

## **OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES**

### **Notice of Change in Disproportionate Share Hospital Payments**

In accordance with the public notice requirements set forth in 42 CFR 447.205, the Indiana Family and Social Services Administration (FSSA), Office of Medicaid Policy and Planning (OMPP) publishes this notice of proposed changes to Medicaid disproportionate share payments (DSH) for state mental health institutions under IC 12-24-1-3 that qualify as a disproportionate share provider. The public notice is from January 21, 2026 to February 20, 2026.

OMPP proposes to implement DSH payments to state mental health institutions within Step 5 of the DSH payment plan in the State Plan.

In addition, a new section is implemented for any state fiscal year, beginning with SFY 2026 DSH payments, for which the state directed payment program under IC 16-21-10-8.5 is in effect. Payments are limited to the following payment pools, subject to federal DSH payment limits under 42 U.S.C. 1496r-4:

1. Step One: Each Disproportionate Share Hospital receives a payment of \$1,000, not to exceed the hospital's hospital specific limit.
2. Step Two: If there is DSH remaining after the above steps, DSH eligible State Mental Health Institutions receive payment amounts equal to the institution's hospital specific limit for the payment year, less any payment received by the institution under step one. If not enough DSH funds are available to pay all eligible institutions in this group up to their respective hospital specific limits, the amount paid to each institution will be reduced by the same percentage for all institutions in the group.
3. Step Three: Municipal Disproportionate Share Providers established and operated under Indiana Code 16-22-2 or 16-23 receive payment amounts equal to the equal to the hospital's hospital specific limit for the payment year, less any Step One amount received by that hospital.

These changes will be effective January 22, 2026.

There is no fiscal impact of this change, because only the allocation of the federally determined Indiana Medicaid DSH allotment to eligible providers are changed; total annual DSH payments will remain unchanged.

A copy of this notice is now on file at the Indiana Government Center South, 402 West Washington Street, Room W451, Indianapolis, Indiana and is open for public inspection. Also, a copy of this notice is now available and may be inspected by contacting the local

county Division of Family Resources office, except in Marion County, where public inspection may be made at 402 West Washington Street, Room W374, Indianapolis, Indiana.

There will be no public hearing. Written comments may be directed to FSSA, Office of Medicaid Policy and Planning, Attention: Katherine Wissel, 402 West Washington Street, Room W382, P.O. Box 7083, Indianapolis, IN 46207-7083 or by email to [spacomment@fssa.in.gov](mailto:spacomment@fssa.in.gov). Correspondence should be identified in the following manner: COMMENT RE: Disproportionate Share Payments. Written comments will be made available for public inspection at the address herein of the OMPP.

E. Mitchell Roob

Secretary

Family and Social Services Administration