

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

**State of Missouri  
Missouri Department of Social Services  
Jefferson City, Missouri**

**DSH Year Ended June 30, 2011**

**Prepared by:**



**MYERS AND  
STAUFFER<sup>LC</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountant's Report  
and  
Report on DSH Verifications



Missouri Department of Social Services  
Jefferson City, Missouri

Independent Accountant's Report

We have examined the state of Missouri'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 ending June 30, 2011. The state of Missouri is responsible for compliance with federal Medicaid DSH program requirements. Our responsibility is to express an opinion on the state of Missouri's compliance with federal Medicaid DSH program requirements based on our examination.

Except as discussed in the Schedule of Data Caveats Relating to the DSH Verifications, we conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants, and General DSH Audit and Report Protocol as required by 42 CFR §455.301 and §455.304(d). Based on these standards, our examination included examining, on a test basis, evidence about the state of Missouri's compliance with those requirements and performing such other procedures we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the state of Missouri's compliance with federal Medicaid DSH requirements.

Our examination was conducted for the purpose of forming an opinion on the state of Missouri'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.

In our opinion, except for the effect of the items addressed in the Schedule of Data Caveats Relating to the DSH Verifications, the Report on DSH Verifications presents fairly the state of Missouri's compliance with federal Medicaid DSH program requirements addressed by the DSH verifications for the year ending June 30, 2011.

Myers and Stauffer LC

December 23, 2014

State of Missouri Disproportionate Share Hospital (DSH)

Report on DSH Verifications

For the Year Ended June 30, 2011

As required by 42 CFR §455.304(d) the state of Missouri 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 and Federal Register/Vol. 79, No. 232, December 3, 2014.

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.

State of Missouri Disproportionate Share Hospital (DSH)

Report on DSH Verifications

For the Year Ended June 30, 2011

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 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 Missouri 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: The documentation retained related to the calculation of the hospital-specific DSH limits contained in this report includes a description of the methodology used to calculate each hospital's DSH limit under Section 1923(g)(1) of the Act. For DSH payment purposes, the state defines the hospitals' payment limits in accordance with its state plan. For purposes of this examination, the state defines the hospitals' payment limits in accordance with 42 CFR §455.304.

State of Missouri  
Report on DSH Verifications (table)  
For the Medicaid State Plan Rate Year Ended June 30, 2011

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)	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?
Advanced Healthcare Medical Center	Yes	181,070	815,231	634,161	Yes	Yes	Yes	Yes
Audrain Medical Center	Yes	1,479,977	457,424	(1,022,553)	Yes	Yes	Yes	Yes
Aurora Community Hospital	Yes	888,853	787,364	(101,489)	Yes	Yes	Yes	Yes
Barnes-Jewish Hospital - St. Louis	Yes	38,869,567	32,961,118	(5,908,449)	Yes	Yes	Yes	Yes
Barnes-Jewish St. Peters Hospital	Yes	2,959,394	3,530,130	570,736	Yes	Yes	Yes	Yes
Barnes-Jewish West County Hospital	Yes	1,527,269	1,495,453	(31,816)	Yes	Yes	Yes	Yes
Bates County Memorial Hospital	Yes	802,404	881,524	79,120	Yes	Yes	Yes	Yes
Boone Hospital Center	Yes	3,293,891	3,291,268	(2,623)	Yes	Yes	Yes	Yes
Bothwell Regional Health Center	N/A	0	(863,492)	0	Yes	Yes	Yes	Yes
Cameron Community Hospital	Yes	1,399,382	1,407,292	7,910	Yes	Yes	Yes	Yes
Cardinal Glennon Children's Hospital	Yes	12,935,717	(38,064,201)	(12,935,717) **	Yes	Yes	Yes	Yes
Carroll County Memorial Hospital	Yes	261,088	579,153	318,065	Yes	Yes	Yes	Yes
Cass Medical Center	Yes	1,508,619	3,123,220	1,614,601	Yes	Yes	Yes	Yes
Cedar County Memorial Hospital	Yes	424,416	568,439	144,023	Yes	Yes	Yes	Yes
Center for Behavioral Medicine	Yes	12,399,576	11,374,789	(1,024,787)	Yes	Yes	Yes	Yes
Centerpoint Medical Center	Yes	7,127,070	5,038,752	(2,088,318)	Yes	Yes	Yes	Yes
Centerpointe Hospital	Yes	380,458	(2,910,114)	(380,458) **	Yes	Yes	Yes	Yes
Childrens Mercy Hospital	Yes	7,979,471	11,055,980	3,076,509	Yes	Yes	Yes	Yes
Christian Hospital Northeast	Yes	13,047,489	15,395,520	2,348,031	Yes	Yes	Yes	Yes
Citizens Memorial Hospital	Yes	1,480,076	2,097,586	617,510	Yes	Yes	Yes	Yes
Community Hospital Assn - Fairfax	Yes	176,460	712,172	535,712	Yes	Yes	Yes	Yes
Cooper County Memorial Hospital	Yes	465,550	428,532	(37,018)	Yes	Yes	Yes	Yes
Cox (Lester E.) Medical Center	Yes	19,702,308	18,169,234	(1,533,074)	Yes	Yes	Yes	Yes
Cox-Monett Hospital	Yes	1,798,653	1,658,782	(139,871)	Yes	Yes	Yes	Yes
DePaul Health Center	Yes	12,730,244	7,528,623	(5,201,621)	Yes	Yes	Yes	Yes
Des Peres Hospital	N/A	0	(928,558)	0	Yes	Yes	Yes	Yes
Ozarks Community Hospital - Springfield	Yes	1,579,450	(439,986)	(1,579,450)	Yes	Yes	Yes	Yes
Ellett Memorial Hospital	Yes	91,560	220,752	129,192	Yes	Yes	Yes	Yes
Excelsior Springs Medical Center	Yes	1,151,163	989,780	(161,383)	Yes	Yes	Yes	Yes
Forest Park Hospital	Yes	358,526	(632,056)	(358,526)	Yes	Yes	Yes	Yes
Freeman-Neosho Hospital	Yes	1,189,647	371,603	(818,044)	Yes	Yes	Yes	Yes
Freeman-Oak Hill Health System	N/A	0	(7,756,188)	0	Yes	Yes	Yes	Yes
Fulton State Hospital	Yes	66,178,675	73,832,387	7,653,712	Yes	Yes	Yes	Yes
Golden Valley Memorial Hospital	Yes	1,620,174	2,091,431	471,257	Yes	Yes	Yes	Yes
Hannibal Regional Hospital	Yes	5,986,079	3,605,471	(2,380,608)	Yes	Yes	Yes	Yes
Harrison County Community Hospital	Yes	438,743	553,445	114,702	Yes	Yes	Yes	Yes
Hawthorn Children's Psychiatric Hospital	Yes	6,537,192	(1,524,674)	(6,537,192)	Yes	Yes	Yes	Yes
Heartland LTAC	N/A	0	842,636	842,636	Yes	Yes	Yes	Yes
Hedrick Medical Center	Yes	1,342,718	1,559,767	217,049	Yes	Yes	Yes	Yes
Hermann Area District Hospital	Yes	441,793	306,713	(135,080)	Yes	Yes	Yes	Yes
I-70 Medical Center	Yes	319,032	320,896	1,864	Yes	Yes	Yes	Yes
Iron County Hospital	Yes	547,302	83,930	(463,372)	Yes	Yes	Yes	Yes
Jefferson Memorial Hospital	Yes	2,598,428	3,113,189	514,761	Yes	Yes	Yes	Yes
John Fitzgibbon Memorial Hospital	Yes	1,157,010	1,251,477	94,467	Yes	Yes	Yes	Yes
Kindred Healthcare - Kansas City	Yes	1,065,942	4,168	(1,061,774)	Yes	Yes	Yes	Yes

State of Missouri  
Report on DSH Verifications (table)  
For the Medicaid State Plan Rate Year Ended June 30, 2011

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)	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?
Lafayette Regional Health Center	Yes	1,284,202	1,704,959	420,757	Yes	Yes	Yes	Yes
Lake Regional Health System	Yes	4,953,762	2,566,998	(2,386,764)	Yes	Yes	Yes	Yes
Landmark Hospital of Columbia	Yes	172,883	(465,556)	(172,883)	Yes	Yes	Yes	Yes
Lee's Summit Hospital	Yes	2,434,975	3,010,677	575,702	Yes	Yes	Yes	Yes
Liberty Hospital	Yes	6,460,933	5,003,213	(1,457,720)	Yes	Yes	Yes	Yes
Lincoln County Memorial Hospital	Yes	2,076,258	1,982,439	(93,819)	Yes	Yes	Yes	Yes
Macon County Samaritan Memorial Hospital	N/A	0	131,061	131,061	Yes	Yes	Yes	Yes
Madison Medical Center	Yes	350,985	386,821	35,836	Yes	Yes	Yes	Yes
McCune-Brooks Hospital	Yes	1,782,461	1,226,442	(556,019)	Yes	Yes	Yes	Yes
Metropolitan St. Louis Psychiatric Center	Yes	14,000,994	13,862,724	(138,270)	Yes	Yes	Yes	Yes
Mineral Area Regional Medical Center	Yes	13,907	(3,879,395)	(13,907)	Yes	Yes	Yes	Yes
Missouri Baptist Hospital of Sullivan	Yes	2,263,009	2,589,062	326,053	Yes	Yes	Yes	Yes
Missouri Baptist Medical Center	Yes	1,534,442	2,833,109	1,298,667	Yes	Yes	Yes	Yes
Missouri Delta Medical Center	Yes	2,217,797	6,263,157	4,045,360	Yes	Yes	Yes	Yes
Missouri Southern Healthcare	Yes	709,191	654,984	(54,207)	Yes	Yes	Yes	Yes
Nevada Regional Medical Center	Yes	1,410,056	1,311,774	(98,282)	Yes	Yes	Yes	Yes
North Kansas City Hospital	Yes	9,350,632	13,786,766	4,436,134	Yes	Yes	Yes	Yes
Northwest Medical Center (Gentry)	Yes	868,250	782,581	(85,669)	Yes	Yes	Yes	Yes
Northwest Missouri Psychiatric Rehabilitation Center	Yes	17,798,822	19,470,865	1,672,043	Yes	Yes	Yes	Yes
Ozarks Medical Center	Yes	5,560,040	1,137,378	(4,422,662)	Yes	Yes	Yes	Yes
Parkland Health Center - Farmington	Yes	2,983,881	3,170,690	186,809	Yes	Yes	Yes	Yes
Perry County Memorial Hospital	Yes	237,068	246,890	9,822	Yes	Yes	Yes	Yes
Pershing Memorial Hospital	Yes	468,570	552,337	83,767	Yes	Yes	Yes	Yes
Phelps County Regional Medical Center	Yes	6,167,748	4,442,380	(1,725,368)	Yes	Yes	Yes	Yes
Pike County Memorial Hospital	Yes	493,210	604,807	111,597	Yes	Yes	Yes	Yes
Poplar Bluff Regional Medical Center	Yes	3,487,584	(2,466,599)	(3,487,584)	Yes	Yes	Yes	Yes
Progress West Healthcare Center	Yes	2,953,948	3,363,698	409,750	Yes	Yes	Yes	Yes
Research Medical Center	Yes	12,383,731	12,635,249	251,518	Yes	Yes	Yes	Yes
Ripley County Memorial Hospital	Yes	256,156	835,211	579,055	Yes	Yes	Yes	Yes
Royal Oaks Hospital	Yes	955,313	201,213	(754,100)	Yes	Yes	Yes	Yes
Sac-Osage Hospital	Yes	89,663	(341,380)	(89,663)	Yes	Yes	Yes	Yes
Salem Memorial District Hospital	Yes	686,938	415,041	(271,897)	Yes	Yes	Yes	Yes
Scotland County Memorial Hospital	Yes	114,244	357,419	243,175	Yes	Yes	Yes	Yes
Select Specialty Hospital - St. Louis	Yes	52,152	(238,925)	(52,152)	Yes	Yes	Yes	Yes
Shriners Hospital for Children	Yes	2,166,672	3,140,815	974,143	Yes	Yes	Yes	Yes
Skaggs Community Hospital	Yes	5,871,612	5,809,783	(61,829)	Yes	Yes	Yes	Yes
South Barry County Memorial Hospital	Yes	816,434	(847,661)	(816,434)	Yes	Yes	Yes	Yes
Southeast Missouri Hospital	Yes	14,278,986	14,423,150	144,164	Yes	Yes	Yes	Yes
Southeast Missouri Mental Health	Yes	40,710,877	44,203,968	3,493,091	Yes	Yes	Yes	Yes
SSM Rehabilitation Institute	Yes	963,648	(392,924)	(963,648)	Yes	Yes	Yes	Yes
St. Alexius Hospital	Yes	8,004,466	(12,491,479)	(8,004,466)	Yes	Yes	Yes	Yes
St. Anthony's Medical Center	Yes	12,291,095	14,208,497	1,917,402	Yes	Yes	Yes	Yes
St. Francis Hospital - Maryville	Yes	1,632,407	2,107,893	475,486	Yes	Yes	Yes	Yes
St. Francis Hospital - Mountain View	Yes	1,086,375	610,369	(476,006)	Yes	Yes	Yes	Yes
St. Francis Medical Center - Cape Girardeau	Yes	16,829,088	7,806,357	(9,022,731)	Yes	Yes	Yes	Yes



State of Missouri  
 Report on DSH Verifications (table)  
 For the Medicaid State Plan Rate Year Ended June 30, 2011

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)	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?
St. John's Hospital - Lebanon	Yes	4,870,138	3,669,082	(1,201,056)	Yes	Yes	Yes	Yes
St. John's Mercy Hospital - Washington	Yes	3,683,448	9,511,753	5,828,305	Yes	Yes	Yes	Yes
St. John's Mercy Rehabilitation Hospital	Yes	786,770	1,419,701	632,931	Yes	Yes	Yes	Yes
St. John's Regional Health Center	Yes	41,225,660	20,233,514	(20,992,146)	Yes	Yes	Yes	Yes
St. John's Regional Medical Center - Joplin	Yes	10,404,798	5,825,912	(4,578,886)	Yes	Yes	Yes	Yes
St. Joseph Health Center - Kansas City	Yes	3,516,388	5,153,322	1,636,934	Yes	Yes	Yes	Yes
St. Joseph Health Center - St. Charles	Yes	8,332,774	3,879,761	(4,453,013)	Yes	Yes	Yes	Yes
St. Joseph Hospital - Kirkwood	Yes	14,948,048	7,133,048	(7,815,000)	Yes	Yes	Yes	Yes
St. Joseph Hospital West	Yes	2,509,951	1,528,959	(980,992)	Yes	Yes	Yes	Yes
St. Louis Psychiatric Rehabilitation Center	Yes	28,313,741	30,429,002	2,115,261	Yes	Yes	Yes	Yes
St. Louis University Medical Center	Yes	15,650,726	8,283,231	(7,367,495)	Yes	Yes	Yes	Yes
St. Luke's Hospital of Kansas City	Yes	12,386,543	6,864,345	(5,522,198)	Yes	Yes	Yes	Yes
St. Luke's Northland Hospital	Yes	2,674,046	4,636,708	1,962,662	Yes	Yes	Yes	Yes
St. Mary's Health Center - Jefferson City	Yes	3,317,051	2,786,328	(530,723)	Yes	Yes	Yes	Yes
St. Mary's Hospital - Blue Springs	Yes	1,591,092	1,901,513	310,421	Yes	Yes	Yes	Yes
Ste. Genevieve County Memorial	Yes	377,636	612,614	234,978	Yes	Yes	Yes	Yes
Sullivan County Memorial Hospital	Yes	342,162	324,754	(17,408)	Yes	Yes	Yes	Yes
Texas County Memorial Hospital	Yes	584,782	403,327	(181,455)	Yes	Yes	Yes	Yes
Truman Medical Center Hospital Hill	Yes	72,380,865	45,288,338	(27,092,527)	Yes	Yes	Yes	Yes
Truman Medical Center Lakewood	Yes	19,201,548	19,231,938	30,390	Yes	Yes	Yes	Yes
Twin Rivers Regional Medical Center	Yes	1,226,304	(13,171,877)	(1,226,304)	Yes	Yes	Yes	Yes
Two Rivers Psychiatric Hospital	Yes	567,886	1,007,216	439,330	Yes	Yes	Yes	Yes
Washington County Memorial	Yes	987,127	526,806	(460,321)	Yes	Yes	Yes	Yes
Western Missouri Medical Center	Yes	1,572,694	1,138,729	(433,965)	Yes	Yes	Yes	Yes
Wright Memorial Hospital	Yes	924,949	1,198,724	273,775	Yes	Yes	Yes	Yes

\* Facilities marked "N/A" did not have a DSH payment to retain but were included in the examination at the request of the state in order to be eligible to receive any potential redistribution of DSH payments.

\*\* The DSH <Over> Payment amounts for the hospitals noted include out-of-state DSH payments. The out-of-state DSH payments for these hospitals do not have to be re-distributed by the state of Missouri.

State of Missouri Disproportionate Share Hospital (DSH)

Schedule of Data Caveats Relating to the DSH Verifications

For the Year Ended June 30, 2011

During the course of the engagement, the following data issues or other caveats were identified and are being reported in accordance with the requirements of 42 CFR 455.301.

(1) **Uninsured Patient Payments**

The following hospitals were unable to satisfactorily document uninsured patient payments received during the DSH year. In many cases the hospitals could not provide the date of collection and/or reported the payments on an accrual basis instead of the required cash basis. Other hospitals were unable to provide any payments or only provided a partial year of payments. These payment issues may result in a misstated uncompensated care cost calculation. These difficulties were most often related to the time period between the patient service dates and/or cash receipt dates (DSH year 2011) and the timing of the DSH examination (calendar year 2014) and not necessarily due to inaction or lack of cooperation by the hospitals listed.

Centerpointe Hospital (Spirit of St. Louis)
Liberty Hospital
Southeast Missouri Mental Health
St. John's Hospital - Lebanon
St. Joseph Health Center - Kansas City
St. Mary's Hospital - Blue Springs
Western Missouri Medical Center
Wright Memorial Hospital

(2) **Partially Documented Uninsured Uncompensated Care Cost**

The following hospital was unable to satisfactorily document the services they provided to uninsured patients and the uninsured payments received during the DSH year. However, this hospital was able to estimate the uninsured services provided and payments received using hospital records. Due to the lack of documentation, we were unable to fully test the reasonableness of the hospital's estimates and the impact of any potential misstatement on their uncompensated care cost calculations.

I-70 Medical Center
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State of Missouri Disproportionate Share Hospital (DSH)

Schedule of Data Caveats Relating to the DSH Verifications

For the Year Ended June 30, 2011

(3) **Dual Eligible (patients with both Medicare and Medicaid)**

We were unable to satisfactorily document the dual-eligible (patients with both Medicare and Medicaid) services provided and payments received. Dual-eligible paid claims summaries from the state's Medicaid Management Information Systems (MMIS) are incomplete for two primary reasons.

The state's MMIS paid claims data does not include all dual-eligible claims where the hospitals did not bill Medicaid, thus Medicaid did not share in the cost. An example would be where Medicare pays on a claim and there is no remaining patient liability to cross-over to Medicaid. To minimize this data issue, hospitals were asked to self-report "other" Medicaid eligible claims not included in the state's MMIS dual-eligible paid claims. These self-reported "other" Medicaid-eligible claims were included in the final uncompensated care cost (UCC) for each hospital.

The state's MMIS dual-eligible paid claims data is also missing charge data on specific claims. In these cases, hospitals self-reported the missing charge data or charge estimates were made in the final UCC calculations.

(4) **Missouri Medicaid Managed Care and State Children's Health Insurance Program**

We were unable to obtain Missouri Medicaid managed care paid claims summaries from the Medicaid managed care organizations to satisfactorily document the Missouri Medicaid managed care services provided and payments received. The state of Missouri also experienced difficulties accumulating the claims data we requested for the Medicaid managed care services provided by the DSH hospitals. Missouri Medicaid managed care services are included in the uncompensated care cost calculations for hospitals that were able to provide their own internal data. However, the hospitals' internal data may include individuals paid by the Children's Health Insurance Program (CHIP). Hospitals are not able to separate CHIP individuals from other Medicaid individuals.

(5) **Out-of-State (non-Missouri) Medicaid**

The majority of hospitals were unable to obtain Medicaid out-of-state paid claims reports to satisfactorily document the out-of-state services provided and payments received. Out-of-state (non-Missouri) Medicaid services are included in the uncompensated care cost calculation for hospitals that were able to provide their own internal data. Several hospitals did not report any out-of-state Medicaid services. These difficulties were predominately due to hospital requests to out-of-state Medicaid agencies not being responded to timely, and not necessarily due to inaction or a lack of cooperation by the hospitals.

State of Missouri Disproportionate Share Hospital (DSH)

Schedule of Data Caveats Relating to the DSH Verifications

For the Year Ended June 30, 2011

(6) **State-Owned and Operated Psychiatric Hospital Uncompensated Care Cost Calculations**

The following state-owned and operated psychiatric hospitals were unable to provide satisfactory documentation during field work for the uninsured services and Medicaid-eligible services provided. We were unable to satisfactorily test that only uninsured and Medicaid-eligible patients were included in the uncompensated care cost calculations. These difficulties fulfilling our data request appear to be related to system limitations and not necessarily due to inaction or lack of cooperation by the hospitals listed.

Center for Behavioral Medicine
Fulton State Hospital
Metropolitan St. Louis Psychiatric Center
Southeast Missouri Mental Health

(7) **Court-Ordered Patients**

In accordance with CMS guidance, prisoners were excluded from the uncompensated care cost as presented in this report. However, the following state-owned and operated psychiatric hospitals included court-ordered patients in the uncompensated care cost calculation. Federal guidance with respect to a patient's insurance status is unclear when patients have been involuntarily hospitalized under a 72-hour hold, found not-guilty by reason of insanity, admitted to determine their mental competency to stand trial, or previously served a court-ordered sentence but have not been discharged. These individuals were left in the uncompensated care cost calculations presented in this report.

Center for Behavioral Medicine
Fulton State Hospital
Hawthorn Children's Psychiatric Hospital
Metropolitan St. Louis Psychiatric Center
Northwest Missouri Psychiatric Rehabilitation Center
Southeast Missouri Mental Health
St. Louis Psychiatric Rehabilitation Center

(8) **Missouri DSH State Plan**

Missouri hospitals were not required to report uncompensated care cost (UCC) for DSH payment purposes in 2011 under the same requirements as required by the DSH examination in accordance with the Federal Register/Vol. 73, No. 245, December 19, 2008 and Federal Register/Vol. 79, No. 232, December 3, 2014. The hospitals were paid DSH under a Centers for Medicare and Medicaid Services (CMS) approved state plan that did not include the same calculations for UCC as required under the DSH examination. The State of Missouri and several DSH hospitals believe their UCC would have been significantly higher had they been allowed to report them in accordance with the CMS approved Missouri state plan for the 2011 DSH year.

State of Missouri Disproportionate Share Hospital (DSH)

Schedule of Data Caveats Relating to the DSH Verifications

For the Year Ended June 30, 2011

(9) **Attestation Statements**

Hospitals were requested to sign attestation statements related to the additional data they provided to us during our field examination. The following hospitals did not sign the requested field attestation statements.

Research Medical Center
St. Francis Hospital - Mountain View
St. John's Hospital - Aurora
St. John's Regional Health Center

(10) **Medicaid Cost Report Settlements**

Missouri Medicaid calculates cost report settlements related to outpatient payments for new and nominal charge hospitals. As of the date of this report, the final outpatient cost report settlements overlapping the 2011 DSH year had not been fully completed for the following hospitals. The state was able to provide preliminary settlement amounts based on estimates or other as-filed data. These estimated settlements have been included in the uncompensated care calculations. When completed in future years, the final cost report settlements may result in additional Medicaid payments or recoupments.

SSM Rehabilitation Institute
Shriners Hospitals for Children
Truman Medical Center - Hospital Hill
Truman Medical Center - Lakewood

(11) **Hospital Health Care Taxes**

CMS indicated in the final DSH audit rule (Federal Register/Vol. 73, No. 245, December 19, 2008) that existing Medicaid policy recognizes permissible health care taxes as an allowable cost for purposes of Medicaid reimbursement, and that a portion of the tax may also be recognized for uninsured services. CMS also indicated in a letter to Missouri that the August 2010 Medicare clarifications related to health care related taxes did not impact existing Medicaid policy.

Due to the different treatment of the health care related taxes for Medicare purposes and the inconsistent treatment on the Medicare 2552 cost report form, adjustments were made, when needed, during the DSH examination to properly include the full health care related tax expense as allowable cost for apportionment to Medicaid and uninsured services. The Medicaid cost report (form 2552), which typically excludes the health care related tax expense, was the initial basis for calculating allowable cost. The full health care related tax was then added to the Medicaid cost report allowable cost on the basis of total cost in each hospital reimbursable cost center. The adjusted total allowable cost is then apportioned to Medicaid and uninsured using Medicare cost reporting mechanics. This allows for the Medicaid and uninsured share of the full health care related tax expense to be recognized in accordance with DSH audit guidance.

State of Missouri Disproportionate Share Hospital (DSH)

Schedule of Data Caveats Relating to the DSH Verifications

For the Year Ended June 30, 2011

(12) **Uncertified Beds**

The uncompensated care costs (UCC) for the facilities listed below include cost associated with patients residing in uncertified beds (beds that are not Medicare certified because they do not meet the additional Medicare Conditions of Participation (CoP) required for psychiatric hospitals). The state does not bill Medicare or Medicaid for any services provided to patients in these beds. It is the opinion of the state and its legal counsel that uncompensated costs associated with these patients may be included in a hospital's DSH calculation since CMS regulations and guidance do not clearly establish that Medicare's special CoPs are relevant to the issue of which costs may be included in the DSH calculation.

Fulton State Hospital	\$ 71,953,289
Northwest Missouri Psychiatric Rehabilitation Center	\$ 15,883,309
Southeast Missouri Mental Health	\$ 34,748,872
St. Louis Psychiatric Rehabilitation Center	\$ 27,234,278

(13) **Obstetrician Eligibility Requirements**

MHD interprets Section 1923(d) of the Social Security Act as hospitals that opened after December 22, 1987 are not subject to the obstetrician eligibility requirement to qualify as a DSH hospital. Based on the most stringent reading of the April 7, 2014 CMS DSH audit guidance related to obstetrician requirements for DSH eligibility, the following hospitals may not meet the obstetrician requirements in Section 1923(d) of the Social Security Act. This determination is based solely on self-reported obstetrician data for DSH state plan rate year 2011. The DSH examination does not include a review of the obstetrician data.

I-70 Medical Center
Kindred Healthcare - Kansas City
Landmark Hospital of Columbia
Select Specialty Hospital - St. Louis
St. John's Mercy Rehabilitation Hospital

(14) **St. John's Regional Medical Center - Joplin**

On May 22, 2011, St. John's Regional Medical Center – Joplin was struck by an EF5 tornado, and the hospital was destroyed. Many records were lost in the disaster. The current hospital staff is unable to locate records necessary to adequately support the day and charge grouping methodology used for their cost report preparation and the DSH uncompensated care cost totals.

State of Missouri Disproportionate Share Hospital (DSH)

Schedule of Data Caveats Relating to the DSH Verifications

For the Year Ended June 30, 2011

(15) **St. John's Hospital - Lebanon**

Due to a system conversion, St. John's Hospital – Lebanon was unable to provide complete patient detail to support all Medicare/Medicaid dual-eligible zero paid claims. The zero paid Medicaid claims include any Medicaid-eligible patient claim not included in the state's MMIS data. These types of claims typically result from dual-eligible claims where Medicaid did not have any cost sharing. The hospital's partial data (after the system conversion) was used to estimate the complete year of Medicare/Medicaid dual-eligible zero paid claims and included in the final uncompensated care cost calculation. This resulted in an increased uncompensated care cost of approximately \$105,467.

## Schedule of Annual Reporting Requirements





State of Missouri  
 Schedule of Annual Reporting Requirements  
 for the Medicaid State Plan Rate Year Ended June 30, 2011

**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 and the 79 Fed. Reg. 71679 dated December 3, 2014. The calculated uncompensated care costs (UCC) represent the net uncompensated costs of providing inpatient and outpatient hospital services to 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 form 2552 Medicaid cost report, Medicaid Paid Claims Summaries, and Hospital-Provided Data. Total uncompensated care costs 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 Crossovers, Managed Care Medicaid primary, Managed Care Medicaid Crossover, 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 form 2552 Medicaid Cost Report. These costs were then reduced by the total payments received for the services provided, 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
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 Medicaid Payments (F+G+H)	Total Cost of Care - Medicaid IP-OP Services	Total Medicaid Uncompensated Care Costs (J-I)	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 Costs (K-O)	Total In-State DSH Payments Received*	Total Out-of-State DSH Payments Received	Medicaid Provider Number	Medicare Provider Number	Total Hospital Cost
St. John's Regional Health Center	54,466,768	35.82%	19.53%	0	172,012,800	3,169,080	0	175,181,880	167,151,789	(8,030,091)	3,297,180	0	31,560,785	28,263,605	20,233,514	41,225,660	0	010135408	260065	615,381,838
St. John's Regional Medical Center - Joplin	10,233,833	41.65%	20.03%	0	58,608,735	1,014,253	0	59,622,988	58,645,324	(977,664)	1,183,978	0	7,987,554	6,803,576	5,825,912	9,542,689	862,109	010564508	260001	161,222,033
St. Joseph Health Center - Kansas City	3,967,812	20.33%	9.02%	0	19,686,835	5,633,512	0	25,320,347	26,382,590	1,062,243	465,411	0	4,556,490	4,091,079	5,153,322	3,516,388	0	010156505	260085	164,517,414
St. Joseph Health Center - St. Charles	10,121,599	35.67%	15.75%	0	35,073,859	6,107,085	0	41,180,944	38,657,170	(2,523,774)	374,620	0	6,778,155	6,403,535	3,879,761	8,332,774	0	010418101	260005	166,927,148
St. Joseph Hospital - Kirkwood	22,751,211	18.62%	9.34%	0	16,015,535	4,210,874	0	20,226,409	22,283,977	2,057,568	293,214	0	5,368,694	5,075,480	7,133,048	14,948,048	0	010417202	260081	149,298,918
St. Joseph Hospital West	2,549,771	24.68%	12.84%	0	14,452,913	5,461,359	0	19,914,272	18,022,960	(1,891,312)	264,346	0	3,684,617	3,420,271	1,528,959	2,509,951	0	012361606	260200	102,358,908
St. Louis University Medical Center	7,209,864	40.83%	27.92%	0	120,380,165	4,838,514	0	125,218,679	107,695,513	(17,523,166)	526,475	33,837	26,366,509	25,806,397	8,283,231	15,600,192	50,534	010671907	260105	123,261,756
St. Luke's Hospital of Kansas City	12,423,857	30.49%	18.59%	0	85,390,454	12,837,749	0	98,228,203	94,664,345	(3,563,858)	919,521	76,711	11,424,435	10,428,203	6,864,345	12,342,546	43,997	010326106	260138	586,597,701
St. Luke's Northland Hospital	2,674,046	25.91%	17.98%	0	14,556,392	2,285,025	0	16,841,417	15,791,809	(1,049,608)	313,142	12,919	6,012,377	5,686,316	4,636,708	2,674,046	0	010638609	260062	89,646,531
St. Mary's Health Center - Jefferson City	3,321,068	22.98%	11.51%	0	16,485,584	3,456,352	0	19,941,936	18,722,943	(1,218,993)	360,540	0	4,365,861	4,005,321	2,786,328	3,317,051	0	010322600	260011	108,453,928
St. Mary's Hospital - Blue Springs	1,594,774	15.68%	12.22%	0	8,229,060	3,758,184	0	11,987,244	10,749,888	(1,237,356)	312,806	0	3,451,675	3,138,869	1,901,513	1,591,992	0	011444403	260193	72,187,471
St. Genevieve County Memorial	379,981	26.25%	12.83%	0	2,171,472	1,065,380	0	3,236,852	3,510,105	273,253	20,410	0	359,771	339,361	612,614	377,636	0	010491801	261330	18,397,854
Sullivan County Memorial Hospital	456,094	26.67%	30.88%	0	1,169,978	17,700	0	1,187,678	1,286,270	98,592	37,533	0	263,695	226,162	324,754	342,162	0	010324804	261306	4,059,850
Texas County Memorial Hospital	584,782	38.26%	19.14%	0	5,183,946	14,053	0	5,197,999	4,756,802	(441,197)	337,654	0	1,182,178	844,524	403,327	584,782	0	010156503	260024	14,690,944
Truman Medical Center Hospital Hill	86,276,221	72.53%	83.38%	0	173,881,546	19,944,952	0	193,826,498	171,478,868	(22,347,630)	1,272,556	0	68,908,524	67,635,968	45,288,328	72,380,865	0	010322709	260048	287,242,378
Truman Medical Center Lakewood	19,201,557	67.02%	85.77%	0	43,401,898	8,999,120	0	52,401,018	47,711,480	(4,689,538)	833,538	0	24,755,014	23,921,476	19,251,938	19,201,548	0	010568400	260102	94,620,337
Twin Rivers Regional Medical Center	(7,193,195)	66.20%	50.10%	0	39,022,542	26,284	0	39,048,826	24,631,063	(14,417,763)	590,388	0	1,836,274	1,245,886	(13,171,877)	1,226,304	0	010492809	260015	38,964,013
Washington County Memorial	1,173,260	48.40%	30.91%	0	5,591,121	1,279,456	0	6,870,577	6,225,545	(645,032)	122,113	0	1,293,951	1,256,806	526,806	987,127	0	010780609	261308	13,653,020
Western Missouri Medical Center	1,720,836	32.16%	13.06%	0	8,886,080	2,571,151	0	11,457,231	10,655,752	(801,479)	181,717	0	2,121,925	1,940,208	1,138,729	1,572,694	0	010421204	260097	50,321,499
Wright Memorial Hospital	1,258,077	30.48%	15.30%	0	3,641,330	2,858	0	3,644,188	4,420,409	776,221	93,064	0	515,567	422,503	1,198,724	924,949	0	010492205	261309	17,625,410
<b>Institute for Mental Disease</b>																				
Center for Behavioral Medicine	16,532,767	16.07%	85.93%	0	2,651,093	0	0	2,651,093	2,686,600	35,507	90,656	0	11,429,938	11,339,282	11,374,789	12,399,576	0	020931705	264008	17,060,874
Centepointe Hospital	(1,935,127)	38.65%	30.44%	0	12,559,088	715,364	0	12,974,432	10,057,844	(2,916,588)	132,160	0	138,634	6,474	(2,910,114)	375,768	4,690	011918802	264012	24,914,164
Fulton State Hospital	72,366,766	1.58%	98.77%	0	1,826,067	0	0	1,826,067	919,530	(906,537)	504,251	0	75,243,275	74,738,282	73,832,387	66,178,675	0	050490002	264004	79,135,031
Hawthorn Children's Psychiatric Hospital	6,537,192	88.98%	100.00%	0	10,336,061	71,720	0	10,407,781	8,340,476	(2,067,305)	746	0	543,377	542,631	(1,524,674)	6,537,192	0	021774005	0	9,546,971
Metropolitan St. Louis Psychiatric Center	18,667,991	5.28%	96.39%	0	1,065,129	30,286	0	1,095,415	894,537	(200,878)	124,890	0	14,188,492	14,063,602	13,862,724	14,000,994	0	020565701	264025	16,562,669
Northwest Missouri Psychiatric Rehabilitation Center	19,395,559	5.26%	94.60%	0	1,340,655	0	0	1,340,655	1,390,470	49,815	64,581	0	19,485,631	19,421,050	19,470,865	17,798,822	0	050157700	264007	21,623,894
Royal Oaks Hospital	955,313	73.56%	88.76%	0	6,574,954	1,205,020	0	7,809,974	7,605,303	(204,671)	18,582	0	484,466	465,884	201,213	955,313	0	012499604	264020	10,286,762
Southeast Missouri Mental Health	43,655,508	2.45%	95.78%	0	2,485,533	12,083	0	2,497,616	1,116,459	(1,381,157)	262,757	0	45,847,882	45,585,125	44,203,968	40,710,877	0	050490200	264005	49,620,953
St. Louis Psychiatric Rehabilitation Center	29,298,512	2.26%	93.80%	0	1,088,593	0	0	1,088,593	834,185	(254,408)	501,529	0	31,184,939	30,683,410	30,429,002	28,313,741	0	051500015	264010	33,158,908
Two Rivers Psychiatric Hospital	708,973	29.20%	18.85%	0	2,593,734	1,389,777	0	3,983,511	4,491,739	508,228	41,188	0	540,176	498,988	1,007,216	567,886	0	012569505	264017	15,941,583
<b>Out-of-State DSH Hospitals</b>																				
None	0	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

\* Facilities showing zero did not have a DSH payment to retain but were included in the examination at the request of the state in order to be eligible to receive any potential redistribution of DSH payments.

\*\* In SFY 2011, these hospitals received a DSH payment equal to or less than their initial uncompensated care cost (UCC) limit calculated in accordance with the State Plan. Subsequent to the year the payment was made, MHD determined these hospitals were paid in excess of their UCC. For the following reasons, MHD was unable to recoup the overpayments: 1) At a later date, the state (MHD), changed their UCC calculations to more closely align with the federal DSH audit regulation. The revision to hospitals' UCC limits resulted in some hospitals now having a DSH payment in excess of their UCC. MHD notified hospitals whose SFY 2011 DSH payment exceeded their Estimated Hospital-Specific DSH Limit that the hospitals had to return the excess DSH payments (letter dated September 16, 2011). The DSH regulation limited the SFY 2011 DSH payments to be recouped each state fiscal year to 2% of the hospital's taxable revenues for SFY 2012 and SFY 2013; any balance remaining to be recouped after SFY 2013 would be incorporated into the Final DSH Audit; 2) Initially, due to litigation, MHD was barred from recovering the overpayment due to a Stay Order granted by the Administrative Hearing Commission. Subsequently, DSH recoupments for the litigants were limited as a result of a Circuit Court settlement agreement; 3) One hospital filed Chapter 11 Bankruptcy/Reorganization, and as a result, MHD was unable to recoup any DSH overpayments.

## Independence Declaration



**MYERS AND  
STAUFFER** LC  
CERTIFIED PUBLIC ACCOUNTANTS

To Whom it May Concern:

Myers and Stauffer declares it is independent of the state of Missouri and its DSH hospitals for the state plan rate year June 30, 2011.

December 23, 2014