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**STATE OF NEW HAMPSHIRE**  
**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
***DIVISION OF FINANCE AND PROCUREMENT***

Lori A. Shibinette  
Commissioner

Nathan D. White  
Chief Financial Officer

129 PLEASANT STREET, CONCORD, NH 03301-3857  
603-271-9546 1-800-852-3345 Ext. 9546  
TDD Access: 1-800-735-2964  
www.dhhs.nh.gov

September 22, 2022

The Honorable Karen Umberger, Chairman  
Fiscal Committee of the General Court and

His Excellency, Governor Christopher T. Sununu  
and the Honorable Council  
State House  
Concord, NH 03301

**REQUESTED ACTION**

- Pursuant to the provisions of RSA 14:30-a, VI, authorize the Department of Health and Human Services, Division of Medicaid Services to accept and expend federal funds in the amount of \$757,802 from the Centers for Medicare & Medicaid Services to fund the New Hampshire Hospital Disproportionate Share Hospital Payments, effective upon approval by the Fiscal Committee and Governor and Council through June 30, 2023, and further authorize the allocation of these funds in the accounts below. 100% Federal Funds.

**05-95-47-470010-7937, HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF  
HHS: DIVISION OF MEDICAID SERVICES: OFC OF MEDICAID SERVICES, MEDICAID  
ADMINISTRATION**

| CLASS OBJ            | CLASS TITLE                       | Current Modified Budget | Increase/(Decrease) Amount | Revised Modified Budget |
|----------------------|-----------------------------------|-------------------------|----------------------------|-------------------------|
| 000-403978-16        | Federal Funds                     | \$43,183,982            | \$757,802                  | \$43,941,784            |
|                      | General Funds                     | \$8,600,454             | \$0                        | \$8,600,454             |
| <b>Total Revenue</b> |                                   | <b>\$51,784,436</b>     | <b>\$757,802</b>           | <b>\$52,542,238</b>     |
| 010-500100           | Personal Services-Perm Classified | \$2,168,104             | \$0                        | \$2,168,104             |
| 012-500128           | Personal Services-Unclassified    | \$610,561               | \$0                        | \$610,561               |
| 018-500106           | Overtime                          | \$7,500                 | \$0                        | \$7,500                 |
| 020-500200           | Current Expenses                  | \$70,669                | \$0                        | \$70,669                |
| 026-500251           | Organizational Dues               | \$13,350                | \$0                        | \$13,350                |
| 030-500300           | Equipment New/Replacement         | \$4,000                 | \$0                        | \$4,000                 |
| 039-500188           | Telecommunications                | \$16,850                | \$0                        | \$16,850                |
| 040-500800           | Indirect Costs                    | \$920,882               | \$0                        | \$920,882               |

| CLASS OBJ            | CLASS TITLE                      | Current Modified Budget | Increase/(Decrease) Amount | Revised Modified Budget |
|----------------------|----------------------------------|-------------------------|----------------------------|-------------------------|
| 041-500801           | Audit Set Aside                  | \$37,977                | \$757                      | \$38,734                |
| 042-500620           | Additional Fringe Benefits       | \$110,378               | \$0                        | \$110,378               |
| 049-584994           | Transfer to other State Agencies | \$31,360,416            | \$757,045                  | \$32,117,461            |
| 050-500109           | Personal Services Temp/Appoin    | \$160,319               | \$0                        | \$160,319               |
| 059-500117           | Temp Full Time                   | \$136,544               | \$0                        | \$136,544               |
| 060-500602           | Benefits                         | \$1,383,387             | \$0                        | \$1,383,387             |
| 066-500543           | Employee Training                | \$1,000                 | \$0                        | \$1,000                 |
| 070-500704           | In-State Travel                  | \$1,500                 | \$0                        | \$1,500                 |
| 080-500714           | Out-of State Travel              | \$0                     | \$0                        | \$0                     |
| 101-500729           | Medical Payments to Providers    | \$364,616               | \$0                        | \$364,616               |
| 102-500731           | Contracts for Program Services   | \$14,416,383            | \$0                        | \$14,416,383            |
| <b>Total Expense</b> |                                  | <b>\$51,784,436</b>     | <b>\$757,802</b>           | <b>\$52,542,238</b>     |

- Contingent upon approval of Requested Action #1, pursuant to RSA 14:30-a, VI, authorize the Department of Health and Human Services to accept and expend additional Intra-Agency transfer from the Disproportionate Share Hospital Program in the amount of \$757,045, which will be used to cover a portion of the Forensic Hospital's construction cost, effective upon approval by the Fiscal Committee and Governor and Council through June 30, 2023. 100% Intra-Agency Funds.

**05-95-94-940010-30730000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: NEW HAMPSHIRE HOSPITAL, FORENSIC HOSPITAL**

| CLASS OBJ             | CLASS TITLE                        | Current Modified Budget | Increase/ (Decrease) Amount | Revised Modified Budget |
|-----------------------|------------------------------------|-------------------------|-----------------------------|-------------------------|
| 001-484947-69         | Inter-Agency                       | \$0                     | \$757,045                   | \$757,045               |
|                       | General Funds                      | \$38,246,814            | \$0                         | \$38,246,814            |
| <b>Total Revenues</b> |                                    | <b>\$38,246,814</b>     | <b>\$757,045</b>            | <b>\$39,003,859</b>     |
| 103-502507            | Contracts for Operational Services | \$38,246,814            | \$757,045                   | \$39,003,859            |
| <b>Total Expenses</b> |                                    | <b>\$38,246,814</b>     | <b>\$757,045</b>            | <b>\$39,003,859</b>     |

**EXPLANATION**

The Department is requesting to: (1) increase the amount of federal Medicaid Disproportionate Share Hospital (DSH) Program revenue and (2) accept a transfer of DSH funds (intra-agency to NHH). The purpose of the two preceding actions is to cover higher than anticipated construction costs associated with the Forensic Hospital. The following table outlines the funding history of the Forensic Hospital, the newly obtained estimate for construction, and the remaining budget deficit.

| <b>New Hampshire Forensic Hospital<br/>Construction Funding History</b>                        |                       |
|--|-----------------------|
| FY20/21 appropriation (HB2 non-lapsing)  | \$8,750,000           |
| FY22/23 appropriation (HB2 non-lapsing)  | \$30,000,000          |
| <b>Total Forensic Hospital Budget</b>  | <b>\$38,750,000</b>   |
| <br><b><i>FY22/23 Budget Cycle Senate Phase Budget Estimate</i></b>                            |                       |
| Design costs committed (architecting, geo-tech, land surveying, etc.)                          | \$6,235,893           |
| Funds allocated to furniture, fixtures, and utility hook-ups                                   | \$2,100,000           |
| Senate phase construction estimate   | \$30,037,500          |
| Previous total project cost estimation   | \$38,373,393          |
| <b>Previous anticipated surplus/deficit compared to appropriation</b>                          | <b>\$376,607</b>      |
| <br><b><i>Current Estimate Summary</i></b>   |                       |
| Design costs committed (architecting, geo-tech, land surveying, etc.)                          | \$6,235,893           |
| Funds allocated to furniture, fixtures, and utility hook-ups                                   | \$2,100,000           |
| Current construction estimate  | \$40,656,483          |
| Current total project cost estimation  | \$48,992,376          |
| <b>Current anticipated surplus/deficit compared to appropriation</b>                           | <b>(\$10,242,376)</b> |
| Cost savings generated from design modifications   | \$4,218,151           |
| <b>Current funding shortage</b>  | <b>(\$6,024,225)</b>  |
| C&D Unit renovation ARPA Appropriation   | \$5,460,000           |
| C&D Unit design costs incurred or committed to date  | \$385,073             |
| <b>Remaining funding available from C&amp;D unit renovations (ARPA funded project)</b>         | <b>\$5,074,927</b>    |
| <b>Remaining deficit if C&amp;D unit renovation funds are applied to the Forensic Hospital</b> | <b>(\$949,298)</b>    |
| Additional DSH Revenues  | \$757,045             |
| <b>Construction deficit to be absorbed by contingency or operating budgets</b>                 | <b>(\$192,253)</b>    |

The Disproportionate Share Hospital (DSH) payment program is a joint State and Federal program designed to reimburse hospitals for uncompensated care of uninsured and Medicaid insured patients. When services are provided to Medicaid insured individuals, the State makes payments on behalf of the individuals but the level of reimbursement is typically a fraction of the cost. The DSH payment at New Hampshire Hospital (NHH) is calculated by determining the cost of care for uninsured and Medicaid patients, and subtracting any payments received to arrive at the uncompensated care cost (UCC). The UCC is then split evenly between State and Federal funds.

At the end of each fiscal year, New Hampshire Hospital estimates its 4<sup>th</sup> quarter DSH earnings, and subsequently draws those funds before fiscal year-end. In some fiscal years, the 4<sup>th</sup> quarter draw amount exceeds the total appropriation available, and as such those funds are drawn in the following fiscal year. This item is a reflection of that scenario, whereby the Department had additional DSH earned in FY22 that could not be drawn against existing appropriations.

Funds are budgeted as follows:

Class 041- Audit costs per state requirements.

Class 049 - Transfer to other State Agencies will be used for New Hampshire Hospital Disproportionate Share Hospital Payments.

Class 103 - Contracts for Operational Services

Pursuant to Chapter 91, Section 35 (Laws of 2021): "Department of Health and Human Services; Change in Federal Match Revenue. During the biennium ending June 30, 2023 any item submitted to the fiscal committee of the general court which increases a draw on federal funds, as a result of miscalculation of or change in the state's share of a federal match program in excess of \$100,000 in an accounting unit, shall include an explanation stating if any general funds have been supplanted, and if so, for what purpose those supplanted general funds will be used, and the amount of supplanted general funds anticipated to lapse." For the accounting units included in this request, the general funds being supplanted are going to be used to fund a myriad of one-time requests to take care of significant needs. DHHS does not anticipate any of these funds to lapse.

Source of Funds: These funds are 100% Federal Funds from the United States Department of Health and Human Services Centers for Medicare and Medicaid Services, Medicaid, Catalog of Federal Domestic Assistance (CFDA) #93.778.

Respectfully submitted,



Lori A. Shibinette  
Commissioner