



STATE OF OKLAHOMA

OKLAHOMA HEALTH CARE AUTHORITY

January 21, 2010

Enclosed you will find Oklahoma's Disproportionate Share Hospital (DSH) audits for Medicaid State Rate Plan Years 2005 and 2006. In addition, we are including a response to the audit points along with this transmittal.

The audits were performed by Clifton Gunderson, an Independent Accounting Firm, in order to comply with Section 1923(j) of the Social Security Act and the Disproportionate Share Hospital Payments Final Rule, 42 CFR Parts 447 and 455 (2008).

The DSH Audit for 2005 and 2006 cost the Oklahoma Health Care Authority approximately \$400,000 and involved 3,052 hours of billed hours of audit work which does not include hours utilized by the state agency or hospital staff to comply with the various requests for data.

For the 2005 Rate Year Oklahoma paid out \$31.1 million in total computable DSH to 16 hospitals. The auditors found that of the 16 hospitals receiving DSH, 11 met the qualifications and those 11 hospitals accounted for 98.20% of the payments. Four of the remaining five hospitals did not meet the qualifications because they were not able to fulfill the auditors request for supporting documentation. Those four hospitals accounted for \$1,621 in total DSH payments. The fifth hospital that did not meet the qualifications was identified by OHCA in 2007; the allocation of \$559,710 was recovered and redistributed to the other qualifying DSH hospitals.

For the 2006 Rate Year Oklahoma paid out \$35.7 million in total computable DSH to 72 hospitals. The auditors found that of the 72 hospitals receiving DSH, 51 hospitals met the qualifications and those 51 hospitals accounted for 94.98% of the payments. Seventeen of the remaining 21 hospitals did not meet the qualifications because they were not able to fulfill the auditors request for supporting documentation. Those 17 hospitals accounted for \$901,918 in total DSH payments. Three hospitals could not verify that they met the federal criteria related to obstetric services; these hospitals accounted for \$44,609 in total DSH payments. The final hospital that did not meet the qualifications was identified by OHCA in 2007; the \$927,158 allocation to that hospital was recovered and redistributed to the other qualifying DSH hospitals.

It is important to note that the rules by which our DSH program is being reviewed today in these audits did not exist in 2005 and 2006. Oklahoma is using the opportunity afforded by the rules to work with our hospitals in strengthening and improving our reporting abilities.

Sincerely,

A handwritten signature in black ink that reads "Mike Fogarty". The signature is written in a cursive style with a large initial "M".

Mike Fogarty