

**Report on Disproportionate Share Hospital Verifications
(With Independent Accountant's Report Thereon)**

**State of Oklahoma
Department of Health Care Authority
4345 N. Lincoln Blvd.
Oklahoma City, Oklahoma 73105**

Disproportionate Share Hospital (DSH) Year Ended September 30, 2017

Prepared by:



**MYERS AND
STAUFFER** LC
CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Accountant's Report
and
Report on DSH Verifications**



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, 2017. 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.

Our examination was conducted 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 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.

Our examination does not provide a legal determination on the state of Oklahoma's compliance with federal Medicaid DSH requirements.

Title 42 of the Code of Federal Regulations, section 447.299, requires that Medicaid uncompensated care cost be reported net of third-party payments, including those received from Medicare and private insurance. However, on December 31, 2018, the Centers for Medicare and Medicaid Services (CMS) issued additional guidance indicating that the regulation and additional guidance related to including Medicare and private insurance payments does not apply to hospital services prior to June 2, 2017. As such, Medicare and private insurance payments for services prior to June 2, 2017 are not included in the calculation of total uncompensated care costs presented in the Report on DSH Verifications.

In our opinion, except for the effect of the items described in the Schedule of Data Caveats 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, 2017.

In accordance with Government Auditing Standards, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the state of Oklahoma's compliance with federal Medicaid DSH program requirements, as it relates to the six DSH verifications set forth in 42 CFR §455.301 and §455.304(d). We are also required to report on the findings with conclusions and recommendations. We performed our examination to express an opinion on the state of Oklahoma's compliance with federal Medicaid DSH program requirements and not for the purpose of expressing an opinion on the effectiveness of the state of Oklahoma's internal control or on compliance and other matters; accordingly we express no such opinion. Our examination disclosed certain findings that are required to be reported under Government Auditing Standards and these findings are described in the accompanying Schedule of Data Caveats Relating to the DSH Verifications.

The findings referred to above have been provided to the management of Oklahoma's Health Care Authority. Management has elected not to provide a response to these findings.

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 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
December 18, 2020

State of Oklahoma Disproportionate Share Hospital
Report on DSH Verifications
For the Year Ended September 30, 2017

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: The results of testing performed related to this verification are summarized in the Report on DSH Verifications (table) included with this report.

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: The results of testing performed related to this verification are summarized in the Report on DSH Verifications (table) included with this report.

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 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

State of Oklahoma Disproportionate Share Hospital
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For the Year Ended September 30, 2017

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: 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: The state of Oklahoma has retained documentation of costs and payments associated with calculating the hospital-specific DSH limits contained in this report. The state retains cost data through the collection of cost reports; Medicaid expenditure data through the MMIS and other documentation; and uninsured data through the DSH payment calculations and DSH examination.

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 2017 State MSP provides a description of the methodology for calculating each hospital's DSH payment but does not provide a description of the methodology for calculating hospital-specific DSH limits. Using documentation provided by the State and through discussions with OHCA personnel, we have been able to document the methodology for calculating hospital-specific DSH limits. The State relies on the Oklahoma Administrative Code for the definitions of inpatient hospital and outpatient hospital Medicaid reimbursable services when calculating the hospital-specific DSH limits.

State of Oklahoma Disproportionate Share Hospital
Report on DSH Verifications
For the Year Ended September 30, 2017

Oklahoma Administrative Code defines inpatient hospital services 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). Claims for inpatient admissions in acute care or critical access hospitals are reimbursed the lesser of the billed charges or the Diagnosis Related Groups (DRG) amount.
- (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 - 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.
 - (3) Same day admission/discharges other than obstetrical and newborn stays. In the event a member is admitted as an inpatient, but is determined to not qualify for an inpatient payment based on OHCA criteria, the hospital may bill on an outpatient claim for the ancillary services provided during that time.
 - (4) Discharges and Transfers. A hospital inpatient is considered discharged from a hospital paid under the DRG-based payment system when:
 - (A) The patient is formally released from the hospital; or
 - (B) The patient dies in the hospital; or
 - (C) The patient is transferred to a hospital that is excluded from the DRG-based payment system, or transferred to a distinct part psychiatric or rehabilitation unit of the same hospital. Such instances will result in two or more claims. Effective January 1, 2007, distinct part psychiatric and rehabilitation units excluded from the Medicare Prospective Payment System (PPS) of general medical surgical hospitals will require a separate provider identification number.

State of Oklahoma Disproportionate Share Hospital
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Oklahoma Administrative Code defines outpatient hospital services 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 (see OAC 317:30-5-41).
 - (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) In the event a member is admitted as an inpatient, but is determined to not qualify for an inpatient payment based on OHCA criteria, the hospital may bill on an outpatient claim for the ancillary services provided during that time.
- (e) 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.
- (f) 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).

Notes to Findings:

Treatment of Third Party Payers (TPP) in Calculating Uncompensated Care Costs (UCC)

Per the CMS bulletin released on August 18, 2020, the DSH examination has been completed based on recommended Method #2 in combination with the CMS "Additional Information of the DSH Reporting and Audit Requirements – Part 2", #21 methodology for pro-rating cost report periods to the state fiscal year. Each hospital's applicable TPP payments have been determined by pro-rating the TPP payments for the entire cost report period overlapping the state plan rate year (SPRY) to reflect the partial cost report period on or after June 2, 2017. This percentage of the cost report period occurring on or after June 2, 2017 was computed based on the number of days within the cost report period that occur on or after June 2, 2017, divided by the total number of days within the entire cost report year. The resulting fraction was then applied to the total cost report period TPP payments. The cost report period UCC was then prorated to the SPRY. The hospital's Medicaid and uninsured costs for the entire SPRY have only been offset by the portion of the TPP payments attributed to the percentage of the overlapping cost report period on or after June 2, 2017.

State of Oklahoma
Report on DSH Verifications (table)
For the Medicaid State Plan Rate Year Ended September 30, 2017

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?
ADAIR COUNTY HC INC	Yes	137,449	102,531	(34,918)	No	Yes	Yes	Yes	Yes
AHS CLAREMORE REGIONAL HOSPITAL, LLC	Yes	309,423	3,942,981	3,633,558	Yes	Yes	Yes	Yes	Yes
AHS SOUTHCREST HOSPITAL, LLC	Yes	523,791	9,965,330	9,441,539	Yes	Yes	Yes	Yes	Yes
ALLIANCEHEALTH DEACONESS	Yes	565,658	10,124,516	9,558,858	Yes	Yes	Yes	Yes	Yes
ALLIANCEHEALTH MIDWEST	Yes	931,151	14,198,054	13,266,903	Yes	Yes	Yes	Yes	Yes
ALLIANCEHEALTH PONCA CITY	Yes	248,741	2,608,280	2,359,539	Yes	Yes	Yes	Yes	Yes
BAILEY MEDICAL CENTER LLC	Yes	158,377	1,771,630	1,613,253	Yes	Yes	Yes	Yes	Yes
CAH ACQUISITION COMPANY 12 LLC	Yes	50,915	104,157	53,242	Yes	Yes	Yes	Yes	Yes
CAH ACQUISITION COMPANY 16 LLC	Yes	78,368	463,515	385,147	Yes	Yes	Yes	Yes	Yes
CLINTON HMA LLC	Yes	178,867	1,967,428	1,788,561	Yes	Yes	Yes	Yes	Yes
COAL COUNTY GENERAL HOSPITAL INC	Yes	22,148	788,495	766,347	Yes	Yes	Yes	Yes	Yes
COMANCHE COUNTY MEMORIAL HOSPITAL	Yes	862,071	6,176,996	5,314,925	Yes	Yes	Yes	Yes	Yes
CRAIG GENERAL HOSPITAL	Yes	79,294	385,365	306,072	Yes	Yes	Yes	Yes	Yes
CUSHING REGIONAL HOSPITAL	Yes	186,654	3,763,270	3,576,616	Yes	Yes	Yes	Yes	Yes
DRUMRIGHT REGIONAL HOSPITAL	Yes	78,776	(44,963)	(78,776)	No	Yes	Yes	Yes	Yes
DUNCAN REGIONAL HOSPITAL	Yes	352,825	6,154,198	5,801,373	Yes	Yes	Yes	Yes	Yes
DURANT HMA LLC	Yes	583,180	6,104,640	5,521,460	Yes	Yes	Yes	Yes	Yes
GREAT PLAINS REGIONAL MEDICAL CENTER	Yes	196,794	2,805,346	2,608,552	Yes	Yes	Yes	Yes	Yes
HENRYETTA MEDICAL CENTER	Yes	123,019	2,330,569	2,207,550	Yes	Yes	Yes	Yes	Yes
HILLCREST MEDICAL CENTER	Yes	3,558,624	57,253,819	53,695,195	Yes	Yes	Yes	Yes	Yes
INTEGRIS BAPTIST MEDICAL C	Yes	3,193,531	60,289,984	57,096,453	Yes	Yes	Yes	Yes	Yes
INTEGRIS BAPTIST REGIONAL HEALTH CE	Yes	300,662	5,196,824	4,896,162	Yes	Yes	Yes	Yes	Yes
INTEGRIS CANADIAN VALLEY HOSPITAL	Yes	236,160	5,029,611	4,793,451	Yes	Yes	Yes	Yes	Yes
INTEGRIS GROVE HOSPITAL	Yes	292,215	4,733,481	4,441,266	Yes	Yes	Yes	Yes	Yes
INTEGRIS HEALTH EDMOND, INC.	Yes	209,400	4,834,587	4,625,187	Yes	Yes	Yes	Yes	Yes
INTEGRIS SOUTHWEST MEDICAL	Yes	2,017,495	33,653,972	31,636,477	Yes	Yes	Yes	Yes	Yes
JANE PHILLIPS EP HSP	Yes	427,723	8,119,042	7,691,319	Yes	Yes	Yes	Yes	Yes
J D MCCARTY C P CTR	Yes	548,693	227,998	(320,695)	No	Yes	Yes	Yes	Yes
LAKESIDE WOMEN'S HOSPITAL, L.L.C.	Yes	41,645	1,705,602	1,663,957	Yes	Yes	Yes	Yes	Yes
MCALISTER REGIONAL	Yes	382,296	2,480,124	2,097,828	Yes	Yes	Yes	Yes	Yes
MEMORIAL HOSPITAL OF TEXAS COUNTY	Yes	88,989	522,708	433,719	Yes	Yes	Yes	Yes	Yes
MERCY HEALTH CENTER	Yes	1,912,031	25,699,429	23,787,398	Yes	Yes	Yes	Yes	Yes
MERCY HEALTH LOVE COUNTY	Yes	76,541	830,524	753,983	Yes	Yes	Yes	Yes	Yes
MERCY HOSPITAL ADA, INC.	Yes	584,084	14,208,473	13,624,389	Yes	Yes	Yes	Yes	Yes
MERCY HOSPITAL ARDMORE	Yes	880,639	14,157,195	13,276,556	Yes	Yes	Yes	Yes	Yes
MERCY HOSPITAL HEALDTON INC	Yes	76,387	579,874	503,487	Yes	Yes	Yes	Yes	Yes
MERCY HOSPITAL KINGFISHER, INC	Yes	129,761	1,588,736	1,458,975	Yes	Yes	Yes	Yes	Yes
MERCY HOSPITAL LOGAN COUNTY	Yes	137,777	1,724,117	1,586,340	Yes	Yes	Yes	Yes	Yes
MERCY HOSPITAL TISHOMINGO	Yes	108,656	1,445,082	1,336,426	Yes	Yes	Yes	Yes	Yes
MERCY HOSPITAL WATONGA INC	Yes	72,996	1,287,493	1,214,497	Yes	Yes	Yes	Yes	Yes
NORMAN REGIONAL HOSPITAL	Yes	1,668,597	16,653,639	14,985,042	Yes	Yes	Yes	Yes	Yes
OKLAHOMA STATE UNIVERSITY MEDICAL CENTER	Yes	1,479,267	8,773,923	7,294,656	Yes	Yes	Yes	Yes	Yes
PRAGUE COMMUNITY HOSPITAL	Yes	40,980	141,229	100,249	Yes	Yes	Yes	Yes	Yes
SAINT FRANCIS HOSPITAL	Yes	4,961,604	42,093,811	37,132,207	Yes	Yes	Yes	Yes	Yes
SAINT FRANCIS HOSPITAL MUSKOGEE	Yes	1,216,783	21,663,463	20,446,680	Yes	Yes	Yes	Yes	Yes
SAINT FRANCIS HOSPITAL SOUTH	Yes	303,137	5,641,302	5,338,165	Yes	Yes	Yes	Yes	Yes
SAINT FRANCIS HOSPITAL VINITA **	Yes	79,294	1,461,548	1,382,255	Yes	Yes	Yes	Yes	Yes
SEILING MUNICIPAL HOSPITAL	Yes	6,116	390,285	384,169	Yes	Yes	Yes	Yes	Yes
SEMINOLE HMA LLC	Yes	144,616	1,697,329	1,552,713	Yes	Yes	Yes	Yes	Yes
ST ANTHONY HSP	Yes	4,643,765	33,444,436	28,800,671	Yes	Yes	Yes	Yes	Yes
ST JOHN MED CTR	Yes	3,283,781	48,572,517	45,288,736	Yes	Yes	Yes	Yes	Yes
ST JOHN OWASSO	Yes	156,200	1,837,635	1,681,435	Yes	Yes	Yes	Yes	Yes
ST MARY'S REGIONAL CTR	Yes	312,059	7,720,458	7,408,399	Yes	Yes	Yes	Yes	Yes
ST. ANTHONY SHAWNEE HOSPITAL	Yes	616,996	2,520,462	1,903,466	Yes	Yes	Yes	Yes	Yes
STILLWATER MEDICAL CENTER	Yes	590,798	3,339,793	2,748,995	Yes	Yes	Yes	Yes	Yes
WEATHERFORD HOSPITAL AUTHORITY	Yes	86,651	1,579,937	1,493,286	Yes	Yes	Yes	Yes	Yes
WOODWARD HEALTH SYSTEM LLC	Yes	167,414	1,703,209	1,535,795	Yes	Yes	Yes	Yes	Yes
CARL ALBERT COMM MHC	Yes	431,291	3,611,810	3,180,519	Yes	Yes	Yes	Yes	Yes
GRIFFIN MEMORIAL HOSPITAL	Yes	2,146,984	20,043,457	17,896,473	Yes	Yes	Yes	Yes	Yes
JIM TALIAFERRO M H C	Yes	468,579	3,941,617	3,473,038	Yes	Yes	Yes	Yes	Yes
NORTHWEST CENTER FOR BEHAVIORAL HEALTH	Yes	226,394	3,535,273	3,308,879	Yes	Yes	Yes	Yes	Yes

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.

** Hospital did not certify that they met the OB Requirement

State of Oklahoma Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended September 30, 2017

Finding 1

Criteria:

Section 42 CFR §455.304(b) specifies that the State must submit to CMS a DSH examination report by December 31 each year for the Medicaid State plan rate year ending during the calendar year three years prior to that date.

Condition:

During the course of this examination, we found that six hospitals did not make available to us 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; or other payments made on behalf of the uninsured from payment adjustments under the DSH Rule.

One of these hospitals was found to be out of business. The uncompensated care costs for this hospital was calculated based on services reported from state supplied MMIS claims data only.

Four of these hospitals were found to be in bankruptcy proceedings. The uncompensated care costs for these hospitals were calculated based on services reported from state supplied MMIS claims data only.

One of these hospitals was found to be in business, had the capability to comply with the examination, but did not submit documentation or a completed survey. The uncompensated care costs for this hospital was calculated based on services reported from state supplied MMIS claims data.

Cause:

The Oklahoma Health Care Authority (OHCA) along with Myers and Stauffer LC provides educational material to the providers on the proper completion of the DSH Survey files and required documentation to be submitted with the DSH Surveys. Six hospitals were not able to pull all Medicaid eligible claims by the date the files were requested in order to provide a DSH examination report to the OHCA in accordance with the federal rules. One hospital went out of business and was purchased out of bankruptcy after receiving a portion of their 2017 DSH payment. The new owners received the remainder of their 2017 DSH payment and provided documentation for our examination. Four hospitals were in bankruptcy proceedings subsequent to receiving the 2017 DSH payment. One hospital found it difficult to meet the timeliness necessary to provide a DSH examination report to OHCA in accordance with the federal rules.

Finding 2

Criteria:

Section 1923(d) of the social security act specifies that:

(1) Except as provided in paragraph (2), no hospital may be defined or deemed as a disproportionate share hospital under a State plan under this title or under subsection (b) of this section unless the hospital has at least 2 obstetricians who have staff privileges at the hospital and who have agreed to provide obstetric services to individuals who are entitled to medical assistance for such services under such State plan.

(2)(A) Paragraph (1) shall not apply to a hospital—

- (i) the inpatients of which are predominantly individuals under 18 years of age; or
- (ii) which does not offer nonemergency obstetric services to the general population as of the date of the enactment of this Act

(B) In the case of a hospital located in a rural area (as defined for purposes of section 1886), in paragraph (1) the term “obstetrician” includes any physician with staff privileges at the hospital to perform nonemergency obstetric procedures.

Condition:

Our examination determined one provider did not certify to meeting the Obstetrical Care (OB) services requirement. This provider changed ownership during the DSH year. The previous owner submitted the application for the current year DSH payment which included an obstetrical care and certification statement. The new owner continued to receive the remaining DSH payments the state determined the previous owner qualified for. The new owner asserted they did not meet the OB requirement after the change in ownership and acknowledged they may have to return those payments.

Cause:

The Oklahoma Health Care Authority (OHCA) requires hospital applying for DSH to certify they meet the OB requirements of Section 1923(d) of the social security act. After a change in ownership the provider continued to receive the remainder of the DSH payment the previous owner certified to qualifying for. The new owner acknowledged they do not meet the OB requirement and may have to return those payments.

Schedule of Annual Reporting Requirements

State of Oklahoma
Schedule of Annual Reporting Requirements (table)
For the Medicaid State Plan Rate Year Ended September 30, 2017

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, the 79 Fed. Reg. 71679 dated December 3, 2014, the 82 Fed. Reg. 16114 dated April 3, 2017, and the withdrawal of FAQs 33 and 34 by CMS on December 31, 2018. The calculated uncompensated care costs (UCC) represent the net uncompensated costs of 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 UCC 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 cross-overs, Managed Care Medicaid primary, Managed Care Medicaid cross-overs, 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 diem 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, except for Medicare and private insurance payments for services prior to June 2, 2017, 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	V	W
Hospital Name	State Estimated Hospital-Specific DSH Limit	Medicaid IP 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 Payments (F+G+H)	Total Cost of Care-Medicaid IP/OP Services	Total Medicaid Uncompensated Care Costs (I-J)	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		Total In-State DSH Payments Received	Total Out-of-State DSH Payments Received	Medicaid Provider Number	Medicare Provider Number	Total Hospital Cost	
															Costs Reduced by Medicare and Private Insurance Payments (K-O)	Costs (K+O)						
ADAIR COUNTY HC INC	2,116,113	36.93%	24.04%	1% MIUR	3,040,504	0	1,642,599	4,683,463	4,785,994	102,531	0	0	0	0	102,531	137,449	0	100700030A	370178	13,164,030		
ANS CLAREMORE REGIONAL HOSPITAL, LLC	3,854,871	35.52%	18.73%	1% MIUR	6,625,336	0	3,743,623	10,368,959	12,533,707	2,164,748	254,401	0	2,022,634	1,778,233	3,942,981	309,423	0	20049390A	370039	43,012,082		
ANS SOUTHWEST HOSPITAL, LLC	3,127,744	25.63%	13.03%	1% MIUR	14,459,761	0	7,798,502	22,252,263	26,997,439	4,747,176	429,894	0	5,648,048	5,218,154	9,965,303	523,791	0	20049393A	370022	13,548,830		
ALLIANCE HEALTH DEACONESS	9,275,884	29.64%	15.84%	1% MIUR	11,714,951	0	6,748,468	18,463,419	22,781,873	4,318,454	1,257,178	0	7,063,240	5,806,062	10,124,516	565,658	0	100069370A	370032	97,209,019		
ALLIANCE HEALTH MIDWEST	16,633,196	29.12%	19.35%	1% MIUR	15,419,567	0	9,307,242	24,726,609	30,147,669	5,421,060	583,467	0	9,360,461	8,776,994	14,198,054	931,151	0	100700490A	370094	108,160,295		
ALLIANCE HEALTH PONCA CITY	4,462,160	40.09%	19.98%	1% MIUR	6,798,891	0	3,917,855	10,716,746	11,286,991	969,445	611,156	0	2,249,991	1,638,835	2,608,280	248,741	0	100699420A	370006	39,205,445		
BAILEY MEDICAL CENTER LLC	2,169,025	20.48%	9.12%	1% MIUR	2,616,351	0	1,497,589	4,113,940	4,934,694	820,794	760,778	0	1,711,454	950,876	1,771,630	158,377	0	200102450A	370228	31,823,383		
CAH ACQUISITION COMPANY 12 LLC	5,165,529	78.95%	12.73%	1% MIUR	376,991	0	316,666	693,657	797,814	104,157	0	0	0	0	104,157	50,915	0	20011370A	370118	2,388,557		
CAH ACQUISITION COMPANY 16 LLC	1,244,258	85.76%	20.25%	1% MIUR	932,925	0	317,197	1,241,122	1,704,637	463,515	0	0	0	0	463,515	78,368	0	200313370A	371335	4,644,506		
CLINTON HMA LLC	3,567,178	30.84%	19.30%	1% MIUR	2,486,447	0	1,613,697	4,100,144	4,975,419	875,275	218,532	0	1,310,685	1,092,153	1,967,428	178,867	0	100700010G	370029	17,438,230		
COAL COUNTY GENERAL HOSPITAL INC	82,734	30.56%	10.73%	1% MIUR	803,738	0	55,289	859,027	1,454,062	595,035	56,013	0	249,473	193,460	788,495	22,148	0	100774650D	371319	4,483,534		
COMBACHE COUNTY MEMORIAL HOSPITAL	1,741,800	29.06%	16.01%	1% MIUR	20,801,879	0	15,658,085	36,459,964	34,029,450	(4,430,514)	555,465	0	9,162,975	8,607,510	6,176,996	862,071	0	100749570S	370056	156,175,600		
CRAS GENERAL HOSPITAL	500,435	44.43%	17.34%	1% MIUR	371,175	0	318,669	689,844	1,075,209	385,265	0	0	0	0	385,265	79,294	0	100014008	370085	3,406,247		
CUSHING REGIONAL HOSPITAL	2,711,378	33.84%	21.17%	1% MIUR	3,128,417	0	1,499,574	4,627,991	7,084,274	2,456,283	90,464	0	1,397,451	1,306,987	3,763,270	186,654	0	200044190A	370099	21,057,544		
DEUMRIGHT REGIONAL HOSPITAL	589,731	52.94%	20.20%	1% MIUR	862,145	0	862,622	1,724,767	1,679,804	(44,963)	0	0	0	0	(44,963)	78,776	0	200259440A	371331	7,875,616		
DUNCAN REGIONAL HOSPITAL	2,336,283	32.45%	10.73%	1% MIUR	10,408,217	0	4,149,037	14,557,254	17,908,174	3,350,920	584,588	0	3,387,866	2,803,278	6,154,198	352,825	0	100700120A	370023	66,813,734		
DURANT HMA LLC	5,803,632	43.55%	22.19%	1% MIUR	13,725,600	0	8,073,650	21,799,250	23,920,142	2,120,892	673,056	0	4,656,804	3,983,748	6,104,640	583,180	0	100696610B	370014	60,097,013		
GREAT PLAINS REGIONAL MEDICAL CENTER	2,662,602	24.70%	15.14%	1% MIUR	3,771,144	0	1,818,106	5,590,250	7,115,982	1,525,732	376,355	0	1,655,869	1,379,614	2,805,346	196,794	0	100699410A	370019	34,003,692		
HENRYETTA MEDICAL CENTER	1,586,828	36.31%	18.28%	1% MIUR	2,393,348	0	712,527	3,105,905	4,679,233	1,573,328	120,880	0	717,121	2,330,569	123,019	0	0	100065700C	370183	14,402,601		
HILLCREST MEDICAL CENTER	21,074,154	41.37%	19.43%	1% MIUR	56,735,410	0	34,260,956	90,996,366	124,576,302	33,579,936	920,299	0	24,594,182	23,673,883	57,253,819	3,558,242	0	200044210A	370001	405,236,629		
INTEGRIS BAPTIST MEDICAL C	3,193,532	40.97%	15.58%	1% MIUR	63,806,456	0	38,961,301	102,767,757	140,211,236	37,443,479	1,910,441	0	24,756,946	22,846,505	60,289,984	3,193,531	0	100086400C	370028	574,676,251		
INTEGRIS BAPTIST REGIONAL HEALTH CE	4,271,412	41.33%	20.43%	1% MIUR	5,363,539	0	2,786,999	8,150,538	11,604,311	3,453,773	151,461	0	1,894,512	1,743,051	5,196,824	300,662	0	100099440A	370004	31,576,403		
INTEGRIS CANADIAN VALLEY HOSPITAL	2,065,104	34.30%	20.37%	1% MIUR	3,426,932	0	3,144,930	6,570,862	8,199,328	3,214,866	274,491	0	4,089,236	3,816,745	5,029,611	236,160	0	100700610A	370211	49,856,613		
INTEGRIS GROVE HOSPITAL	3,669,481	37.53%	16.48%	1% MIUR	5,348,483	0	2,328,819	7,677,302	10,377,889	2,657,887	285,868	0	2,368,762	2,080,884	5,733,481	292,215	0	100099770A	370113	34,361,686		
INTEGRIS HEALTH EDMOND, INC.	5,821,727	21.51%	13.70%	1% MIUR	3,378,143	0	1,571,627	4,949,770	7,651,323	2,701,553	372,537	0	2,505,571	2,133,034	4,834,587	209,400	0	200465550A	370236	49,696,701		
INTEGRIS SOUTHWEST MEDICAL	14,655,357	30.66%	15.55%	1% MIUR	28,014,330	0	14,657,448	42,681,778	58,380,112	15,698,334	1,046,626	0	19,002,264	17,955,638	33,653,972	2,107,495	0	100700200A	370106	198,185,081		
J D MCCARTY CP CTR	5,374,297	93.56%	100.00%	1% MIUR	11,406,117	54,274	3,137,315	14,543,432	14,771,430	227,998	0	0	0	0	227,998	548,693	0	100700670A	373300	16,293,940		
JANE PHILLIPS CPSP	2,020,854	17.82%	15.62%	1% MIUR	7,871,326	442,228	4,225,551	12,528,105	16,629,081	4,089,976	1,488,106	0	5,517,127	4,029,066	8,139,042	427,723	0	100699480A	370018	67,836,582		
LAKESIDE WOMEN'S HOSPITAL, L.L.C.	712,880	21.53%	10.88%	1% MIUR	1,088,515	0	0	1,088,515	2,908,953	1,820,438	313,139	0	198,303	(114,836)	1,705,602	41,645	0	100745350B	370199	21,160,531		
MCLESTER REGIONAL	2,296,074	29.70%	20.45%	1% MIUR	9,149,656	0	7,219,587	16,369,243	15,121,344	(1,247,899)	407,829	0	4,135,852	3,728,023	2,480,124	382,296	0	100710530D	370034	115,529,903		
MEMORIAL HOSPITAL OF TEXAS COUNTY	1,202,252	45.93%	30.88%	1% MIUR	1,331,022	0	1,442,440	2,773,462	2,730,350	(43,112)	234,343	0	800,163	565,820	522,708	88,289	0	100699630A	371340	10,466,640		
MERCY HEALTH CENTER	10,362,394	26.72%	12.71%	1% MIUR	31,076,287	54,274	17,315,316	48,485,877	63,419,555	14,973,678	3,424,138	0	14,049,889	10,725,751	25,899,429	1,912,011	0	100699990A	370013	358,959,494		
MERCY HEALTH LOWE COUNTY	1,623,625	19.24%	11.98%	1% MIUR	483,945	0	728,387	1,212,332	1,257,017	44,685	62,067	0	847,906	785,938	830,234	75,241	0	100699960A	371036	5,433,756		
MERCY HOSPITAL ADA, INC.	7,803,282	56.12%	19.31%	1% MIUR	12,207,687	2,023	5,713,940	17,923,650	28,009,629	10,085,979	798,453	0	4,920,947	4,122,494	14,208,473	584,084	0	200509290A	370020	81,244,541		
MERCY HOSPITAL ARMORE	9,197,095	31.75%	19.63%	1% MIUR	17,338,386	26,029	8,838,415	26,202,830	32,627,659	6,424,829	694,350	0	8,426,716	7,732,366	14,157,195	880,639	0	100626220C	370047	115,529,903		
MERCY HOSPITAL HEALDTON INC	1,635,249	25.38%	20.27%	1% MIUR	465,187	142	460,082	925,411	989,651	64,240	22,933	0	538,567	515,634	579,874	76,387	0	200226190A	371310	3,180,360		
MERCY HOSPITAL KINGSHIPR, INC	2,704,273	31.71%	12.15%	1% MIUR	782,237	296	499,156	1,281,689	2,279,695	996,006	151,482	0	742,212	590,730	1,588,736	129,761	0	20051810B	371313	10,316,800		
MERCY HOSPITAL LOGAN COUNTY	1,941,260	37.03%	17.83%	1% MIUR	1,867,576	1,450	927,995	2,796,121	3,402,369	626,248	136,882	0	1,254,751	1,117,869	1,724,117	137,777	0	200425410C	371317	10,834,588		
MERCY HOSPITAL TISHOMINGO	1,539,834	46.04%	21.83%	1% MIUR	1,108,673	482	522,845	1,632,000	2,468,247	836,247	31,505	0	640,340	608,835	1,445,082	108,656	0	200318440B	371304	5,306,854		
MERCY HOSPITAL WATONGA INC	1,335,883	25.15%	23.56%	1% MIUR	705,098	521	415,715	1,121,334	1,648,677	527,343	51,975	0	812,125	760,150	1,287,493	72,996	0	200490030A	371302	5,754,264		
NORMAN REGIONAL HOSPITAL	6,372,118	28.33%	15.90%	1% MIUR	29,342,615	0	23,826,234	53,168,849	62,399,681	9,230,832	5,873,882	0	13,296,689	7,422,807	16,653,639	1,668,597	0	100700690A	370008	281,619,416		
OKLAHOMA STATE UNIVERSITY MEDICAL CENTER	8,008,792																					

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, 2017.

Myers and Stauffer LC

Myers and Stauffer LC

December 18, 2020

Austin, TX