Independent Accountant's Report on the Examination of Disproportionate Share Hospital Verifications

State of Oklahoma
Department of Health Care Authority
Oklahoma City, Oklahoma

DSH Year Ended September 30, 2014

Prepared By:

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

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and
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CERTIFIED PUBLIC ACCOUNTANTS

Oklahoma Health Care Authority
Oklahoma City, Oklahoma

Independent Accountant's Report

We have examined the state of Oklahoma's compliance with Disproportionate Share Hospitals (DSH) payment requirements listed in the Report on DSH Verifications as required by 42 CFR §455.301 and §455.304(d) for the year ended September 30, 2014. The state of Oklahoma is responsible for compliance with federal Medicaid DSH program requirements. Our responsibility is to express an opinion on the state of Oklahoma's compliance with federal Medicaid DSH program requirements based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA), and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States, as well as General DSH Audit and Reporting Protocol as required by 42 CFR §455.301 and §455.304(d). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the state of Oklahoma complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the state of Oklahoma complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination of the state of Oklahoma's compliance with federal Medicaid DSH requirements.

Our examination was conducted for the purpose of forming an opinion on the state of Oklahoma's compliance with federal Medicaid DSH program requirements included in the Report on DSH Verifications. The Schedule of Annual Reporting Requirements provided in accordance with 42 CFR §447.299 is presented for purposes of additional analysis and is not a required part of the Report on DSH Verifications. Such information has not been subjected to the procedures applied in the examination of the Report on DSH Verifications, and accordingly, we express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2017, on our consideration of the state of Oklahoma's internal control over the DSH program for the period ended September 30, 2014, as it relates to the six DSH verifications set forth in 42 CFR §455.301 and §455.304(d). The purpose of the report is to describe the scope of our testing of internal control and the results of testing, and not to provide an opinion on internal control. That report is an integral part of an examination performed in accordance with Government Auditing Standards and should be considered in assessing the results of our examination.

In our opinion, except for the effect of the items described in the Schedule of Findings Relating to the DSH Verifications, the Report on DSH Verifications presents fairly, in all material respects, the state of Oklahoma's compliance with federal Medicaid DSH program requirements addressed by the DSH verifications for the year ending September 30, 2014.

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This report is intended solely for the information and use of the Oklahoma Health Care Authority (OHCA), the State Legislature, hospitals participating in the State DSH program and the Centers for Medicare and Medicaid Services (CMS) as required under 42 CFR §455.304 and is not intended to be, and should not be, used by anyone other than these specified parties and for the specified purpose contained in 42 CFR §455.304.

Myers and Stauffer LC

Myers and Stauffer LC
December 13, 2017

State of Oklahoma Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended September 30, 2014

As required by 42 CFR §455.304(d) the state of Oklahoma must provide an annual independent certified examination report verifying the following items with respect to its disproportionate share hospital (DSH) program.

Verification 1: Each hospital that qualifies for a DSH payment in the State was allowed to retain that payment so that the payment is available to offset its uncompensated care costs for furnishing inpatient hospital and outpatient hospital services during the Medicaid State plan rate year to Medicaid eligible individuals and individuals with no source of third party coverage for the services in order to reflect the total amount of claimed DSH expenditures.

Findings: Our examination identified that four hospitals did not certify that they were allowed to retain the DSH payment made by the State during the 2014 DSH year.

Verification 2: The DSH payments made in the Medicaid State plan rate year must be measured against the actual uncompensated care cost in that same Medicaid State plan rate year. The actual uncompensated care costs for the Medicaid State plan rate year have been calculated and compared to the DSH payments made. Uncompensated care costs for the Medicaid State plan rate year were calculated in accordance with Federal Register/Vol. 73, No. 245, December 19, 2008, Federal Register/Vol. 79, No. 232, December 3, 2014, and Federal Register/Vol. 82, No. 62, April 3, 2017.

Findings: Our examination identified that seven hospitals exceeded their hospital-specific DSH payment limit calculated based on the DSH Rule.

Verification 3: Only uncompensated care costs of furnishing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no third party coverage for the inpatient and outpatient hospital services they received as described in Section 1923(g) (1) (A) of the Act are eligible for inclusion in the calculation of the hospital-specific disproportionate share limit payment limit, as described in Section 1923 (g) (1) (A) of the Act.

Findings: The state of Oklahoma is in compliance with Verification 3 as the total uncompensated care costs reflected in the Report on DSH Verifications (table) reflects the uncompensated care costs of furnishing inpatient and outpatient hospital services to Medicaid-eligible individuals and individuals with no third-party coverage for the inpatient and outpatient hospital services received.

Verification 4: For purposes of this hospital-specific limit calculation, any Medicaid payments (including regular Medicaid fee-for-service rate payments, supplemental/enhanced Medicaid payments, and Medicaid managed care organization payments) made to a disproportionate share hospital for furnishing inpatient hospital and outpatient hospital services to Medicaid eligible individuals, which are in excess of the Medicaid incurred costs of such services, are applied against the uncompensated care costs of furnishing inpatient hospital and outpatient hospital services to individuals with no source of third party coverage for such services.

Findings: The state of Oklahoma is in compliance with Verification 4. In calculating the hospital-specific DSH limit represented in the Report on DSH Verifications (table), if a hospital had total Medicaid payments in excess of the calculated Medicaid cost, the excess was used to reduce the total uncompensated care costs.

Verification 5: Any information and records of all of its inpatient and outpatient hospital service costs under the Medicaid program; claimed expenditures under the Medicaid program; uninsured inpatient and outpatient hospital service costs in determining payment adjustments under this Section; and any payments made on behalf of the uninsured from payment adjustments under this Section have been separately documented and retained by the State.

Findings: Our examination identified that each hospital is responsible for maintaining its own supporting documents and records related to information reported to the OHCA on the annual DSH survey in accordance with the Medicaid State plan (MSP). We found that 4 out of the 50 hospitals that received DSH payments were not able to provide documentation to support inpatient and outpatient hospital service costs under the Medicaid program; claimed expenditures under the Medicaid program; uninsured inpatient and outpatient hospital service costs in determining payment adjustments under the DSH Rule; and any other payments made on behalf of the uninsured from payment adjustments under the DSH Rule.

Verification 6: The information specified in verification 5 above includes a description of the methodology for calculating each hospital's payment limit under Section 1923(g) (1) of the Act. Included in the description of the methodology, the audit report must specify how the State defines incurred inpatient hospital 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 services they received.

Findings: Our examination identified that the information specified in the 2014 State MSP does not provide a description of the methodology for calculating hospital-specific DSH limits; therefore, it does not comply with the Federal Regulation under Section 1923(g)(1) of the Social Security Act. Even though the State does not provide a description of the methodology for calculating hospital-specific DSH limits, the State does define inpatient hospital and outpatient hospital costs in the Oklahoma Administrative Code.
Inpatient services are defined as follows:

a) Covered hospital inpatient services are those medically necessary services which require an inpatient stay ordinarily furnished by a hospital for the care and treatment of inpatients and which are provided under the direction of a physician or dentist in an institution approved under OAC:317:30:5-40.1 (a) or (b). Effective October 1, 2005, claims for inpatient admissions provided on or after October 1st, in acute care or critical access hospitals are reimbursed utilizing a Diagnosis Related Groups (DRG) methodology.
b) Inpatient status. OHCA considers a member an inpatient when the member is admitted to the hospital and is counted in the midnight census. In situations when a member inpatient admission occurs and the member dies, is discharged

following an obstetrical stay, or is transferred to another facility on the day of admission, the member is also considered an inpatient of the hospital.

1) Same day admission: If a member is admitted and dies before the midnight census on the same day of admission, the member is considered an inpatient.
2) Same day admission/discharge C-obstetrical and newborn stays: A hospital stay is considered inpatient stay when a member is admitted and delivers a baby, even when the mother and baby are discharged on the date of admission (i.e., they are not included in the midnight census). This rule applies when the mother and/or newborn are transferred to another hospital.

Outpatient services are defined as follows:

a) Hospitals providing outpatient hospital services are required to meet the same requirements that apply to OHCA contracted, non-hospital providers performing the same services. Outpatient services performed outside the hospital facility are not reimbursed as hospital outpatient services.
b) Covered outpatient hospital services must meet all of the criteria listed in 1) through 4) of this subsection:
    1) The care is directed by a physician or dentist.
    2) The care is medically necessary.
    3) The member is not an inpatient.
    4) The service is provided in an approved hospital facility.
c) Covered outpatient hospital services are those services provided for a member who is not a hospital inpatient. A member in a hospital may be either an inpatient or an outpatient, but not both (see OAC 317:30-5-41).
d) Separate payment is made for prosthetic devices inserted during the course of surgery when the prosthetic devices are not integral to the procedure and are not included in the reimbursement for the procedure itself.
e) Physical, occupational, and speech therapy services are covered when performed in an outpatient hospital based setting. Coverage is limited to one evaluation/re-evaluation visit (unit) per discipline per calendar year and 15 visits (units) per discipline per date of service per calendar year. Claims for these services must include the appropriate revenue code(s).

State of Oklahoma
Report on DSH Verifications (table)
For the Medicaid State Plan Rate Year Ended September 30, 2014

Hospital	Verification #1	Verification #2				Verification #3	Verification #4	Verification #5	Verification #6
	Was Hospital Allowed to Retain DSH Payment?	DSH Payment for Medicaid State Plan Rate Year (In-State and Out-of-State)	Total Uncompensated Care Costs for Medicaid State Plan Rate Year	DSH Payment Under or <Over> Total Uncompensated Care Costs (UCC)	DSH Payment Complies with the Hospital-Specific DSH Limit	Were only I/P and O/P Hospital Costs to Medicaid eligible and Uninsured Included in UCC?	If Medicaid Payments were in excess of Medicaid cost was the Total UCC reduced by this amount?	Have all claimed expenditures and payments for Medicaid and Uninsured been documented and retained?	Does the retained documentation include a description of the methodology used to calculate the UCC?
AHS CLAREMORE REGIONAL HOSPITAL	Yes	379,683	1,202,867	823,184	Yes	Yes	Yes	Yes	No
ATOKA MEMORIAL HOSPITAL	Yes	67,302	845,917	778,615	Yes	Yes	Yes	Yes	No
BAILEY MEDICAL CENTER LLC	Yes	205,948	1,484,516	1,278,568	Yes	Yes	Yes	Yes	No
CAH ACQUISITION COMPANY 12 LLC	Yes	46,320	231,704	185,384	Yes	Yes	Yes	Yes	No
CAH ACQUISITION COMPANY 16 LLC	Yes	68,493	563,795	495,302	Yes	Yes	Yes	Yes	No
CLINTON HMA LLC	Yes	101,237	2,375,408	2,274,171	Yes	Yes	Yes	Yes	No
COAL COUNTY GENERAL HOSPITAL INC	Yes	27,682	201,097	173,415	Yes	Yes	Yes	Yes	No
COMANCHE COUNTY MEMORIAL HOSPITAL	Yes	947,688	4,201,036	3,253,348	Yes	Yes	Yes	Yes	No
CRAIG GENERAL HOSPITAL	No	97,288	(108,716)	(97,288)	No	Yes	Yes	No	No
CUSHING REGIONAL HOSPITAL	Yes	198,223	1,524,125	1,325,902	Yes	Yes	Yes	Yes	No
DEACONESS HSP	Yes	934,113	3,370,159	2,436,046	Yes	Yes	Yes	Yes	No
DRUMRIGHT REGIONAL HOSPITAL	Yes	113,349	184,007	70,658	Yes	Yes	Yes	Yes	No
DUNCAN REGIONAL HOSP	Yes	649,065	(500,022)	(649,065)	No	Yes	Yes	Yes	No
GEORGE NIGH REHAB INST VA	No	53,008	314,155	261,147	Yes	Yes	Yes	No	No
GREAT PLAINS REGIONAL MEDICAL CENTER	Yes	183,749	2,357,574	2,173,825	Yes	Yes	Yes	Yes	No
GRIFFIN MEMORIAL HOSPITAL	Yes	3,273,248	20,908,261	17,635,013	Yes	Yes	Yes	Yes	No
HENRYETTA MEDICAL CENTER	Yes	135,988	977,132	841,144	Yes	Yes	Yes	Yes	No
HILLCREST HOSPITAL SOUTH	Yes	173,752	2,268,602	2,094,850	Yes	Yes	Yes	Yes	No
HILLCREST MEDICAL CENTER	Yes	5,018,666	13,591,135	8,572,469	Yes	Yes	Yes	Yes	No
HOLDENVILLE GEN HSP	Yes	69,811	351,343	281,532	Yes	Yes	Yes	Yes	No
INTEGRIS BAPTIST MEDICAL C	Yes	4,390,733	359,352	(4,031,381)	No	Yes	Yes	Yes	No
INTEGRIS BAPTIST REGIONAL HEALTH CE	Yes	445,556	3,101,644	2,656,088	Yes	Yes	Yes	Yes	No
INTEGRIS BASS MEM BAP	Yes	851,984	(829,520)	(851,984)	No	Yes	Yes	Yes	No
INTEGRIS CANADIAN VALLEY HOSPITAL	Yes	296,209	3,761,647	3,465,438	Yes	Yes	Yes	Yes	No
INTEGRIS GROVE HOSPITAL	Yes	407,766	2,533,914	2,126,148	Yes	Yes	Yes	Yes	No
INTEGRIS HEALTH EDMOND	Yes	60,041	2,862,393	2,802,352	Yes	Yes	Yes	Yes	No
INTEGRIS SOUTHWEST MEDICAL	Yes	2,791,070	13,545,741	10,754,671	Yes	Yes	Yes	Yes	No
J D MCCARTY C P CTR	Yes	410,504	360,659	(49,845)	No	Yes	Yes	Yes	No
JANE PHILLIPS EP HSP	Yes	610,036	3,911,203	3,301,167	Yes	Yes	Yes	Yes	No
JEAY MEDICAL SERVICES	No	42,438	171,495	129,057	Yes	Yes	Yes	No	No
KINGFISHER REG HOSP	Yes	69,115	445,058	375,943	Yes	Yes	Yes	Yes	No
LAKESIDE WOMENS CENTER OF OKLAHOMA CITY	Yes	30,202	1,456,976	1,426,774	Yes	Yes	Yes	Yes	No
MCALESTER REGIONAL	Yes	881,944	(1,226,309)	(881,944)	No	Yes	Yes	Yes	No
MEDICAL CENTER OF SOUTHEASTERN OKLAHOMA	Yes	1,035,764	(1,167,588)	(1,035,764)	No	Yes	Yes	Yes	No
MERCY HEALTH CENTER	Yes	2,262,249	10,454,882	8,192,633	Yes	Yes	Yes	Yes	No
MERCY HOSPITAL ARDMORE	Yes	739,386	5,101,412	4,362,026	Yes	Yes	Yes	Yes	No
MIDWEST CITY REGIONAL HOSPITAL	Yes	1,404,966	9,382,302	7,977,336	Yes	Yes	Yes	Yes	No
MUSKOGEE REGIONSL MEDICAL CENTER	Yes	1,457,548	6,384,827	4,927,279	Yes	Yes	Yes	Yes	No
NORMAN REGIONAL HOSPITAL	Yes	2,531,741	7,252,945	4,721,204	Yes	Yes	Yes	Yes	No
ALLIANCEHEALTH PONCA CITY	Yes	485,309	508,360	23,051	Yes	Yes	Yes	Yes	No
PRAGUE COMMUNITY HOSPITAL	Yes	59,801	365,224	305,423	Yes	Yes	Yes	Yes	No
SAINT FRANCIS HOSPITAL SOUTH	Yes	249,416	2,835,227	2,585,811	Yes	Yes	Yes	Yes	No
SEILING COMMUNITY HOSPITAL	No	23,237	56,974	33,737	Yes	Yes	Yes	No	No
ST ANTHONY HOSPITAL	Yes	3,301,397	8,050,127	4,748,730	Yes	Yes	Yes	Yes	No
ST JOHN MED CTR	Yes	4,702,808	19,960,915	15,258,107	Yes	Yes	Yes	Yes	No
ST JOHN OWASSO	Yes	207,509	2,217,144	2,009,635	Yes	Yes	Yes	Yes	No
ST MARY'S REGIONAL CTR	Yes	601,521	3,610,513	3,008,992	Yes	Yes	Yes	Yes	No
ST. ANTHONY SHAWNEE HOSPITAL	Yes	581,705	4,001,217	3,419,512	Yes	Yes	Yes	Yes	No
WEATHERFORD HOSPITAL AUTHORITY	Yes	115,089	330,845	215,756	Yes	Yes	Yes	Yes	No
ALLIANCEHEALTH WOODWARD	Yes	183,453	1,537,178	1,353,725	Yes	Yes	Yes	Yes	No

This report is intended solely for the information and use of the Oklahoma Health Care Authority, the State Legislature, hospitals participating in the State DSH program, and the Centers for Medicare and Medicaid Services (CMS) as required under 42 CFR §455.304 and is not intended to be, and should not be, used by anyone other than these specified parties and for the specified purpose contained in 42 CFR §455.304.

See Independent Accountant's Report

Finding 1

Criteria:

Section 42 CFR Part 455.304(d)(1) requires that each hospital that qualifies for a DSH payment in the State is allowed to retain that payments so that the payment is available to offset its uncompensated care costs for furnishing inpatient hospital and outpatient hospital services during the MSP rate year to Medicaid-eligible individuals and individuals with no source of third-party coverage for the services in order to reflect the total amount of claimed DSH expenditures.

Condition:

We were unable to determine that 4 of 50 hospitals were able to retain 100 percent of their DSH payment.

Cause:

We found that four hospitals did not submit the documentation requested by Myers and Stauffer LC. As a result, we did not receive certification from the hospital that they were allowed to retain the DSH payment that they received during the 2014 MSP rate year.

Effect:

DSH hospitals that are not allowed to retain the full DSH payment would not be eligible; therefore, the payment would need to recouped by the State.

Recommendation:

We recommend that the Health Care Authority further educate hospitals that apply for and receive DSH payments that the hospital is responsible for completing all documentation and responding to all request for data related to the DSH examination.

Finding 2

Criteria:

Social Security Act Section 1923(g)(1)(A) specifies that DSH payments to a hospital shall not exceed the cost incurred (net of the payments received) during the MSP rate year. Section 42 CFR Part 455.304(d)(2) further clarified that DSH payments made to each qualifying hospital shall comply with the hospital-specific DSH payment limit.

Condition:

We found that 50 in-state hospitals received DSH payments in MSP rate year 2014. We found that 7 of the 50 hospitals received a DSH payment in excess of their hospital-specific DSH payment limits calculated in accordance with the DSH Rule.

Cause:

The State calculation of the hospital DSH payment limits is not in accordance with the DSH Final Rule.

Effect:

Hospitals that receive DSH payments in excess of their hospital specific limits must pay back any DSH funds in excess of that limit.

Recommendation:

We recommend the OHCA revise the hospital DSH payment limit calculation in accordance with the DSH Final Rule.

Finding 3

Criteria:

Section 42 CFR §455.304(d)(5) requires that any information and records of all of its inpatient and outpatient hospital service costs under the Medicaid program; claimed expenditures under the Medicaid program; uninsured inpatient and outpatient hospital services costs in determining payment adjustments under this Section; and any payments made on behalf of the uninsured from payment adjustments under this Section has been separately documented and retained by the State. The State has conveyed the responsibility for the retention of the documentation to the hospitals under their provider agreements.

Condition:

We found four of 50 hospitals that did not retain and make available to us, during the course of this examination, supporting documentation for inpatient and outpatient hospital service costs under the Medicaid program; claimed expenditures under the Medicaid program; uninsured inpatient and outpatient hospital service costs in determining payment adjustments under the DSH Rule; and any other payments made on behalf of the uninsured from payment adjustments under the DSH Rule.

Cause:

Despite multiple attempts to obtain the documentation, one hospital did not provide Myers and Stauffer with any documentation supporting hospital service costs and any payments made on behalf of Medicaid patients and uninsured patients. Additionally, one hospital went out of business subsequent to receiving the 2014 DSH payment and two hospitals had a change in ownership.

Effect:

Hospitals that are not able to support uncompensated cost of care (UCC) charges by providing supporting documentation would be subject to having those charges disallowed, thus reducing their hospital specific DSH limits. A reduction in the hospital-specific DSH limit could cause a hospital to receive payments in excess of that limit and any such excess payments would need to be recouped by the State.

Recommendation:

We recommend that the State implement periodic monitoring procedures to ensure disproportionate share hospitals maintain complete and accurate data and records to support all of its uninsured inpatient and outpatient hospital service costs in determining payment adjustments under this Section 42 CFR §455.304(d)(5) and any payments made on behalf of the uninsured from payment adjustments under this Section.

Finding 4

Criteria:

Section 42 CFR Part 455.304(d)(6) requires that the information specified in Verification 5 includes a description of the methodology for calculating each hospital's payment limit under Section 1923(g)(1) of the Social Security Act including how the State defines incurred inpatient hospital 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.

Condition:

The MSP does not provide a description of the methodology for calculating hospital-specific DSH limits.

Cause:

The MSP refers to the calculation of the hospital specific DSH upper payment limit, but does not include the methodology for calculating the hospital specific DSH upper payment limit.

Effect:

Not including the calculation methodology in the State's MSP is not in compliance with the final DSH rule which could cause reimbursement to the State for the federal portion of the Medicaid DSH payments to be delayed or suspended. Without the required description of the methodology, the calculation of hospital-specific limits could be incorrect or inconsistent and therefore hospitals may receive DSH payments that are greater than their actual uncompensated cost of care of providing hospital services to Medicaid eligible individuals and individuals with no source of third party coverage.

Recommendation:

We recommend that OHCA update the MSP to include the methodology for calculating the hospital-specific DSH upper payment limit.

Communication on Internal Control

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

Oklahoma Health Care Authority
Oklahoma City, Oklahoma

Communication on Internal Control
For the State of Oklahoma
Related to the Six Disproportionate Share Hospital (DSH) Verifications Required Under 42 CFR §455.301 and §455.304(d)
For Year Ended September 30, 2014

We have examined the assertion of the state of Oklahoma that operation of the DSH Program for the period ended September 30, 2014 followed the requirements of the six DSH verifications set forth in 42 CFR §455.304. We conducted our examination in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about the state of Oklahoma's compliance with the six DSH verifications set forth in 42 CFR §455.304(d), we performed tests of its compliance with certain provisions of laws, regulations, and policies, noncompliance with which could have a direct and material effect on the Report on DSH Verifications. However, providing an opinion on compliance with those provisions was not an objective of our examination, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, which are described in the Schedule of Findings Relating to the DSH Verifications.

Internal Control over the Required Six DSH Verifications

In planning and performing our examination of the state of Oklahoma's assertion that the Disproportionate Share Hospital Program (DSH) for the period ended September 30, 2014 followed the requirements of the six DSH verifications set forth in 42 CFR §455.304, in accordance with attestation standards established by the American Institute of Certified Public Accountants, we considered the state of Oklahoma's internal control over the DSH program (internal control), as a basis for designing our examination procedures for the purpose of expressing our opinion on the state of Oklahoma's assertion related to the six DSH verifications, but not for the purpose of expressing an opinion on the effectiveness of the state of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the state of Oklahoma's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weakness have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses. A deficiency in internal

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control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial information will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the following deficiencies in internal control to be material weaknesses:
Findings 1, 2, 3, and 4 in the Schedule of Findings Relating to the DSH Verifications

This communication is intended solely for the information and use of the Oklahoma Health Care Authority, the Oklahoma State Legislature, the hospitals participating in the state of Oklahoma's DSH program, and the Centers for Medicare & Medicaid Services and is not intended to be and should not be used by anyone other than these specified parties.

Myers and Stauffer LC

Myers and Stauffer LC
December 13, 2017

Schedule of Annual Reporting Requirements

State of Oklahoma
Schedule of Annual Reporting Requirements (table)
For the Medicaid State Plan Rate Year Ended September 30, 2014

Definition of Uncompensated Care: The definition of uncompensated care was based on guidance published by CMS in the 73 Fed. Reg. 77904 dated December 19, 2008 and the 79 Fed. Reg. 71679 dated December 3, 2014, and the 82 Fed. Reg. 16114 dated April 3, 2017. The calculated uncompensated care costs (UCC) represent the net uncompensated costs of providing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no source of third party coverage for the inpatient and outpatient hospital services received. The UCC for these patient groups was calculated using Medicare cost reporting methods, and utilized the most recent CMS 2552 cost report, Medicaid paid claims summaries, and hospital-provided data. Total uncompensated care costs represents the net uncompensated care costs of providing inpatient and outpatient hospital services to patients that fall into one of the following Medicaid in-state and out-of-state payment categories: Fee-for-Service Medicaid primary, Fee-for-Service Crossovers, Managed Care Medicaid primary, Managed Care Medicaid Crossover, and Uninsured individuals with no source of third party coverage for the inpatient and outpatient hospital services received. The cost of services for each of these payment categories was calculated using the appropriate per diems or cost-to-charge ratios from each hospital's most recent CMS 2552 cost report. These costs were then reduced by the total payments received for the services provided, including any supplemental Medicaid payments and Section 1011 payments where applicable.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
Hospital Name	State Estimated Hospital-Specific DSH Limit	Medicaid I/P Utilization Rate	Low-Income Utilization Rate	State-Defined Eligibility Statistic	Regular IP/OP Medicaid FFS Rate Payments	IP/OP Medicaid MCO Payments	Supplemental / Enhanced IP/OP Medicaid Payments	Total Medicaid IP/OP Medicaid Payments (F+G+H)	Total Cost of Care - Medicaid IP/OP Services	Total Medicaid Uncompensated Care Costs (J-I)	Total IP/OP Indigent Care/Self-Pay Revenues	Total Applicable Section 1011 Payments	Total IP/OP Uninsured Cost of Care	Total Uninsured Uncompensated Care Costs (N-M-L)	Total Eligible Uncompensated Care Costs (K+O)	Total In-State DSH Payments Received	Total Out-of-State DSH Payments Received	Medicaid Provider Number	Medicare Provider Number	Total Hospital Cost
AHS CLAREMORE REGIONAL HOSPITAL	8,429,758	40.80%	17.42%	1% MIUR	9,144,907	0	2,880,306	12,025,213	11,190,068	(835,145)	278,243	0	2,316,255	2,038,012	1,202,867	379,683	0	200435950A	370039	37,769,107
ATOKA MEMORIAL HOSPITAL	298,073	38.22%	22.70%	1% MIUR	3,628,156	0	496,062	4,124,218	4,168,572	44,354	71,854	0	873,417	801,563	845,917	67,302	0	100262850D	371300	8,937,614
BAILEY MEDICAL CENTER LLC	5,356,779	28.08%	9.87%	1% MIUR	3,464,894	0	906,501	4,371,395	4,857,871	486,476	528,065	0	1,526,105	998,040	1,484,516	205,948	0	200102450A	370228	27,311,700
CAH ACQUISITION COMPANY 12 LLC	1,153,081	34.03%	16.21%	1% MIUR	825,312	0	227,338	1,052,650	1,052,004	(646)	45,459	0	277,809	232,350	231,704	46,320	0	200311270A	371318	2,729,678
CAH ACQUISITION COMPANY 16 LLC	803,955	41.13%	11.67%	1% MIUR	1,392,220	0	175,100	1,567,320	1,776,941	209,621	23,373	0	377,547	354,174	563,795	68,493	0	200313370A	371335	4,751,327
CLINTON HMA LLC	431,084	34.88%	16.78%	1% MIUR	3,577,701	0	1,362,598	4,940,299	6,318,502	1,378,203	184,941	0	1,182,146	997,205	2,375,408	101,237	0	100700010G	370029	20,831,054
COAL COUNTY GENERAL HOSPITAL INC	218,169	30.85%	11.24%	1% MIUR	949,210	0	58,036	1,007,246	1,054,396	47,150	93,937	0	247,884	153,947	201,097	27,682	0	100774650D	371319	3,669,184
COMANCHE COUNTY MEMORIAL HOSPITAL	947,688	24.65%	12.54%	1% MIUR	26,271,189	0	10,369,110	36,640,299	32,310,515	(4,329,784)	1,199,119	0	9,729,939	8,530,820	4,201,036	947,688	0	100749570S	370056	143,229,863
CRAIG GENERAL HOSPITAL *	350,820	38.87%	16.20%	1% MIUR	5,596,323	0	1,207,402	6,803,725	6,516,293	(287,432)	53,923	0	232,639	178,716	(108,716)	97,288	0	100261400B	370065	19,951,869
CUSHING REGIONAL HOSPITAL	1,833,575	30.35%	15.95%	1% MIUR	4,865,196	0	1,426,458	6,291,654	6,530,576	238,922	147,023	0	1,432,226	1,285,203	1,524,125	198,223	0	200044190A	370099	21,070,729
DEACONESS HSP	10,518,931	28.68%	13.61%	1% MIUR	15,399,201	0	6,735,755	22,134,956	19,637,714	(2,497,242)	1,246,345	0	7,113,746	5,867,401	3,370,159	934,113	0	100699370A	370032	89,904,726
DRUMRIGHT REGIONAL HOSPITAL	642,005	30.52%	26.81%	1% MIUR	1,467,913	0	899,512	2,367,425	2,184,784	(182,641)	50,180	0	416,828	366,648	184,007	113,349	0	200259440A	371331	6,434,808
DUNCAN REGIONAL HOSP	4,850,720	31.93%	13.77%	1% MIUR	14,432,539	7,280	3,716,858	18,156,677	14,874,096	(3,282,581)	630,645	0	3,413,204	2,782,559	(500,022)	649,065	0	100700120A	370023	55,589,096
GEORGE NIGH REHAB INST VA *	1,195,002	12.15%	3.01%	1% MIUR	297,696	0	0	297,696	611,851	314,155	0	0	0	0	314,155	53,008	0	100693650A	373026	4,870,625
GREAT PLAINS REGIONAL MEDICAL CENTER	2,355,854	24.97%	15.25%	1% MIUR	4,841,705	0	1,629,035	6,470,740	7,519,360	1,048,620	616,718	0	1,925,672	1,308,954	2,357,574	183,749	0	100699941O	370019	36,207,895
HENRYETTA MEDICAL CENTER	1,961,528	30.33%	17.41%	1% MIUR	3,234,917	0	582,349	3,817,266	4,235,573	418,307	99,499	0	658,324	558,825	977,132	135,988	0	200045700C	370183	12,484,227
HILLCREST HOSPITAL SOUTH	173,752	31.57%	14.55%	1% MIUR	17,889,191	0	7,665,607	25,554,798	23,488,484	(2,066,314)	492,611	0	4,827,527	4,334,916	2,268,602	173,752	0	200439230A	370202	98,429,548
HILLCREST MEDICAL CENTER	14,848,093	41.58%	19.80%	1% MIUR	76,549,681	0	36,292,635	112,842,316	105,462,791	(7,379,525)	1,166,646	0	22,137,306	20,970,660	13,591,135	5,018,666	0	200044210A	370001	352,435,486
HOLDENVILLE GEN HSP	475,722	40.55%	15.12%	1% MIUR	1,959,480	0	487,246	2,446,726	2,562,955	116,229	135,060	0	370,174	235,114	351,343	69,811	0	100699880A	371321	7,436,294
INTEGRIS BAPTIST MEDICAL C	8,883,895	43.70%	15.50%	1% MIUR	96,877,766	0	36,510,872	133,388,638	116,916,879	(16,471,759)	3,941,636	0	20,772,747	16,831,111	359,352	4,390,733	0	100806400C	370028	467,390,437
INTEGRIS BAPTIST REGIONAL HEALTH CE	4,117,831	41.52%	18.83%	1% MIUR	9,405,993	0	2,471,987	11,877,980	13,269,427	1,391,447	228,402	0	1,938,599	1,710,197	3,101,644	445,556	0	100699940A	370004	33,894,699
INTEGRIS BASS MEM BAP	2,709,456	59.80%	19.49%	1% MIUR	20,351,204	0	8,803,658	29,154,862	25,933,538	(3,221,324)	779,016	0	3,170,820	2,391,804	(829,520)	851,984	0	100699500A	370016	72,444,158
INTEGRIS CANADIAN VALLEY HOSPITAL	4,251,793	35.65%	15.48%	1% MIUR	6,564,454	0	2,807,231	9,371,685	11,107,772	1,736,087	690,585	0	2,716,145	2,025,560	3,761,647	296,209	0	100700610A	370211	44,044,791
INTEGRIS GROVE HOSPITAL	6,253,248	37.65%	18.68%	1% MIUR	7,737,029	0	2,658,052	10,395,081	10,863,316	468,235	306,771	0	2,372,450	2,065,679	2,533,914	407,766	0	100699700A	370113	34,099,403
INTEGRIS HEALTH EDMOND	2,231,716	20.91%	9.26%	1% MIUR	3,294,531	0	537,907	3,832,438	5,232,675	1,400,237	224,787	0	1,686,943	1,462,156	2,862,393	60,041	0	200405550A	370236	33,809,214
INTEGRIS SOUTHWEST MEDICAL	21,723,928	30.87%	20.47%	1% MIUR	44,863,252	0	14,113,944	58,977,196	56,292,170	(2,685,026)	1,381,150	0	17,611,917	16,230,767	13,545,741	2,791,070	0	100700200A	370106	185,165,911
J D MCCARTY C P CTR	3,611,237	93.32%	100.00%	1% MIUR	11,540,083	0	3,190,946	14,731,029	15,091,688	360,659	0	0	0	0	360,659	410,504	0	100700670A	373300	16,143,226
JANE PHILLIPS EP HSP	5,794,564	18.11%	15.70%	1% MIUR	11,493,355	0	4,012,145	15,505,500	14,858,475	(647,025)	886,522	0	5,444,750	4,558,228	3,911,203	610,036	0	100699490A	370018	90,400,022
JEAY MEDICAL SERVICES *	616,454	28.13%	22.24%	1% MIUR	683,649	0	87,869	771,518	943,013	171,495	0	0	0	0	171,495	42,438	0	200404110A	370169	3,398,598
KINGFISHER REG HOSP	505,073	11.59%	6.34%	1% MIUR	1,655,714	0	290,183	1,945,897	2,167,653	221,756	18,193	0	241,495	223,302	445,058	69,115	0	100699510A	371313	11,046,046
LAKESIDE WOMENS CENTER OF OKLAHOMA CITY	471,219	18.03%	4.90%	1% MIUR	1,053,509	0	0	1,053,509	2,537,097	1,483,588	215,483	0	188,871	(26,612)	1,456,976	30,202	0	100745350B	370199	18,514,679
MCALESTER REGIONAL	5,367,870	27.59%	16.67%	1% MIUR	12,655,454	0	4,962,584	17,618,038	13,873,709	(3,744,329)	546,345	0	3,064,365	2,518,020	(1,226,309)	881,944	0	100710530D	370034	50,344,988
MEDICAL CENTER OF SOUTHEASTERN OKLAHOMA	5,088,690	42.36%	22.54%	1% MIUR	22,083,601	0	7,302,604	29,386,205	25,216,481	(4,169,724)	503,019	0	3,505,155	3,002,136	(1,167,588)	1,035,764	0	100696610B	370014	60,542,631
MERCY HEALTH CENTER	3,573,923	22.45%	13.71%	1% MIUR	35,288,950	1,447	13,580,229	48,870,626	49,447,582	576,956	2,599,806	0	12,477,732	9,877,926	10,454,882	2,262,249	0	100699390A	370013	296,734,156
MERCY HOSPITAL ARDMORE	739,387	23.45%	26.38%	1% MIUR	22,498,989	407	8,791,043	31,290,439	28,412,691	(2,877,748)	958,799	0	8,937,959	7,979,160	5,101,412	739,386	0	100262320C	370047	123,030,539
MIDWEST CITY REGIONAL HOSPITAL	13,335,792	24.86%	16.54%	1% MIUR	26,440,037	0	9,023,594	35,463,631	35,130,273	(333,358)	677,697	0	10,393,357	9,715,660	9,382,302	1,404,966	0	100700490A	370094	130,080,444
MUSKOGEE REGIONSL MEDICAL CENTER	8,457,849	34.17%	23.73%	1% MIUR	25,126,849	0	10,270,655	35,397,504	35,739,734	342,230	5,466	0	6,048,063	6,042,597	6,384,827	1,457,548	0	100700630A	370025	112,283,300
NORMAN REGIONAL HOSPITAL	7,290,574	24.53%	16.15%	1% MIUR	35,979,115	0	15,577,065	51,556,180	50,310,231	(1,245,949)	2,345,968	0	10,844,862	8,498,894	7,252,945	2,531,741	0	100700690A	370008	250,669,431
ALLIANCEHEALTH PONCA CITY	2,846,521	38.62%	18.39%	1% MIUR	9,231,010	0	3,599,750	12,830,760	11,702,891	(1,127,869)	320,557	0	1,956,786	1,636,229	508,360	485,309	0	100699420A	370006	37,807,561
PRAGUE COMMUNITY HOSPITAL	524,926	26.50%	1.19%	1% MIUR	776,106	0	320,789	1,096,895	1,175,706	78,811	77,338	0	363,751	286,413	365,224	59,801	0	200231400B	371301	3,663,461
SAINT FRANCIS HOSPITAL SOUTH	3,460,209	33.47%	13.26%	1% MIUR	8,941,809	0	2,969,895	11,911,704	12,586,570	674,866	656,268	0	2,816,629	2,160,361	2,835,227	249,416	0	200031310A	370218	58,468,068
SEILING COMMUNITY HOSPITAL *	295,851	10.73%	4.17%	1% MIUR	172,127	0	57,040	229,167	286,141	56,974	0	0	0	0	56,974	23,237	0	200287200A	371332	2,649,918
ST ANTHONY HOSPITAL	20,246,545	39.27%	23.66%	1% MIUR	67,922,562	0	30,079,246	98,001,808	85,574,284	(12,427,524)	1,823,251	0	22,300,902	20,477,651	8,050,127	3,301,397	0	100699540A	370037	376,891,272
ST JOHN MED CTR	16,615,749	21.87%	15.80%	1% MIUR	58,108,201	0	22,936,134	81,044,335	79,384,024	(1,660,311)	2,226,036	0	23,847,262	21,621,226	19,960,915	4,702,808	0	100699400A	370114	443,612,817
ST JOHN OWASSO	3,276,261	26.66%	14.00%	1% MIUR	3,598,528	0	1,026,112	4,624,640	5,295,283	670,643	474,742	0	2,021,243	1,546,501	2,217,144	207,509	0	200106410A	370227	27,028,306
ST MARY'S REGIONAL CTR	6,287,279	17.14%	9.00%	1% MIUR	8,318,463	6,206	2,315,804	10,640,473	11,074,061	433,588	471,897	0	3,648,822	3,176,925	3,610,513	601,521	0	100690020A	370026	70,144,268
ST. ANTHONY SHAWNEE HOSPITAL	4,132,822	37.85%	19.96%	1% MIUR	12,600,748	0	4,476,949	17,077,697	17,091,170	13,473	232,495	0	4,220,239	3,987,744	4,001,217	581,705	0	100740840B	370149	60,924,166
WEATHERFORD HOSPITAL AUTHORITY	2,628,990	39.10%	20.21%	1% MIUR	2,153,807	0	688,440	2,842,247	3,300,404	458,157	293,492	0	166,180	(127,312)	330,845	115,089	0	100699870E	371323	14,460,664
ALLIANCEHEALTH WOODWARD	3,262,534	34.29%	11.31%	1% MIUR	4,347,047	0	1,402,912	5,749,959	6,293,736	543,777	443,586	0	1,436,987	993,401	1,537,178	183,453	0	200019120A	370002	24,891,576
Institute for Mental Disease																				
GRIFFIN MEMORIAL HOSPITAL	15,830,826	78.68%	100.00%	1% MIUR	407,154	0	0	407,154	18,362,745	17,955,591	55,185	0	3,007,855	2,952,670	20,908,261	3,273,248	0	100690030A	374000	23,338,595

* - Hospital did not submit documentation. Therefore, the uncompensated care costs were calculated based on the MMIS data and any prior year data submitted. See Schedule of Data Caveats

Independence Declaration

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

To Whom it May Concern:

Myers and Stauffer LC declares it is independent of the state of Oklahoma and its DSH hospitals for the Medicaid State plan rate year ending September 30, 2014.

Myers and Stauffer LC

Myers and Stauffer LC
December 13, 2017

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