



December 11, 2019

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 (DSH) Program operation as related to the Disproportionate Share Hospital Payments Final Rule (DSH Rule) and have issued our report dated December 11, 2019. In connection with our examination engagement, we noted the following matters which we would like to bring to your attention.

HOSPITAL-SPECIFIC DSH PAYMENT LIMIT

The following provider received DSH payments that exceeded their hospital-specific DSH limit calculated under the DSH Rule in MSP rate year 2016:

Hospital	DSH Payments Received	Calculated Hospital Specific Limit
JD MCCARTY C P CTR	\$555,413	\$216,705

HOSPITAL-REPORTED UNINSURED 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
- Integris Baptist Medical Center
- Henryetta Medical Center
- Oklahoma State University 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 six hospitals did not provide any documentation or only provided minimal documentation that was not sufficient to complete analysis:

- Sayre Memorial Hospital – Hospital closed
- Prague Memorial – Hospital parent company in bankruptcy
- CAH Acquisition Company 12 LLC – Hospital parent company in bankruptcy
- Drumright Regional Hospital – Hospital parent company in bankruptcy
- CAH Acquisition Company 16 LLC - Hospital parent company in bankruptcy
- Harmon Memorial Hospital – Hospital did not submit all required 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 2016 MSP does not provide a description of the methodology for calculating hospital-specific DSH limits. Additionally, the definition of uninsured charges in the 2016 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,

Myers and Stauffer LC