



December 9, 2015

Mr. Aaron Morris
Oklahoma Health Care Authority
4345 N. Lincoln Blvd.
Oklahoma City, Oklahoma 73105

To the Oklahoma Health Care Authority (OHCA):

We have completed our examination of the State of Oklahoma Disproportionate Share Hospital Program operation as related to the Disproportionate Share Hospital (DSH) Payments Final Rule (DSH Rule) and have issued our report dated December 9, 2015. In connection with our examination engagement, we noted the following matters which we would like to bring to your attention.

DSH QUALIFICATION

The following four providers received DSH payments and were not qualified for the DSH payments:

Hospital	DSH Payments Received	Reason for Not Qualifying
Bristow Medical Center Operating Company	\$48,745	Did Not Meet OB Requirement
Memorial Hospital	\$41,818	Did Not Meet OB Requirement
Weatherford Hospital Authority	\$104,982	Did Not Meet OB Requirement
Pauls Valley Gen Hsp	\$3,677	Did Not Meet OB Requirement

The four hospitals above did not submit a completed DSH Survey Part I file certifying that they met the obstetrician (OB) requirement. Therefore, these hospitals were determined to have not meet the OB requirement to receive DSH payments.

Recommendation

In order to ensure compliance with the DSH Rule in the future and that only qualified hospitals receive DSH payments, OHCA should require that all hospitals receiving DSH payments submit all requested documentation for the DSH Examination.

HOSPITAL-SPECIFIC DSH PAYMENT LIMIT

The following four providers that received DSH payments did not meet the OB requirement and were not qualified for a DSH payment. As a result, these hospitals exceeded their DSH payment limits:

Hospital	DSH Payments Received	Calculated Hospital Specific Limit	Comment
Bristow Medical Center	\$48,745	\$0	Hospital did not submit DSH Survey Part I file verifying the met the OB requirement
Memorial Hospital	\$41,818	\$0	Hospital did not submit DSH Survey Part I file verifying the met the OB requirement
Pauls Valley General Hospital	\$3,677	\$0	Hospital did not submit DSH Survey Part I file verifying the met the OB requirement
Weatherford Hospital Authority	\$104,982	\$0	Hospital did not submit DSH Survey Part I file verifying the met the OB requirement

The following six providers received DSH payments that exceeded their hospital-specific DSH limit calculated under the DSH Rule in MSP rate year 2012:

Hospital	DSH Payments Received	Calculated Hospital Specific Limit	Comment
Comanche County Memorial Hospital	\$1,473,596	\$1,082,827	State calculation of DSH payment limit is not in accordance with the DSH Final Rule
Craig General Hospital	\$182,942	(\$215,071)	State calculation of DSH payment limit is not in accordance with the DSH Final Rule
Ponca City Medical Center	\$454,296	(\$678,011)	State calculation of DSH payment limit is not in accordance with the DSH Final Rule
Saint Francis Hospital	\$4,471,514	(\$1,692,419)	State calculation of DSH payment limit is not in accordance with the DSH Final Rule
Tahlequah City Hospital	\$455,204	(\$1,665,321)	State calculation of DSH payment limit is not in accordance with the DSH Final Rule
Valley View Regional Hospital	\$511,515	(\$2,023,032)	State calculation of DSH payment limit is not in accordance with the DSH Final Rule

Recommendation

As stated in our Independent Accountant's Report dated December 9, 2015, we recommend that OHCA implement periodic monitoring procedures to ensure that hospitals that receive DSH payments meet the necessary OB requirement and are able to submit the requested documentation. In addition, we also recommend that the OHCA revise the hospital DSH payment limit calculation in accordance with the DSH Final Rule.

HOSPITAL-REPORTED UNINSURED AND MEDICAID CHARGES

The following two hospitals had adjustments made to uninsured costs due to the inclusion of accounts with insurance or that were otherwise not eligible for inclusion in the uninsured portion of the DSH limit calculation:

- Hillcrest Medical Center
- Integris Baptist Medical Center

The following hospital had adjustments made to other Medicaid eligible costs due to the inclusion of non-Medicaid eligible accounts not eligible for inclusion in the other Medicaid eligible portion of the DSH limit calculation:

- Duncan Regional Hospital

Additionally, the following hospital did not provide documentation to support their uninsured accounts. Therefore, we were unable to determine if the uninsured charges included accounts with insurance:

- Deaconess Hospital

Recommendation

OHCA should provide guidance to the DSH hospitals that clarifies the definition of uninsured persons, as well as costs and payments eligible to be included in the calculation of hospital-specific DSH payment limits as defined in Social Security Act 1923(g)(1)(A) and 42 CFR Part 455.304(d).

RECORD RETENTION

OHCA implemented a record retention policy, however, this policy lacks specific details of what types of DSH program documents should be retained.

Several hospitals provided some, but not all, of the requested documents. The following four hospitals did not provide any documentation or only provided minimal documentation that was not sufficient to complete analysis:

- Bristow Medical Center Operating Company
- Memorial Hospital
- Weatherford Hospital Authority
- Pauls Valley General Hospital

Recommendation

To ensure compliance with the DSH Rule in the future, OHCA should require DSH hospitals to retain adequate, accurate, and detailed information to support, for audit and regulatory purposes, data reported on their DSH applications. This information and record of data should include, at minimum, information listed on the attached Schedule of Information and Records of Data Needed for DSH Audit. OHCA should also make hospitals aware that CMS suggests that providers would need to modify their accounting system to ensure documents, such as those needed to segregate uncompensated costs, are available for future audits.

In addition, OHCA should consider revising its record retention policy to specify the types of records, such as DSH application packages, that should be retained for DSH programs and the length of such retention.

MEDICAID STATE PLAN

The 2012 MSP does not provide a description of the methodology for calculating hospital-specific DSH limits. Additionally, the definition of uninsured charges in the MSP rate year 2012 is not in compliance with the December 3, 2014, clarification of uninsured charges in accordance with 42 CFR §447.295.

Recommendation

To ensure compliance with the DSH Rule, we recommend OHCA update the MSP to include the methodology for calculating the hospital-specific DSH upper payment limit and update the MSP definition of uninsured charges in accordance with December 3, 2014, clarification of 42 CFR §447.295. We also noted the following area for improvement to ensure compliance with the Rule:

- The definitions of “incurred inpatient and outpatient hospital costs [for furnishing inpatient hospital and outpatient hospital services to Medicaid-eligible individuals and individuals with no source of third-party coverage for the inpatient hospital and outpatient hospital services they received]” can be further clarified to mirror that of the Rule.

This letter is intended solely for the information and use of management and others within OHCA and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Frank N. Vito, CPA, CICA, CGMA
Member