



December 18, 2020

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 18, 2020. In connection with our examination engagement, we noted the following matters which we would like to bring to your attention.

#### Obstetrical Care (OB) REQUIREMENT

The following provider certified they did not meet the OB requirement to qualify for a DSH payment:

- Saint Francis Hospital Vinita

Craig General Hospital initially applied for the 2017 DSH payment and represented that they met the OB requirement at the time of application. Saint Francis took over ownership during the DSH year and has determined the hospital did not meet the OB requirement for the periods they received the remaining DSH payments.

#### HOSPITAL-SPECIFIC DSH PAYMENT LIMIT

The following providers received DSH payments that exceeded their hospital-specific DSH limit calculated under the DSH Rule in MSP rate year 2017:

Hospital	DSH Payments Received	Calculated Hospital Specific Limit
ADAIR COUNTY HC INC	\$137,449	\$102,531
DRUMRIGHT REGIONAL HOSPITAL	\$78,776	\$(44,963)
JD MCCARTY C P CTR	\$548,693	\$227,998

## HOSPITAL-REPORTED UNINSURED CHARGES

The following two 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:

- Saint Francis Hospital
- Memorial Hospital of Texas County

### **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

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:

- Adair County HC Inc – Hospital did not submit all required documentation.
- 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.
- Craig General Hospital – Hospital was found to be out of business.

### **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.

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