mandates Reform Act of 1995 also requires that agencies assess anticipated costs and benefits before issuing any rule whose mandates require spending in any 1 year of \$100 million in 1995 dollars, updated annually for inflation. In 2018, that threshold is approximately \$150 million. This notice will have no consequential effect on spending by

state, local, or tribal governments, in the aggregate, or on the private sector.

Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates a proposed rule (and subsequent final rule) that imposes substantial direct requirement costs on state and local governments, preempts state law, or otherwise has Federalism implications. Since this notice does not impose any costs on state or local governments or otherwise have Federalism implications, the requirements of E.O. 13132 are not applicable.

Executive Order 13771, titled "Reducing Regulation and Controlling Regulatory Costs," was issued on January 30, 2017. It has been determined that this notice is a transfer rule and is not a regulatory action for the purposes of Executive Order 13771.

#### A. Alternatives Considered

The methodologies for determining the states' fiscal year DSH allotments and IMD DSH limits, as reflected in this notice, were established in accordance with the methodologies and formula for determining states' allotments and limits as specified in statute. This notice does not put forward any further discretionary administrative policies for determining such allotments and limits, or otherwise.

#### B. Accounting Statement

As required by OMB Circular A-4 (available at <http://www.whitehouse.gov/omb/circulars/a004/a-4.pdf>), in Table 1, we have prepared an accounting statement showing the classification of the estimated expenditures associated with the provisions of this notice. Table 1 provides our best estimate of the change (decrease) in the federal share of states' Medicaid DSH payments resulting from the application of the provisions of the Medicaid statute relating to the calculation of states' FY DSH allotments and the increase in the FY DSH allotments from FY 2018 to FY 2019.

TABLE 1—ACCOUNTING STATEMENT: CLASSIFICATION OF ESTIMATED EXPENDITURES, FROM THE FY 2018 TO FY 2019

[in Millions]

Category	Transfers
Annualized Monetized Transfers.	\$295.
From Whom To Whom?	Federal Government to States.

*C. Congressional Review Act*

This proposed regulation is subject to the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 *et seq.*) and has been

transmitted to the Congress and the Comptroller General for review.

In accordance with the provisions of Executive Order 12866, this notice was reviewed by the Office of Management and Budget.

Dated: January 9, 2019.

**Seema Verma,**

*Administrator, Centers for Medicare & Medicaid Services.*

Dated: January 18, 2019.

**Alex M. Azar II,**

*Secretary, Department of Health and Human Services.*

## KEY TO ADDENDUM 1—FINAL DSH ALLOTMENTS FOR FY 2017

[The Final FY 2017 DSH Allotments for the NON-Low DSH States are presented in the top section of this addendum, and the Final FY 2017 DSH Allotments for the Low-DSH States are presented in the bottom section of this addendum.]

Column	Description
Column A .....	State.
Column B .....	FY 2017 FMAPs.
Column C .....	This column contains the States' FY 2017 Federal Medical Assistance Percentages.
Column D .....	Prior FY (2016) DSH Allotments.
Column E .....	This column contains the States' prior FY 2016 DSH Allotments.
Column F .....	Prior FY (2016) DSH Allotments (Col C) $\times$ (100 percent + Percentage Increase in CPIU): 100.9 percent.
Column G .....	This column contains the amount in Column C increased by 1 plus the percentage increase in the CPI-U for the prior FY (100.9 percent).
Column H .....	FY 2017 TC MAP Exp. Including DSH.
Column I .....	This column contains the amount of the States' FY 2017 total computable (TC) medical assistance expenditures including DSH expenditures.
Column J .....	FY 2017 TC DSH Expenditures.
Column K .....	This column contains the amount of the States' FY 2017 total computable DSH expenditures.
Column L .....	FY 2017 TC MAP Exp. Net of DSH.
Column M .....	This column contains the amount of the States' FY 2017 total computable medical assistance expenditures net of DSH expenditures, calculated as the amount in Column E minus the amount in Column F.
Column N .....	12 percent Amount.
Column O .....	This column contains the amount of the "12 percent limit" in Federal share, determined in accordance with the provisions of section 1923(f)(3) of the Act.
Column P .....	Greater of FY 2016 Allotment or 12 percent Limit.
Column Q .....	This column contains the greater of the State's prior FY (FY 2016) DSH allotment or the amount of the 12 percent Limit, determined as the greater of the amount in Column C or Column H.
Column R .....	FY 2017 DSH Allotment.
Column S .....	This column contains the States' final FY 2017 DSH allotments, determined as the lesser of the amount in Column I or Column D.
Column T .....	For states with "na" in Columns I or D, refer to the footnotes in the addendum.

**ADDENDUM 1: FINAL DSH ALLOTMENTS FOR FISCAL YEAR: 2017**

A	B	C	D	E	F	G	H	I	J
STATE	FY 2017 FMAPs	Prior FY 2016 DSH Allotments	Prior FY 2016 DSH Allotment (Col C) x 100% + Pct Increase in CPIU: 100.9%	FY 2017 TC MAP Exp. Including DSH	FY 2017 TC DSH Expenditures	FY 2017 TC MAP EXP. Net Of DSH Col E - F	"12% Amount" =Col G x .12/(1-.12/Col B)* (In FS)	Greater of Col H Or Col C (12% Limit, 2016 Allotment)	FY 2017 Allotment  MIN Col I, Col D
ALABAMA	70.16%	\$334,515,508	\$337,526,148	\$5,562,217,922	\$480,408,569	\$5,081,809,353	\$735,639,087	\$735,639,087	\$337,526,148
ARIZONA	69.24%	\$110,145,351	\$111,136,659	\$11,823,748,029	\$164,081,775	\$11,659,666,254	\$1,692,484,888	\$1,692,484,888	\$111,136,659
CALIFORNIA	50.00%	\$1,192,561,384	\$1,203,294,436	\$82,384,159,833	-\$886,530,175	\$83,270,690,008	\$13,148,003,685	\$13,148,003,685	\$1,203,294,436
COLORADO	50.02%	\$100,626,616	\$101,532,256	\$7,805,267,931	\$207,925,056	\$7,597,342,875	\$1,199,429,008	\$1,199,429,008	\$101,532,256
CONNECTICUT	50.00%	\$217,571,062	\$219,529,202	\$7,401,263,576	\$132,567,167	\$7,268,696,409	\$1,147,688,907	\$1,147,688,907	\$219,529,202
DISTRICT OF COLUMBIA	70.00%	\$66,631,138	\$67,230,818	\$2,783,205,645	\$49,184,071	\$2,734,021,574	\$395,961,745	\$395,961,745	\$67,230,818
FLORIDA	61.10%	\$217,571,062	\$219,529,202	\$23,169,178,008	\$356,602,255	\$22,812,575,753	\$3,406,554,082	\$3,406,554,082	\$219,529,202
GEORGIA	67.89%	\$292,361,115	\$294,992,365	\$10,105,996,059	\$434,087,521	\$9,671,908,538	\$1,409,824,736	\$1,409,824,736	\$294,992,365
ILLINOIS	51.30%	\$233,888,892	\$235,993,892	\$15,054,073,075	\$431,810,683	\$14,622,262,392	\$2,290,449,040	\$2,290,449,040	\$235,993,892
INDIANA	66.74%	\$232,529,074	\$234,621,836	\$11,106,189,855	\$496,410,518	\$10,609,779,337	\$1,552,276,229	\$1,552,276,229	\$234,621,836
KANSAS	56.21%	\$44,874,031	\$45,277,897	\$3,214,420,673	\$66,201,160	\$3,148,219,513	\$480,329,569	\$480,329,569	\$45,277,897
KENTUCKY	70.46%	\$157,739,021	\$159,158,672	\$9,527,255,650	\$217,299,749	\$9,309,955,901	\$1,346,519,657	\$1,346,519,657	\$159,158,672
LOUISIANA	62.28%	\$745,902,374	\$752,615,495	\$10,913,541,197	\$1,151,159,009	\$9,762,382,188	\$1,451,076,761	\$1,451,076,761	\$752,615,495
MAINE	64.38%	\$114,224,807	\$115,252,830	\$2,565,081,585	\$42,099,548	\$2,522,982,037	\$372,118,175	\$372,118,175	\$115,252,830
MARYLAND	50.00%	\$82,948,968	\$83,695,509	\$11,161,406,671	\$144,378,107	\$11,017,028,564	\$1,739,530,826	\$1,739,530,826	\$83,695,509
MASSACHUSETTS	50.00%	\$331,795,869	\$334,782,032	\$17,120,855,005	\$0	\$17,120,855,005	\$2,703,292,896	\$2,703,292,896	\$334,782,032
MICHIGAN	65.15%	\$288,281,658	\$290,876,193	\$6,711,203,272	\$268,324,716	\$16,442,878,556	\$2,418,634,516	\$2,418,634,516	\$290,876,193
MISSISSIPPI	74.63%	\$165,897,935	\$167,391,016	\$5,462,308,168	\$224,073,780	\$5,238,234,388	\$749,026,535	\$749,026,535	\$167,391,016
MISSOURI	63.21%	\$515,371,453	\$520,009,796	\$10,095,843,109	\$667,708,187	\$9,428,134,922	\$1,396,490,705	\$1,396,490,705	\$520,009,796
NEVADA	64.67%	\$50,313,307	\$50,766,127	\$3,530,342,184	\$58,894,271	\$3,471,447,913	\$511,483,281	\$511,483,281	\$50,766,127
NEW HAMPSHIRE	50.00%	\$174,164,027	\$175,731,503	\$2,055,479,922	\$252,267,168	\$1,803,212,754	\$284,717,803	\$284,717,803	\$175,731,503
NEW JERSEY	50.00%	\$700,306,857	\$706,609,619	\$14,743,851,829	\$801,494,014	\$13,942,357,815	\$2,201,424,918	\$2,201,424,918	\$706,609,619
NEW YORK	50.00%	\$1,747,367,593	\$1,763,093,901	\$76,398,082,879	\$2,953,053,712	\$73,445,029,167	\$11,596,583,553	\$11,596,583,553	\$1,763,093,901
NORTH CAROLINA	66.88%	\$320,917,316	\$323,805,572	\$13,336,810,348	\$512,847,227	\$12,823,963,121	\$1,875,364,403	\$1,875,364,403	\$323,805,572
OHIO	62.32%	\$441,941,221	\$445,918,692	\$23,055,842,742	\$1,328,804,378	\$21,727,038,364	\$3,229,004,048	\$3,229,004,048	\$445,918,692
PENNSYLVANIA	51.78%	\$610,558,793	\$616,053,822	\$28,081,163,760	\$873,072,746	\$27,208,091,014	\$4,249,879,194	\$4,249,879,194	\$616,053,822
RHODE ISLAND	51.02%	\$70,710,595	\$71,346,990	\$2,623,111,291	\$139,686,367	\$2,483,424,924	\$389,659,681	\$389,659,681	\$71,346,990
SOUTH CAROLINA	71.30%	\$356,272,614	\$359,479,068	\$5,963,952,005	\$495,775,952	\$5,468,176,053	\$788,966,514	\$788,966,514	\$359,479,068
TENNESSEE/1	Na	na	na	na	na	na	na	na	\$53,100,000
TEXAS	56.18%	\$1,040,261,642	\$1,049,623,997	\$35,644,874,349	\$1,806,598,650	\$33,838,275,699	\$5,163,515,606	\$5,163,515,606	\$1,049,623,997
VERMONT	54.46%	\$24,476,746	\$24,697,037	\$1,600,236,799	\$37,448,780	\$1,562,788,019	\$240,535,381	\$240,535,381	\$24,697,037
VIRGINIA	50.00%	\$95,304,365	\$96,162,104	\$8,987,642,645	\$53,082,085	\$8,934,560,560	\$1,410,720,088	\$1,410,720,088	\$96,162,104
WASHINGTON	50.00%	\$201,253,233	\$203,064,512	\$11,892,840,575	\$388,819,411	\$11,504,021,164	\$1,816,424,394	\$1,816,424,394	\$203,064,512
WEST VIRGINIA	71.80%	\$73,430,234	\$74,091,106	\$4,000,838,793	\$72,482,635	\$3,928,356,158	\$565,998,606	\$565,998,606	\$74,091,106
<b>TOTAL</b>	<b>0.00%</b>	<b>\$11,405,815,861</b>	<b>\$11,454,890,304</b>	<b>\$495,882,285,384</b>	<b>\$14,422,119,092</b>	<b>\$481,460,166,292</b>	<b>\$73,959,608,516</b>	<b>\$73,959,608,516</b>	<b>\$11,507,990,304</b>
<b>LOW DSH STATES</b>									
ALASKA	50.00%	\$22,159,278	\$22,358,712	\$1,961,572,200	\$19,537,769	\$1,942,034,431	\$306,637,015.42	\$306,637,015	\$22,358,712
ARKANSAS	69.69%	\$46,927,667	\$47,350,016	\$6,363,923,522	\$67,027,876	\$6,296,895,646	\$912,804,280	\$912,804,280	\$47,350,016
DELAWARE	54.20%	\$9,848,568	\$9,937,205	\$2,133,796,292	\$27,886,500	\$2,105,909,792	\$324,569,604	\$324,569,604	\$9,937,205
HAWAII	54.93%	\$10,602,012	\$10,697,430	\$2,338,436,723	\$26,393,201	\$2,312,043,522	\$354,998,045.18	\$354,998,045	\$10,697,430
IDAHO	71.51%	\$17,881,623	\$18,042,558	\$1,822,302,321	\$26,501,457	\$1,795,800,864	\$258,950,199.53	\$258,950,200	\$18,042,558
IOWA	56.74%	\$42,840,981	\$43,226,550	\$4,065,931,964	\$54,578,184	\$4,011,353,780	\$610,471,739	\$610,471,739	\$43,226,550
MINNESOTA	50.00%	\$81,250,689	\$81,981,945	\$11,351,993,115	\$85,897,820	\$11,266,095,295	\$1,778,857,152	\$1,778,857,152	\$81,981,945
MONTANA	65.56%	\$12,348,001	\$12,459,133	\$1,772,437,233	\$18,950,608	\$1,753,486,625	\$257,562,173	\$257,562,173	\$12,459,133

FOOTNOTES: /1 Tennessee's DSH allotment for FY 2017, determined under section 1923(f)(6)(A) of the Social Security Act, is \$53,100,000.

## KEY TO ADDENDUM 2—PRELIMINARY DSH ALLOTMENTS FOR FY 2019

[The Preliminary FY 2019 DSH Allotments for the NON-Low DSH States are presented in the top section of this addendum, and the Preliminary FY 2019 DSH Allotments for the Low-DSH States are presented in the bottom section of this addendum.]

Column	Description
Column A .....	State.
Column B .....	FY 2019 FMAPs.
Column C .....	This column contains the States' FY 2019 Federal Medical Assistance Percentages.
Column D .....	Prior FY (2018) DSH Allotments.
Column E .....	This column contains the States' prior preliminary FY 2018 DSH Allotments.
Column F .....	Prior FY (2018) DSH Allotments (Col C) $\times$ (100 percent + Percentage Increase in CPIU): 102.4 percent.
Column G .....	This column contains the amount in Column C increased by 1 plus the estimated percentage increase in the CPI-U for the prior FY (102.4 percent).
Column H .....	FY 2019 TC MAP Exp. Including DSH.
Column I .....	This column contains the amount of the States' projected FY 2019 total computable (TC) medical assistance expenditures including DSH expenditures.
Column J .....	FY 2019 TC DSH Expenditures.
Column K .....	This column contains the amount of the States' projected FY 2019 total computable DSH expenditures.
Column L .....	FY 2019 TC MAP Exp. Net of DSH.
Column M .....	This column contains the amount of the States' projected FY 2019 total computable medical assistance expenditures net of DSH expenditures, calculated as the amount in Column E minus the amount in Column F.
Column N .....	12 percent Amount.
Column O .....	This column contains the amount of the "12 percent limit" in Federal share, determined in accordance with the provisions of section 1923(f)(3) of the Act.
Column P .....	Greater of FY 2018 Allotment or 12 percent Limit.
Column Q .....	This column contains the greater of the State's preliminary prior FY (FY 2018) DSH allotment or the amount of the 12 percent Limit, determined as the greater of the amount in Column C or Column H.
Column R .....	FY 2019 DSH Allotment.
Column S .....	This column contains the States' preliminary FY 2018 DSH allotments, determined as the lesser of the amount in Column I or Column D.
Column T .....	For states with "na" in Columns I or D, refer to the footnotes in the addendum.



## ADDENDUM 2: PRELIMINARY DSH ALLOTMENTS FOR FISCAL YEAR: 2019

A	B	C	D	E	F	G	H	I	J
STATE	FY 2019 FMAPs	Prior FY (2018) DSH Allotments	Prior FY (2018) DSH Allotment (Col C) x 100% + Pct Increase in CPU: 102.4%	FY 2019 TC MAP Exp. Including DSH	FY 2019 TC DSH Expenditures	FY 2019 TC MAP EXP. Net of DSH Col E – F	"12% Amount" =Col G x .12(1-.12/Col B)* (In FS)	Greater of Col H or Col C (12% Limit, FY 2018 Allotment)	FY 2019 DSH Allotment MIN Col I, Col D
ALABAMA	71.88%	\$345,626,776	\$353,921,819	\$6,280,192,000	\$480,000,000	\$5,800,192,000	\$835,506,615	\$835,506,615	\$353,921,819
ARIZONA	69.81%	\$113,803,939	\$116,535,234	\$13,428,163,000	\$140,010,000	\$13,288,153,000	\$1,925,575,425	\$1,925,575,425	\$116,535,234
CALIFORNIA	50.00%	\$1,232,173,502	\$1,261,745,666	\$104,583,960,000	\$0	\$104,583,960,000	\$16,513,256,842	\$16,513,256,842	\$1,261,745,666
COLORADO	50.00%	\$103,969,030	\$106,464,287	\$9,145,108,000	\$202,687,000	\$8,942,421,000	\$1,411,961,211	\$1,411,961,211	\$106,464,287
CONNECTICUT	50.00%	\$224,797,903	\$230,193,053	\$8,330,063,000	\$136,286,000	\$8,193,777,000	\$1,293,754,263	\$1,293,754,263	\$230,193,053
DISTRICT OF COLUMBIA	70.00%	\$68,844,358	\$70,496,623	\$3,012,234,000	\$40,891,000	\$2,971,343,000	\$430,332,434	\$430,332,434	\$70,496,623
FLORIDA	60.87%	\$224,797,903	\$230,193,053	\$25,053,776,000	\$369,308,000	\$24,684,468,000	\$3,689,486,967	\$3,689,486,967	\$230,193,053
GEORGIA	67.62%	\$302,072,182	\$309,321,914	\$11,526,583,000	\$440,981,000	\$11,085,602,000	\$1,617,278,117	\$1,617,278,117	\$309,321,914
ILLINOIS	50.31%	\$241,657,745	\$247,457,531	\$19,952,428,000	\$442,416,000	\$19,510,012,000	\$3,074,545,666	\$3,074,545,666	\$247,457,531
INDIANA	65.96%	\$240,252,760	\$246,018,826	\$12,453,054,000	\$170,025,000	\$12,283,029,000	\$1,801,753,728	\$1,801,753,728	\$246,018,826
KANSAS	57.10%	\$46,364,567	\$47,477,317	\$3,840,852,000	\$70,945,000	\$3,769,907,000	\$572,758,376	\$572,758,376	\$47,477,317
KENTUCKY	71.67%	\$162,978,480	\$166,889,964	\$10,874,150,000	\$244,000,000	\$10,630,150,000	\$1,532,152,540	\$1,532,152,540	\$166,889,964
LOUISIANA	65.00%	\$770,678,267	\$789,174,545	\$13,129,744,000	\$1,087,219,000	\$12,042,525,000	\$1,772,296,132	\$1,772,296,132	\$789,174,545
MAINE	64.52%	\$118,018,898	\$120,851,352	\$2,726,913,000	\$40,799,000	\$2,686,114,000	\$395,981,893	\$395,981,893	\$120,851,352
MARYLAND	50.00%	\$85,704,201	\$87,761,102	\$11,934,197,000	\$106,746,000	\$11,827,451,000	\$1,867,492,263	\$1,867,492,263	\$87,761,102
MASSACHUSETTS	50.00%	\$342,816,801	\$351,044,404	\$19,818,664,000	\$0	\$19,818,664,000	\$3,129,262,737	\$3,129,262,737	\$351,044,404
MICHIGAN	64.45%	\$297,857,222	\$305,005,795	\$17,538,605,000	\$357,207,000	\$17,181,398,000	\$2,533,478,210	\$2,533,478,210	\$305,005,795
MISSISSIPPI	76.39%	\$171,408,400	\$175,522,202	\$5,921,982,000	\$235,007,000	\$5,686,975,000	\$809,618,923	\$809,618,923	\$175,522,202
MISSOURI	65.40%	\$532,490,031	\$545,269,792	\$11,298,434,000	\$758,762,000	\$10,539,672,000	\$1,548,976,514	\$1,548,976,514	\$545,269,792
NEVADA	64.87%	\$51,984,514	\$53,232,142	\$4,040,258,000	\$74,138,000	\$3,966,120,000	\$583,958,096	\$583,958,096	\$53,232,142
NEW HAMPSHIRE	50.00%	\$179,949,059	\$184,267,836	\$2,499,517,000	\$255,248,000	\$2,244,269,000	\$354,358,263	\$354,358,263	\$184,267,836
NEW JERSEY	50.00%	\$723,568,250	\$740,933,888	\$16,527,927,000	\$805,473,000	\$15,722,454,000	\$2,482,492,737	\$2,482,492,737	\$740,933,888
NEW YORK	50.00%	\$1,805,408,155	\$1,848,737,951	\$80,839,319,000	\$7,102,017,000	\$73,737,302,000	\$11,642,731,895	\$11,642,731,895	\$1,848,737,951
NORTH CAROLINA	67.16%	\$331,576,906	\$339,534,752	\$14,215,223,000	\$575,038,000	\$13,640,185,000	\$1,992,911,149	\$1,992,911,149	\$339,534,752
OHIO	63.09%	\$456,620,741	\$467,579,639	\$24,926,290,000	\$0	\$24,926,290,000	\$3,693,716,115	\$3,693,716,115	\$467,579,639
PENNSYLVANIA	52.25%	\$630,839,114	\$645,979,253	\$32,670,599,000	\$943,669,000	\$31,726,930,000	\$4,942,306,860	\$4,942,306,860	\$645,979,253
RHODE ISLAND	52.57%	\$73,059,318	\$74,812,742	\$2,963,205,000	\$144,840,000	\$2,818,365,000	\$438,239,432	\$438,239,432	\$74,812,742
SOUTH CAROLINA	71.22%	\$368,106,566	\$376,941,124	\$6,215,440,000	\$526,257,000	\$5,689,183,000	\$821,040,756	\$821,040,756	\$376,941,124
TENNESSEE /1	65.87%	na	na	na	na	na	na	na	\$53,100,000
TEXAS	58.19%	\$1,074,814,973	\$1,100,610,532	\$42,514,296,000	\$1,888,401,000	\$40,625,895,000	\$6,141,643,204	\$6,141,643,204	\$1,100,610,532
VERMONT	53.89%	\$25,289,766	\$25,896,720	\$1,638,779,000	\$22,704,000	\$1,616,075,000	\$249,482,784	\$249,482,784	\$25,896,720
VIRGINIA	50.00%	\$98,469,994	\$100,833,274	\$9,889,307,000	\$209,477,000	\$9,679,830,000	\$1,528,394,211	\$1,528,394,211	\$100,833,274
WASHINGTON	50.00%	\$207,938,060	\$212,928,573	\$13,418,438,000	\$398,846,000	\$13,019,592,000	\$2,055,725,053	\$2,055,725,053	\$212,928,573
WEST VIRGINIA	74.34%	\$75,869,293	\$77,690,156	\$4,103,344,000	\$73,000,000	\$4,030,344,000	\$576,738,735	\$576,738,735	\$77,690,156
TOTAL		\$11,729,807,674	\$12,011,323,058	\$567,311,044,000	\$18,342,397,000	\$548,968,647,000	\$84,259,208,145	\$84,259,208,145	\$12,064,423,061
LOW DSH STATES									
ALASKA	50.00%	\$22,895,321	\$23,444,809	\$2,376,470,000	\$17,193,000	\$2,359,277,000	\$372,517,421.05	\$372,517,421	\$23,444,809
ARKANSAS	70.51%	\$48,486,416	\$49,650,090	\$6,576,660,000	\$48,379,000	\$6,528,281,000	\$944,062,403	\$944,062,403	\$49,650,090
DELAWARE	57.55%	\$10,175,698	\$10,419,915	\$2,185,750,000	\$14,062,000	\$2,171,688,000	\$329,257,461	\$329,257,461	\$10,419,915
HAWAII	53.92%	\$10,954,168	\$11,217,068	\$2,247,589,000	\$0	\$2,247,589,000	\$346,917,935.73	\$346,917,936	\$11,217,068
IDAHO	71.13%	\$18,475,679	\$18,918,993	\$2,218,653,000	\$24,812,000	\$2,193,841,000	\$316,687,793.67	\$316,687,794	\$18,918,993
IOWA	59.93%	\$44,263,987	\$45,326,323	\$4,919,113,000	\$75,692,000	\$4,843,421,000	\$726,725,359	\$726,725,359	\$45,326,323
MINNESOTA	50.00%	\$83,949,512	\$85,964,300	\$13,426,006,000	\$15,707,000	\$13,410,299,000	\$2,117,415,632	\$2,117,415,632	\$85,964,300

A	B	C	D	E	F	G	H	I	J
STATE	FY 2019 FMAPs	Prior FY (2018) DSH Allotments	Prior FY (2018) DSH Allotment (Col C) x 100% + Pct Increase in CPIU: 102.4%	FY 2019 TC MAP Exp. Including DSH	FY 2019 TC DSH Expenditures	FY 2019 TC MAP EXP. Net of DSH Col E – F	"12% Amount" =Col G x .12(1-.12/Col B)* (In FS)	Greater of Col H or Col C (12% Limit, FY 2018 Allotment)	FY 2019 DSH Allotment MIN Col I, Col D
MONTANA	65.54%	\$12,758,152	\$13,064,348	\$1,871,462,000	\$22,011,000	\$1,849,451,000	\$271,676,545	\$271,676,545	\$13,064,348
NEBRASKA	52.58%	\$31,806,904	\$32,570,270	\$2,246,370,000	\$41,905,000	\$2,204,465,000	\$342,762,256	\$342,762,256	\$32,570,270
NEW MEXICO	72.26%	\$22,895,321	\$23,444,809	\$5,619,479,000	\$31,728,000	\$5,587,751,000	\$804,057,525	\$804,057,525	\$23,444,809
NORTH DAKOTA	50.00%	\$10,736,327	\$10,993,999	\$1,387,319,000	\$1,350,000	\$1,385,969,000	\$218,837,211	\$218,837,211	\$10,993,999
OKLAHOMA	62.38%	\$40,702,791	\$41,679,658	\$5,074,194,000	\$43,975,000	\$5,030,219,000	\$747,403,877	\$747,403,877	\$41,679,658
OREGON	62.56%	\$50,878,493	\$52,099,577	\$10,217,433,000	\$59,703,000	\$10,157,730,000	\$1,508,230,037	\$1,508,230,037	\$52,099,577
SOUTH DAKOTA	56.71%	\$12,414,068	\$12,712,006	\$973,157,000	\$1,704,000	\$971,453,000	\$147,862,491	\$147,862,491	\$12,712,006
UTAH	69.71%	\$22,050,408	\$22,579,618	\$2,616,167,000	\$30,924,000	\$2,585,243,000	\$374,737,043	\$374,737,043	\$22,579,618
WISCONSIN	59.37%	\$106,253,900	\$108,803,994	\$9,166,792,000	\$104,142,000	\$9,062,650,000	\$1,363,013,377	\$1,363,013,377	\$108,803,994
WYOMING	50.00%	\$254,392	\$260,497	\$625,638,000	\$480,000	\$625,158,000	\$98,709,158	\$98,709,158	\$260,497
TOTAL LOW DSH STATES		\$549,951,437	\$563,150,271	\$73,748,252,000	\$533,767,000	\$73,214,485,000	\$11,030,873,524	\$11,030,873,524	\$563,150,271
TOTAL		\$12,279,759,111	\$12,574,473,330	\$641,059,296,000	\$18,876,164,000	\$622,183,132,000	\$95,290,081,669	\$95,290,081,669	\$12,627,573,335

FOOTNOTES: /1 Tennessee's DSH allotment for FY 2019, determined under section 1923(f)(6)(A) of the Social Security Act, is \$53,100,000.

## KEY TO ADDENDUM 3—FINAL IMD DSH LIMITS FOR FY 2017

[The final FY 2017 IMD DSH Limits for the Non-Low DSH States are presented in the top section of this addendum and the preliminary FY 2017 IMD DSH Limits for the Low-DSH States are presented in the bottom section of the addendum.]

Column	Description
Column A .....	State.
Column B .....	Inpatient Hospital Services FY 95 DSH Total Computable.
Column C .....	This column contains the States' total computable FY 1995 inpatient hospital DSH expenditures as reported on the Form CMS-64 as of January 1, 1997.
Column D .....	IMD and Mental Health Services FY 95 DSH Total Computable.
	This column contains the total computable FY 1995 mental health facility DSH expenditures as reported on the Form CMS-64 as of January 1, 1997.
	Total Inpatient Hospital & IMD & Mental Health FY 95 DSH Total Computable, Col. B + C.
	This column contains the total computation of all inpatient hospital DSH expenditures and mental health facility DSH expenditures for FY 1995 as reported on the Form CMS-64 as of January 1, 1997 (representing the sum of Column B and Column C).
Column E .....	Applicable Percentage, Col. C/D.
	This column contains the "applicable percentage" representing the total Computable FY 1995 mental health facility DSH expenditures divided by total computable all inpatient hospital and mental health facility DSH expenditures for FY 1995 (the amount in Column C divided by the amount in Column D) Per section 1923(h)(2)(A)(ii)(III) of the Act, for FYs after FY 2002, the applicable percentage can be no greater than 33 percent.
Column F .....	FY 2017 Federal Share DSH Allotment.
	This column contains the states' FY 2017 DSH allotments from Addendum 1, Column J.
Column G .....	FY 2017 FMAP.
Column H .....	FY 2017 DSH Allotments in Total Computable, Col. F/G.
	This column contains states' FY 2017 total computable DSH allotment (determined as Column F/Column G).
Column I .....	Applicable Percentage Applied to FY 2017 Allotments in TC, Col. E × Col. H.
	This column contains the applicable percentage of FY 2017 total computable DSH allotment (calculated as the percentage in Column E multiplied by the amount in Column H).
Column J .....	FY 2017 TC IMD DSH Limit. Lesser of Col. I or C.
	This column contains the total computable FY 2017 TC IMD DSH Limit equal to the lesser of the amount in Column I or Column C.
Column K .....	FY 2017 IMD DSH Limit in Federal Share, Col. G × J.
	This column contains the FY 2017 Federal Share IMD DSH limit determined by converting the total computable FY 2017 IMD DSH Limit from Column J into a federal share amount by multiplying it by the FY 2016 FMAP in Column G.

## ADDENDUM 3: FINAL IMD DSH LIMIT FOR FY: 2017

A	B	C	D	E	F	G	H	I	J	K
STATE	Inpatient Hospital Services FY 95 DSH Total Computable	IMD And Mental Health Services FY 95 DSH Total Computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable	Applicable Percent Col C/D	FY 2017 Allotment In FS	FY 2017 FMAPS	FY 2017 Allotments In TC Col F/G	Applicable Percentage Applied to FY 2017 Allotments in TC Col E x Col H	FY 2017 TC IMD Limit (Lesser of Col I or Col C)	FY 2017 IMD Limit In FS Col G x J
ALABAMA	\$413,006,229	\$4,451,770	\$417,457,999	1.07%	\$337,526,148	70.16%	\$481,080,599	\$5,130,241	\$4,451,770	\$3,123,362
ARIZONA	\$93,916,100	\$28,474,900	\$122,391,000	23.27%	\$111,136,659	69.24%	\$160,509,328	\$37,343,327	\$28,474,900	\$19,716,021
CALIFORNIA	\$2,189,879,543	\$1,555,919	\$2,191,435,462	0.07%	\$1,203,294,436	50.00%	\$2,406,588,872	\$1,708,678	\$1,555,919	\$777,960
COLORADO	\$173,900,441	\$594,776	\$174,495,217	0.34%	\$101,532,256	50.02%	\$202,983,319	\$691,879	\$594,776	\$297,507
CONNECTICUT	\$303,359,275	\$105,573,725	\$408,933,000	25.82%	\$219,529,202	50.00%	\$439,058,404	\$113,351,163	\$105,573,725	\$52,786,863
DISTRICT OF COLUMBIA	\$39,532,234	\$6,545,136	\$46,077,370	14.20%	\$67,230,818	70.00%	\$96,044,026	\$13,642,732	\$6,545,136	\$4,581,595
FLORIDA	\$184,468,014	\$149,714,986	\$334,183,000	33.00%	\$219,529,202	61.10%	\$359,294,930	\$118,567,327	\$118,567,327	\$72,444,637
GEORGIA	\$407,343,557	\$0	\$407,343,557	0.00%	\$294,992,365	67.89%	\$434,515,194	\$0	\$0	\$0
ILLINOIS	\$315,868,508	\$89,408,276	\$405,276,784	22.06%	\$235,993,892	51.30%	\$460,027,080	\$101,486,761	\$89,408,276	\$45,866,446
INDIANA	\$79,960,783	\$153,566,302	\$233,527,085	33.00%	\$234,621,836	66.74%	\$351,546,053	\$116,010,198	\$116,010,198	\$77,425,206
KANSAS	\$11,587,208	\$76,663,508	\$88,250,716	33.00%	\$45,277,897	56.21%	\$80,551,320	\$26,581,936	\$26,581,936	\$14,941,706
KENTUCKY	\$158,804,908	\$37,443,073	\$196,247,981	19.08%	\$159,158,672	70.46%	\$225,885,143	\$43,097,686	\$37,443,073	\$26,382,389
LOUISIANA	\$1,078,512,169	\$132,917,149	\$1,211,429,318	10.97%	\$752,615,495	62.28%	\$1,208,438,496	\$132,588,998	\$132,588,998	\$82,576,428
MAINE	\$99,957,958	\$60,958,342	\$160,916,300	33.00%	\$115,252,830	64.38%	\$179,019,618	\$59,076,474	\$59,076,474	\$38,033,434
MARYLAND	\$22,226,467	\$120,873,531	\$143,099,998	33.00%	\$83,695,509	50.00%	\$167,391,018	\$55,239,036	\$55,239,036	\$27,619,518
MASSACHUSETTS	\$469,653,946	\$105,635,054	\$575,289,000	18.36%	\$334,782,032	50.00%	\$669,564,064	\$122,945,921	\$105,635,054	\$52,817,527
MICHIGAN	\$133,258,800	\$304,765,552	\$438,024,352	33.00%	\$290,876,193	65.15%	\$446,471,517	\$147,335,600	\$147,335,600	\$95,989,144
MISSISSIPPI	\$182,608,033	\$0	\$182,608,033	0.00%	\$167,391,016	74.63%	\$224,294,541	\$0	\$0	\$0
MISSOURI	\$521,946,524	\$207,234,618	\$729,181,142	28.42%	\$520,009,796	63.21%	\$822,670,141	\$233,804,363	\$207,234,618	\$130,993,002
NEVADA	\$73,560,000	\$0	\$73,560,000	0.00%	\$50,766,127	64.67%	\$78,500,274	\$0	\$0	\$0
NEW HAMPSHIRE	\$92,675,916	\$94,753,948	\$187,429,864	33.00%	\$175,731,503	50.00%	\$351,463,006	\$115,982,792	\$94,753,948	\$47,376,974
NEW JERSEY	\$736,742,539	\$357,370,461	\$1,094,113,000	32.66%	\$706,609,619	50.00%	\$1,413,219,238	\$461,600,228	\$357,370,461	\$178,686,231
NEW YORK	\$2,418,869,368	\$605,000,000	\$3,023,869,368	20.01%	\$1,763,093,901	50.00%	\$3,526,187,802	\$705,501,250	\$605,000,000	\$302,500,000
NORTH CAROLINA	\$193,201,966	\$236,072,627	\$429,274,593	33.00%	\$323,805,572	66.88%	\$484,159,049	\$159,772,486	\$159,772,486	\$106,855,839
OHIO	\$535,731,956	\$93,432,758	\$629,164,714	14.85%	\$445,918,692	62.32%	\$715,530,635	\$106,258,344	\$93,432,758	\$58,227,295
PENNSYLVANIA	\$388,207,319	\$579,199,682	\$967,407,001	33.00%	\$616,053,822	51.78%	\$1,189,752,457	\$392,618,311	\$392,618,311	\$203,297,761
RHODE ISLAND	\$108,503,167	\$2,397,833	\$110,901,000	2.16%	\$71,346,990	51.02%	\$139,841,219	\$3,023,561	\$2,397,833	\$1,223,374
SOUTH CAROLINA	\$366,681,364	\$72,076,341	\$438,757,705	16.43%	\$359,479,068	71.30%	\$504,178,216	\$82,823,209	\$72,076,341	\$51,390,431
TENNESSEE	\$0	\$0	\$0	0.00%	\$53,100,000	64.96%	\$81,742,611	\$0	\$0	\$0
TEXAS	\$1,220,515,401	\$292,513,592	\$1,513,028,993	19.33%	\$1,049,623,997	56.18%	\$1,868,323,241	\$361,202,558	\$292,513,592	\$164,334,136
VERMONT	\$19,979,252	\$9,071,297	\$29,050,549	31.23%	\$24,697,037	54.46%	\$45,348,948	\$14,160,620	\$9,071,297	\$4,940,228
VIRGINIA	\$129,313,480	\$7,770,268	\$137,083,748	5.67%	\$96,162,104	50.00%	\$192,324,208	\$10,901,443	\$7,770,268	\$3,885,134
WASHINGTON	\$171,725,815	\$163,836,435	\$335,562,250	33.00%	\$203,064,512	50.00%	\$406,129,024	\$134,022,578	\$134,022,578	\$67,011,289
WEST VIRGINIA	\$66,962,606	\$18,887,045	\$85,849,651	22.00%	\$74,091,106	71.80%	\$103,190,955	\$22,702,157	\$18,887,045	\$13,560,898
TOTAL	\$13,402,460,846	\$4,118,758,904	\$17,521,219,750		\$11,507,990,304		\$20,515,824,545	\$3,899,171,855	\$3,482,003,733	\$1,949,661,335
LOW DSH STATES										
ALASKA	\$2,506,827	\$17,611,765	\$20,118,592	33.00%	\$22,358,712	50.00%	\$44,717,424	\$14,756,750	\$14,756,750	\$7,378,375
ARKANSAS	\$2,422,649	\$819,351	\$3,242,000	25.27%	\$47,350,016	69.69%	\$67,943,774	\$17,171,437	\$819,351	\$571,006
DELAWARE	\$0	\$7,069,000	\$7,069,000	33.00%	\$9,937,205	54.20%	\$18,334,327	\$6,050,328	\$6,050,328	\$3,279,278
HAWAII	\$0	\$0	\$0	0.00%	\$10,697,430	54.93%	\$19,474,659	\$0	\$0	\$0
IDAHO	\$2,081,429	\$0	\$2,081,429	0.00%	\$18,042,558	71.51%	\$25,230,818	\$0	\$0	\$0
IOWA	\$12,011,250	\$0	\$12,011,250	0.00%	\$43,226,550	56.74%	\$76,183,557	\$0	\$0	\$0

A	B	C	D	E	F	G	H	I	J	K
STATE	Inpatient Hospital Services FY 95 DSH Total Computable	IMD And Mental Health Services FY 95 DSH Total Computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable	Applicable Percent Col C/D	FY 2017 Allotment In FS	FY 2017 FMAPS	FY 2017 Allotments In TC Col F/G	Applicable Percentage Applied to FY 2017 Allotments in TC Col E x Col H	FY 2017 TC IMD Limit (Lesser of Col I or Col C)	FY 2017 IMD Limit In FS Col G x J
MINNESOTA	\$24,240,000	\$5,257,214	\$29,497,214	17.82%	\$81,981,945	50.00%	\$163,963,890	\$29,222,870	\$5,257,214	\$2,628,607
MONTANA	\$237,048	\$0	\$237,048	0.00%	\$12,459,133	65.56%	\$19,004,169	\$0	\$0	\$0
NEBRASKA	\$6,449,102	\$1,811,337	\$8,260,439	21.93%	\$31,061,430	51.85%	\$59,906,326	\$13,136,172	\$1,811,337	\$939,178
NEW MEXICO	\$6,490,015	\$254,786	\$6,744,801	3.78%	\$22,358,712	71.13%	\$31,433,589	\$1,187,409	\$254,786	\$181,229
NORTH DAKOTA	\$214,523	\$988,478	\$1,203,001	33.00%	\$10,484,694	50.00%	\$20,969,388	\$6,919,898	\$988,478	\$494,239
OKLAHOMA	\$20,019,969	\$3,273,248	\$23,293,217	14.05%	\$39,748,819	59.94%	\$66,314,346	\$9,318,734	\$3,273,248	\$1,961,985
OREGON	\$11,437,908	\$19,975,092	\$31,413,000	33.00%	\$49,686,028	64.47%	\$77,068,447	\$25,432,588	\$19,975,092	\$12,877,942
SOUTH DAKOTA	\$321,120	\$751,299	\$1,072,419	33.00%	\$12,123,113	54.94%	\$22,066,096	\$7,281,812	\$751,299	\$412,764
UTAH	\$3,621,116	\$934,586	\$4,555,702	20.51%	\$21,533,602	69.90%	\$30,806,298	\$6,319,802	\$934,586	\$653,276
WISCONSIN	\$6,609,524	\$4,492,011	\$11,101,535	33.00%	\$103,763,574	58.51%	\$177,343,316	\$58,523,294	\$4,492,011	\$2,628,276
WYOMING	\$0	\$0	\$0	0.00%	\$248,430	50.00%	\$496,860	\$0	\$0	\$0
TOTAL LOW DSH STATES	\$98,662,480	\$63,238,167	\$161,900,647		\$537,061,951		\$921,257,282	\$195,321,094	\$59,364,480	\$34,006,155
TOTAL	\$13,501,123,326	\$4,181,997,071	\$17,683,120,397		\$12,045,052,255		\$21,437,081,826	\$4,094,492,949	\$3,541,368,213	\$1,983,667,490

## KEY TO ADDENDUM 4—PRELIMINARY IMD DSH LIMITS FOR FY 2019

[The preliminary FY 2019 IMD DSH Limits for the Non-Low DSH States are presented in the top section of this addendum and the preliminary FY 2019 IMD DSH Limits for the Low-DSH States are presented in the bottom section of the addendum.]

Column	Description
Column A .....	State.
Column B .....	Inpatient Hospital Services FY 95 DSH Total Computable.
Column C .....	This column contains the States' total computable FY 1995 inpatient hospital DSH expenditures as reported on the Form CMS-64 as of January 1, 1997.
Column D .....	IMD and Mental Health Services FY 95 DSH Total Computable.
	This column contains the total computable FY 1995 mental health facility DSH expenditures as reported on the Form CMS-64 as of January 1, 1997.
	Total Inpatient Hospital & IMD & Mental Health FY 95 DSH Total Computable, Col. B + C.
	This column contains the total computation of all inpatient hospital DSH expenditures and mental health facility DSH expenditures for FY 1995 as reported on the Form CMS-64 as of January 1, 1997 (representing the sum of Column B and Column C).
Column E .....	Applicable Percentage, Col. C/D.
	This column contains the "applicable percentage" representing the total Computable FY 1995 mental health facility DSH expenditures divided by total computable all inpatient hospital and mental health facility DSH expenditures for FY 1995 (the amount in Column C divided by the amount in Column D) Per section 1923(h)(2)(A)(ii)(III) of the Act, for FYs after FY 2002, the applicable percentage can be no greater than 33 percent.
Column F .....	FY 2019 Federal Share DSH Allotment.
	This column contains the states' preliminary FY 2019 DSH allotments from Addendum 1, Column J.
Column G .....	FY 2019 FMAP.
Column H .....	FY 2019 DSH Allotments in Total Computable, Col. F/G.
	This column contains states' FY 2019 total computable DSH allotment (determined as Column F/Column G).
Column I .....	Applicable Percentage Applied to FY 2019 Allotments in TC, Col. E × Col. H.
	This column contains the applicable percentage of FY 2019 total computable DSH allotment (calculated as the percentage in Column E multiplied by the amount in Column H).
Column J .....	FY 2019 TC IMD DSH Limit. Lesser of Col. I or C.
	This column contains the total computable FY 2019 TC IMD DSH Limit equal to the lesser of the amount in Column I or Column C.
Column K .....	FY 2019 IMD DSH Limit in Federal Share, Col. G × J.
	This column contains the FY 2018 Federal Share IMD DSH limit determined by converting the total computable FY 2019 IMD DSH Limit from Column J into a federal share amount by multiplying it by the FY 2018 FMAP in Column G.

# ADDENDUM 4: PRELIMINARY IMD DSH LIMIT FOR FISCAL YEAR: 2019

A	B	C	D	E	F	G	H	I	J	K
STATE	Inpatient Hospital Services FY 95 DSH Total Computable	IMD And Mental Health Services FY 95 DSH Total Computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2019 Allotment In FS	FY 2019 FMAPs	FY 2019 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2019 Allotments in TC Col E x Col H	FY 2019 TC IMD Limit (Lesser Of Col I or Col C)	FY 2019 IMD Limit In FS Col G x J
ALABAMA	\$413,006,229	\$4,451,770	\$417,457,999	1.07%	\$353,921,819	71.88%	\$492,378,713	\$5,250,724	\$4,451,770	\$3,199,932
ARIZONA	\$93,916,100	\$28,474,900	\$122,391,000	23.27%	\$116,535,234	69.81%	\$166,932,007	\$38,837,596	\$28,474,900	\$19,878,328
CALIFORNIA	\$2,189,879,543	\$1,555,919	\$2,191,435,462	0.07%	\$1,261,745,666	50.00%	\$2,523,491,332	\$1,791,679	\$1,555,919	\$777,960
COLORADO	\$173,900,441	\$594,776	\$174,495,217	0.34%	\$106,464,287	50.00%	\$212,928,574	\$725,778	\$594,776	\$297,388
CONNECTICUT	\$303,359,275	\$105,573,725	\$408,933,000	25.82%	\$230,193,053	50.00%	\$460,386,106	\$118,857,310	\$105,573,725	\$52,786,863
DISTRICT OF COLUMBIA	\$39,532,234	\$6,545,136	\$46,077,370	14.20%	\$70,496,623	70.00%	\$100,709,461	\$14,305,442	\$6,545,136	\$4,581,595
FLORIDA	\$184,468,014	\$149,714,986	\$334,183,000	33.00%	\$230,193,053	60.87%	\$378,171,600	\$124,796,628	\$124,796,628	\$75,963,707
GEORGIA	\$407,343,557	\$0	\$407,343,557	0.00%	\$309,321,914	67.62%	\$457,441,458	\$0	\$0	\$0
ILLINOIS	\$315,868,508	\$89,408,276	\$405,276,784	22.06%	\$247,457,531	50.31%	\$491,885,496	\$108,510,647	\$89,408,276	\$44,981,304
INDIANA	\$79,960,783	\$153,566,302	\$233,527,085	33.00%	\$246,018,826	65.96%	\$372,981,847	\$123,084,009	\$123,084,009	\$81,186,213
KANSAS	\$11,587,208	\$76,663,508	\$88,250,716	33.00%	\$47,477,317	57.10%	\$83,147,665	\$27,438,730	\$27,438,730	\$15,667,515
KENTUCKY	\$158,804,908	\$37,443,073	\$196,247,981	19.08%	\$166,889,964	71.67%	\$232,858,887	\$44,428,239	\$37,443,073	\$26,835,460
LOUISIANA	\$1,078,512,169	\$132,917,149	\$1,211,429,318	10.97%	\$789,174,545	65.00%	\$1,214,114,685	\$133,211,785	\$132,917,149	\$86,396,147
MAINE	\$99,957,958	\$60,958,342	\$160,916,300	33.00%	\$120,851,352	64.52%	\$187,308,357	\$61,811,758	\$60,958,342	\$39,330,322
MARYLAND	\$22,226,467	\$120,873,531	\$143,099,998	33.00%	\$87,761,102	50.00%	\$175,522,204	\$57,922,327	\$57,922,327	\$29,961,164
MASSACHUSETTS	\$469,653,946	\$105,635,054	\$575,289,000	18.36%	\$351,044,404	50.00%	\$702,088,808	\$128,918,142	\$105,635,054	\$52,817,527
MICHIGAN	\$133,258,800	\$304,765,552	\$438,024,352	33.00%	\$305,005,795	64.45%	\$473,244,057	\$156,170,539	\$156,170,539	\$100,651,912
MISSISSIPPI	\$182,608,033	\$0	\$182,608,033	0.00%	\$175,522,202	76.39%	\$229,771,177	\$0	\$0	\$0
MISSOURI	\$521,946,524	\$207,234,618	\$729,181,142	28.42%	\$545,269,792	65.40%	\$833,745,859	\$236,952,102	\$207,234,618	\$135,531,440
NEVADA	\$73,560,000	\$0	\$73,560,000	0.00%	\$53,232,142	64.87%	\$82,059,723	\$0	\$0	\$0
NEW HAMPSHIRE	\$92,675,916	\$94,753,948	\$187,429,864	33.00%	\$184,267,836	50.00%	\$368,535,672	\$121,616,772	\$94,753,948	\$47,376,974
NEW JERSEY	\$736,742,539	\$357,370,461	\$1,094,113,000	32.66%	\$740,933,888	50.00%	\$1,481,867,776	\$484,022,921	\$357,370,461	\$178,685,231
NEW YORK	\$2,418,869,368	\$605,000,000	\$3,023,869,368	20.01%	\$1,848,737,951	50.00%	\$3,697,475,902	\$739,771,679	\$605,000,000	\$302,500,000
NORTH CAROLINA	\$193,201,966	\$236,072,627	\$429,274,593	33.00%	\$339,534,752	67.16%	\$505,560,977	\$166,835,122	\$166,835,122	\$112,046,468
OHIO	\$535,731,956	\$93,432,758	\$629,164,714	14.85%	\$467,579,639	63.09%	\$741,131,144	\$110,060,093	\$93,432,758	\$58,946,727
PENNSYLVANIA	\$388,207,319	\$579,199,682	\$967,407,001	33.00%	\$645,979,253	52.25%	\$1,236,323,929	\$407,986,897	\$407,986,897	\$213,173,153
RHODE ISLAND	\$108,503,167	\$2,397,833	\$110,901,000	2.16%	\$74,812,742	52.57%	\$142,310,713	\$3,076,954	\$2,397,833	\$1,260,541
SOUTH CAROLINA	\$366,681,364	\$72,076,341	\$438,757,705	16.43%	\$376,941,124	71.22%	\$529,263,022	\$86,943,982	\$72,076,341	\$51,332,770
TENNESSEE*	\$0	\$0	\$0	0.00%	\$53,100,000	65.87%	\$80,613,329	\$0	\$0	\$0
TEXAS	\$1,220,515,401	\$292,513,592	\$1,513,028,993	19.33%	\$1,100,610,532	58.19%	\$1,891,408,373	\$365,665,602	\$292,513,592	\$170,213,659
VERMONT**	\$19,979,252	\$9,071,297	\$29,050,549	31.23%	\$25,896,720	53.89%	\$48,054,778	\$15,005,540	\$9,071,297	\$4,888,522
VIRGINIA	\$129,313,480	\$7,770,268	\$137,083,748	5.67%	\$100,833,274	50.00%	\$201,666,548	\$11,430,991	\$7,770,268	\$3,885,134
WASHINGTON	\$171,725,815	\$163,836,435	\$335,562,250	33.00%	\$212,928,573	50.00%	\$425,857,146	\$140,532,858	\$140,532,858	\$70,266,429
WEST VIRGINIA	\$66,962,606	\$18,887,045	\$85,849,651	22.00%	\$77,690,156	74.34%	\$104,506,532	\$22,991,585	\$18,887,045	\$14,040,629
TOTAL	\$13,402,460,846	\$4,118,758,904	\$17,521,219,750		\$12,064,423,061		\$21,325,723,858	\$4,058,954,432	\$3,538,833,391	\$1,998,461,004
LOW DSH STATES										
ALASKA	\$2,506,827	\$17,611,765	\$20,118,592	33.00%	\$23,444,809	50.00%	\$46,889,618	\$15,473,574	\$15,473,574	\$7,736,787
ARKANSAS	\$2,422,649	\$819,351	\$3,242,000	25.27%	\$49,650,090	70.51%	\$70,415,672	\$17,796,160	\$819,351	\$577,724
DELAWARE	\$0	\$7,069,000	\$7,069,000	33.00%	\$10,419,915	57.55%	\$18,105,847	\$5,974,930	\$5,974,930	\$3,438,572
HAWAII	\$0	\$0	\$0	0.00%	\$11,217,068	53.92%	\$20,803,168	\$0	\$0	\$0
IDAHO	\$2,081,429	\$0	\$2,081,429	0.00%	\$18,918,993	71.13%	\$26,597,769	\$0	\$0	\$0
IOWA	\$12,011,250	\$0	\$12,011,250	0.00%	\$45,326,323	59.93%	\$75,632,109	\$0	\$0	\$0
MINNESOTA	\$24,240,000	\$5,257,214	\$29,497,214	17.82%	\$85,964,300	50.00%	\$171,928,600	\$30,642,400	\$5,257,214	\$2,628,607
MONTANA	\$237,048	\$0	\$237,048	0.00%	\$13,064,348	65.54%	\$19,933,396	\$0	\$0	\$0

A	B	C	D	E	F	G	H	I	J	K
STATE	Inpatient Hospital Services FY 95 DSH Total Computable	IMD And Mental Health Services FY 95 DSH Total Computable	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable Col B + C	Applicable Percent Col C/D	FY 2019 Allotment In FS	FY 2019 FMAPs	FY 2019 Allotments in TC Col F/G	Applicable Percentage Applied to FY 2019 Allotments in TC Col E x Col H	FY 2019 TC IMD Limit (Lesser Of Col I or Col C)	FY 2019 IMD Limit In FS Col G x J
NEBRASKA	\$6,449,102	\$1,811,337	\$8,260,439	21.93%	\$32,570,270	52.58%	\$61,944,218	\$13,583,038	\$1,811,337	\$952,401
NEW MEXICO	\$6,490,015	\$254,786	\$6,744,801	3.78%	\$23,444,809	72.26%	\$32,445,072	\$1,225,618	\$254,786	\$184,108
NORTH DAKOTA	\$214,523	\$988,478	\$1,203,001	33.00%	\$10,993,999	50.00%	\$21,987,998	\$7,256,039	\$988,478	\$494,239
OKLAHOMA	\$20,019,969	\$3,273,248	\$23,293,217	14.05%	\$41,679,658	62.38%	\$66,815,739	\$9,389,192	\$3,273,248	\$2,041,852
OREGON	\$11,437,908	\$19,975,092	\$31,413,000	33.00%	\$52,099,577	62.56%	\$83,279,375	\$27,482,194	\$19,975,092	\$12,496,418
SOUTH DAKOTA	\$321,120	\$751,299	\$1,072,419	33.00%	\$12,712,006	56.71%	\$22,415,810	\$7,397,217	\$751,299	\$426,062
UTAH	\$3,621,116	\$934,586	\$4,555,702	20.51%	\$22,579,618	69.71%	\$32,390,788	\$6,644,854	\$934,586	\$651,500
WISCONSIN	\$6,609,524	\$4,492,011	\$11,101,535	33.00%	\$108,803,994	59.37%	\$183,264,265	\$60,477,207	\$4,492,011	\$2,666,907
WYOMING	\$0	\$0	\$0	0.00%	\$260,497	50.00%	\$520,994	\$0	\$0	\$0
TOTAL LOW DSH STATES	\$98,882,480	\$63,238,167	\$161,900,647		\$563,150,274		\$955,370,438	\$203,342,424	\$60,005,905	\$34,295,177
TOTAL	\$13,501,123,326	\$4,181,997,071	\$17,683,120,397		\$12,627,573,335		\$22,281,094,295	\$4,262,296,856	\$3,598,839,297	\$2,032,756,181



[FR Doc. 2019-01928 Filed 2-8-19; 8:45 am]

BILLING CODE 4120-01-P

**DEPARTMENT OF HEALTH AND HUMAN SERVICES****Centers for Medicare & Medicaid Services**

[CMS-1721-FN]

**Medicare Program; Approval of Request for an Exception to the Prohibition on Expansion of Facility Capacity Under the Hospital Ownership and Rural Provider Exceptions to the Physician Self-Referral Prohibition****AGENCY:** Centers for Medicare & Medicaid Services (CMS), HHS.**ACTION:** Final notice.

**SUMMARY:** This final notice announces our decision to approve the request of St. James Behavioral Health Hospital Inc for an exception to the prohibition on expansion of facility capacity.

**APPLICABLE DATES:** This notice is effective on February 11, 2019.

**FOR FURTHER INFORMATION CONTACT:** *POH-ExceptionRequests@cms.hhs.gov*.

**SUPPLEMENTARY INFORMATION:****I. Background**

Section 1877 of the Social Security Act (the Act), also known as the physician self-referral law—(1) prohibits a physician from making referrals for certain “designated health services” (DHS) payable by Medicare to an entity with which he or she (or an immediate family member) has a financial relationship (ownership or compensation), unless the requirements of an applicable exception are satisfied; and (2) prohibits the entity from filing claims with Medicare (or billing another individual, entity, or third party payer) for those DHS furnished as a result of a prohibited referral.

Section 1877(d)(2) of the Act provides an exception, known as the rural provider exception, for physician ownership or investment interests in rural providers. In order for an entity to qualify for the rural provider exception, the DHS must be furnished in a rural area (as defined in section 1886(d)(2)(D) of the Act) and substantially all the DHS furnished by the entity must be furnished to individuals residing in a rural area.

Section 1877(d)(3) of the Act provides an exception, known as the hospital ownership exception, for physician ownership or investment interests held in a hospital located outside of Puerto Rico, provided that the referring

physician is authorized to perform services at the hospital and the ownership or investment interest is in the hospital itself (and not merely in a subdivision of the hospital).

Section 6001(a)(3) of the Patient Protection and Affordable Care Act (Pub. L. 111–148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111–152) (hereafter referred to together as “the Affordable Care Act”) amended the rural provider and hospital ownership exceptions to the physician self-referral prohibition to impose additional restrictions on physician ownership and investment in hospitals. Since March 23, 2010, a physician-owned hospital that seeks to avail itself of either exception is prohibited from expanding facility capacity unless it qualifies as an “applicable hospital” or “high Medicaid facility” (as defined in sections 1877(i)(3)(E), (F) of the Act and our regulations at 42 CFR 411.362(c)(2) and (3)) and has been granted an exception to the facility expansion prohibition by the Secretary of the Department of Health and Human Services (the Secretary). Section 1877(i)(3)(A)(ii) of the Act provides that individuals and entities in the community in which the provider requesting the exception is located must have an opportunity to provide input with respect to the provider’s request for the exception. Section 1877(i)(3)(H) of the Act states that the Secretary shall publish in the **Federal Register** the final decision with respect to the request for an exception to the prohibition against facility expansion not later than 60 days after receiving a complete application.

**II. Exception Approval Process**

On November 30, 2011, we published a final rule in the **Federal Register** (76 FR 74122, 74517–74525) that, among other things, finalized § 411.362(c), which specified the process for submitting, commenting on, and reviewing a request for an exception to the prohibition on expansion of facility capacity. We published a subsequent final rule in the **Federal Register** on November 10, 2014 (79 FR 66770) that made certain revisions. These revisions include, among other things, permitting the use of data from an external data source or data from the Hospital Cost Report Information System (HCRIS) for specific eligibility criteria.

Our regulations at § 411.362(c)(5) require us to solicit community input on the request for an exception by publishing a notice of the request in the **Federal Register**. Individuals and entities in the hospital’s community will have 30 days to submit comments

on the request. Community input must take the form of written comments and may include documentation demonstrating that the physician-owned hospital requesting the exception does or does not qualify as an applicable hospital or high Medicaid facility, as such terms are defined in § 411.362(c)(2) and (3). In the November 30, 2011 final rule (76 FR 74122), we gave examples of community input, such as documentation demonstrating that the hospital does not satisfy one or more of the data criteria or that the hospital discriminates against beneficiaries of Federal health programs; however, we noted that these were examples only and that we will not restrict the type of community input that may be submitted. If we receive timely comments from the community, we will notify the hospital, and the hospital will have 30 days after such notice to submit a rebuttal statement (§ 411.362(c)(5)(ii)).

A request for an exception to the facility expansion prohibition is considered complete as follows:

- If the request, any written comments, and any rebuttal statement include only HCRIS data: (1) The end of the 30-day comment period if the Centers for Medicare & Medicaid Services (CMS) receives no written comments from the community; or (2) the end of the 30-day rebuttal period if CMS receives written comments from the community, regardless of whether the physician-owned hospital submitting the request submits a rebuttal statement (§ 411.362(c)(5)(i)).

- If the request, any written comments, or any rebuttal statement include data from an external data source, no later than—(1) 180 days after the end of the 30-day comment period if CMS receives no written comments from the community; and (2) 180 days after the end of the 30-day rebuttal period if CMS receives written comments from the community, regardless of whether the physician-owned hospital submitting the request submits a rebuttal statement (§ 411.362(c)(5)(ii)).

If CMS grants the request for an exception to the prohibition on expansion of facility capacity, the expansion may occur only in facilities on the hospital’s main campus and may not result in the number of operating rooms, procedure rooms, and beds for which the hospital is licensed to exceed 200 percent of the hospital’s baseline number of operating rooms, procedure rooms, and beds (§ 411.362(c)(6)). The CMS decision to grant or deny a hospital’s request for an exception to the prohibition on expansion of facility capacity must be published in the