



December 13, 2017

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 Oklahoma State 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 13, 2017. In connection with our examination engagement, we noted the following matters which we would like to bring to your attention.

**DSH PAYMENT RETENTION**

The following hospitals received DSH payments and did not certify that they were allowed to retain the DSH payments:

Hospital	DSH Payments Received	Reason for Not Qualifying
Jeay Medical Services	\$42,438	Hospital did not submit documentation
Craig General Hospital	\$97,288	Hospital did not submit documentation
Seiling Community Hospital	\$23,237	Hospital did not submit documentation
George Nigh Rehab Inst VA	\$53,008	Hospital did not submit documentation

The hospitals above did not submit a completed DSH Survey Pt. I file certifying that they were allowed to retain their DSH payment. Therefore, we were unable to determine that the hospitals were able to retain their DSH payments.

**Recommendation**

In order to ensure compliance with the DSH Rule in the future and that all hospitals are allowed to retain 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 seven providers received DSH payments that exceeded their hospital-specific DSH limit calculated under the DSH Rule in MSP rate year 2014:

Hospital	DSH Payments Received	Calculated Hospital Specific Limit	Comment
Craig General Hospital	\$97,288	(\$108,716)	State calculation of DSH payment limit is not in accordance with the DSH Final Rule
Duncan Regional Hospital	\$649,065	(\$500,022)	State calculation of DSH payment limit is not in accordance with the DSH Final Rule
Integrus Baptist Medical Center	\$4,390,733	\$359,352	State calculation of DSH payment limit is not in accordance with the DSH Final Rule
Integrus Bass Memorial Baptist	\$851,984	(\$829,520)	State calculation of DSH payment limit is not in accordance with the DSH Final Rule
Valley View Regional Hospital	\$410,504	\$360,659	State calculation of DSH payment limit is not in accordance with the DSH Final Rule
McAlester Regional	\$881,944	(\$1,226,309)	State calculation of DSH payment limit is not in accordance with the DSH Final Rule
Medical Center of Southeastern Oklahoma	\$1,035,764	(\$1,167,588)	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 13, 2017, we 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 four 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
- Integrus Baptist Medical Center
- Alliancehealth Ponca City
- St John Medical Center

## **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:

- Craig General Hospital – Hospital filed Bankruptcy and was sold to Saint Francis Health System
- Jeay Medical Services – Hospital closed
- Seiling Community Hospital – Hospital was owned by Rural Community Hospitals of America but was subsequently sold and they were no longer able to access their computer system
- George Nigh Rehab Inst VA – After multiple conference calls and extensions, the hospital never submitted documentation

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

## **Recommendation**

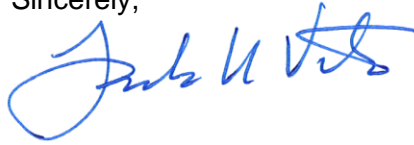
To ensure compliance with the DSH Rule, we recommend OHCA update the MSP to include the methodology for calculating the hospital specific DSH upper payment limit and update the MSP definition of uninsured charges in accordance with December 3, 2014, clarification of 42 CFR

§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