



December 12, 2018

Mr. Jimmy Witcosky  
 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 12, 2018. 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 hospital received a 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	\$60,031	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**

Jeay Medical Services was not able to submit a completed DSH Survey Pt. I file due to the closure of this facility. Therefore, we recommend that the State follow the regulations outlined in 42 CFR §433-318 for overpayments involving providers who are bankrupt or out of business in order to avoid potentially having to pay back federal matching funds.

**HOSPITAL-SPECIFIC DSH PAYMENT LIMIT**

The following three providers received DSH payments that exceeded their hospital-specific DSH limit calculated under the DSH Rule in MSP rate year 2015:

Hospital	DSH Payments Received	Calculated Hospital Specific Limit	Comment
Duncan Regional Hospital	\$598,563	(\$320,459)	State calculation of DSH payment limit is based on historical data to determine estimated cost and payments
Medical Center of Southeastern Oklahoma	\$1,235,707	\$249,748	State calculation of DSH payment limit is based on historical data to determine estimated cost and payments
Ponca City Medical Center	\$498,250	\$262,756	State calculation of DSH payment limit is based on historical data to determine estimated cost and payments

**Recommendation**

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

**HOSPITAL-REPORTED UNINSURED AND MEDICAID CHARGES**

The following three 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
- St. Anthony Hospital
- St John Medical Center

In addition, the following two hospitals had adjustments made to the other Medicaid eligible costs due to the inclusion of accounts that were not Medicaid Eligible or were non-allowable services related to rural health clinics in the Other Medicaid Eligible portion of the DSH limit calculation:

- CAH Acquisition Company 12 LLC
- AHS Claremore Regional Hospital, LLC

**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 two hospitals did not provide any documentation or only provided minimal documentation that was not sufficient to complete analysis:

- Jeay Medical Services – Hospital closed
- Harmon Memorial Hospital – Hospital may not have submitted all Medicaid Eligible claims based on our procedures performed

### **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.

Sincerely,

Myers and Stauffer LC