

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

**State of Utah  
Department of Health & Human Services  
Division of Medicaid and Health Financing Bureau of  
Financial Services  
288 North 1460 West  
Salt Lake City, Utah 84116**

**DSH Year Ended September 30, 2019**

**Prepared by:**



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

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



Department of Health & Human Services  
Salt Lake City, Utah

### Independent Accountant's Report

We have examined the state of Utah'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, 2019. The state of Utah is responsible for compliance with federal Medicaid DSH program requirements. Our responsibility is to express an opinion on the state of Utah'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, and 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 Utah complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the state of Utah 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination was conducted for the purpose of forming an opinion on the state of Utah'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 Utah's compliance with federal Medicaid DSH requirements.

Federal regulations found at 42 CFR §455.301 require disclosure of identified data issues or other caveats impacting the results of the examination. These are disclosed in the Schedule of Data Caveats Relating to the DSH Verifications.

In our opinion, the Report on DSH Verifications presents fairly, in all material respects, the state of Utah's compliance with federal Medicaid DSH program requirements addressed by the DSH verifications for the year ended September 30, 2019.

This report is intended solely for the information and use of the Utah Department of Health & Human Services, 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.

Boise, Idaho  
September 26, 2022

State of Utah Disproportionate Share Hospital (DSH)  
Report on DSH Verifications  
For the Year Ended September 30, 2019

As required by 42 CFR §455.304(d) the state of Utah 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: DSH payments made to each qualifying hospital comply with the hospital-specific DSH payment limit. 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.

State of Utah Disproportionate Share Hospital (DSH)  
Report on DSH Verifications  
For the Year Ended September 30, 2019

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 Utah 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 Utah  
Report on DSH Verifications (table)  
For the Medicaid State Plan Rate Year Ended September 30, 2019

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)
<b>In-State Hospitals</b>									
Alta View Hospital		Yes	\$ 2,849	\$ 1,377,055	\$ 1,374,206	Yes	Yes	Yes	Yes
American Fork Hospital	Note 1	0	\$ 7,917	\$ (3,005,193)	\$ (7,917)	No	Yes	Yes	Yes
Ashley Regional Medical Center		Yes	\$ 10,055	\$ (2,061,572)	\$ (10,055)	No	Yes	Yes	Yes
Bear River Valley Hospital		Yes	\$ 3,180	\$ 789,052	\$ 785,872	Yes	Yes	Yes	Yes
Beaver Valley Hospital		Yes	\$ 1,024,347	\$ 822,672	\$ (201,675)	No	Yes	Yes	Yes
Blue Mountain Hospital		Yes	\$ 865	\$ 36,517	\$ 35,652	Yes	Yes	Yes	Yes
Brigham City Community Hospital		Yes	\$ 6,539	\$ (937,120)	\$ (6,539)	No	Yes	Yes	Yes
Castleview Hospital		Yes	\$ 2,149	\$ (5,268,390)	\$ (2,149)	No	Yes	Yes	Yes
Cedar City Hospital	Note 1	0	\$ 48,577	\$ (2,247,809)	\$ (48,577)	No	Yes	Yes	Yes
Central Valley Medical Center	Note 1	0	\$ 8,121	\$ (32,469)	\$ (8,121)	No	Yes	Yes	Yes
Davis Hospital & Medical Center	Note 1	0	\$ 7,967	\$ (4,190,926)	\$ (7,967)	No	Yes	Yes	Yes
Delta Community Medical Center		Yes	\$ 18,043	\$ 138,138	\$ 120,095	Yes	Yes	Yes	Yes
Dixie Medical Center		Yes	\$ 51,110	\$ 4,107,184	\$ 4,056,074	Yes	Yes	Yes	Yes
Fillmore Community Hospital		Yes	\$ 17,783	\$ 154,483	\$ 136,700	Yes	Yes	Yes	Yes
Garfield Memorial Hospital		Yes	\$ 838,703	\$ 319,628	\$ (519,075)	No	Yes	Yes	Yes
Gunnison Valley Hospital		Yes	\$ 472,830	\$ 55,635	\$ (417,195)	No	Yes	Yes	Yes
Heber Valley Hospital		Yes	\$ 13,250	\$ 123,868	\$ 110,618	Yes	Yes	Yes	Yes
Riverton Hospital	Note 1	0	\$ 3,973	\$ (2,456,473)	\$ (3,973)	No	Yes	Yes	Yes
Intermountain Medical Center		Yes	\$ 107,210	\$ (7,035,767)	\$ (107,210)	No	Yes	Yes	Yes
Jordan Valley Medical Center	Note 1	0	\$ 27,539	\$ (6,039,709)	\$ (27,539)	No	Yes	Yes	Yes
Kane County Hospital		Yes	\$ 1,133,301	\$ 716,755	\$ (416,546)	No	Yes	Yes	Yes
LDS Hospital		Yes	\$ 43,029	\$ 612,552	\$ 569,523	Yes	Yes	Yes	Yes
Logan Regional Hospital	Note 1	0	\$ 11,014	\$ (3,342,543)	\$ (11,014)	No	Yes	Yes	Yes
McKay-Dee Hospital	Note 1	0	\$ 73,858	\$ (12,284,364)	\$ (73,858)	No	Yes	Yes	Yes
Milford Valley Memorial Hospital		Yes	\$ 530,926	\$ 436,395	\$ (94,531)	No	Yes	Yes	Yes
Moab Regional Hospital		Yes	\$ 942,044	\$ 980,379	\$ 38,335	Yes	Yes	Yes	Yes
Mountain West Medical Center		Yes	\$ 15,594	\$ (1,664,301)	\$ (15,594)	No	Yes	Yes	Yes
Ogden Regional Medical Center		Yes	\$ 15,926	\$ (8,826,284)	\$ (15,926)	No	Yes	Yes	Yes
Orem Community Hospital		Yes	\$ 4,425	\$ 411,102	\$ 406,677	Yes	Yes	Yes	Yes
Park City Hospital		Yes	\$ 6,302	\$ 836,946	\$ 830,644	Yes	Yes	Yes	Yes

State of Utah  
Report on DSH Verifications (table)  
For the Medicaid State Plan Rate Year Ended September 30, 2019

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?
Primary Children's Hospital	Note 1	0	\$ 1,028,040	\$ (27,511,290)	\$ (1,028,040)	No	Yes	Yes	Yes	Yes
Salt Lake Regional Medical Center	Note 1	0	\$ 7,606	\$ (2,023,107)	\$ (7,606)	No	Yes	Yes	Yes	Yes
San Juan Hospital		Yes	\$ 1,532,331	\$ 468,585	\$ (1,063,746)	No	Yes	Yes	Yes	Yes
Sanpete Valley Hospital		Yes	\$ 26,234	\$ (118,819)	\$ (26,234)	No	Yes	Yes	Yes	Yes
Sevier Valley Hospital		Yes	\$ 34,500	\$ (193,009)	\$ (34,500)	No	Yes	Yes	Yes	Yes
Shriners Hospital for Children		Yes	\$ 1,041	\$ 8,053,514	\$ 8,052,473	Yes	Yes	Yes	Yes	Yes
St Mark's Hospital		Yes	\$ 31,672	\$ (18,382,054)	\$ (31,672)	No	Yes	Yes	Yes	Yes
Timpanogos Regional Hospital		Yes	\$ 244	\$ (6,144,086)	\$ (244)	No	Yes	Yes	Yes	Yes
Uintah Basin Medical Center	Note 1	0	\$ 87,073	\$ (1,637,300)	\$ (87,073)	No	Yes	Yes	Yes	Yes
University Of Utah Hospital		Yes	\$ 22,444,408	\$ (46,132,740)	\$ (22,444,408)	No	Yes	Yes	Yes	Yes
Utah Valley Hospital	Note 1	0	\$ 165,243	\$ (12,184,960)	\$ (165,243)	No	Yes	Yes	Yes	Yes
<b>Institutes for Mental Disease</b>										
Utah State Hospital		Yes	\$ 934,586	\$ 28,196,303	\$ 27,261,717	Yes	Yes	Yes	Yes	Yes

Note 1: These hospitals are voluntarily non-compliant. The hospitals elected to not submit support for the DSH examination, which has limited our ability to report any information other than the DSH and supplemental payments received, data collected in the prior year, and the state defined eligibility statistics. Verification 2 was forced to show these hospitals overpaid as the State of Utah plans to recoup the DSH money paid.

**This report is intended solely for the information and use of the Utah Department of Health & Human Services, 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.**



State of Utah Disproportionate Share Hospital (DSH)  
Schedule of Data Caveats Relating to the DSH Verifications  
For the Year Ended September 30, 2019

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) **None**

## **Schedule of Annual Reporting Requirements**



State of Utah  
 Schedule of Annual Reporting Requirements (table)  
 For the Medicaid State Plan Rate Year Ended September 30, 2019

**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 30, 2018. 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 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 diems 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
Hospital Name	State Estimated Hospital-Specific DSH Limit	Medicaid I/P 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 (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
Shriners Hospital for Children	5,247,422	27.22%	44.54%	Note 2	538,506	561,407	107,689	1,207,602	4,415,909	3,208,307	0	0	4,845,207	4,845,207	8,053,514	1,041	0	362193608001	463302	20,002,113
St Mark's Hospital	8,542,166	26.57%	16.58%	Note 2	33,054,064	20,997,101	12,342,622	66,393,787	40,125,755	(26,268,032)	2,292,892	0	10,178,870	7,885,978	(18,382,054)	31,672	0	621650573021	460047	239,650,818
Timpanogos Regional Hospital	11,392	26.18%	14.99%	Note 2	11,614,971	6,090,225	4,055,379	21,760,575	13,883,856	(7,876,719)	526,049	0	2,258,682	1,732,633	(6,144,086)	244	0	621831495013	460052	82,359,052
Uintah Basin Medical Center	Note 1 5,021,742	27.58%	14.51%	Note 2	6,632,576	198,686	174,207	7,005,469	4,570,056	(2,435,413)	533,607	0	1,331,720	798,113	(1,637,300)	87,073	0	870276435005	460019	29,381,437
University Of Utah Hospital	52,234,071	28.06%	14.52%	Note 2	179,424,022	56,546,982	121,628,794	357,599,798	267,063,692	(90,536,106)	4,892,477	0	49,295,843	44,403,366	(46,132,740)	22,444,408	0	876000525088	460009	1,716,265,168
Utah Valley Hospital	Note 1 12,456,797	27.43%	23.87%	Note 2	13,557,887	7,094,549	14,152,436	34,804,872	17,532,341	(17,272,531)	931,802	0	6,019,373	5,087,571	(12,184,960)	165,243	0	870269232162	460001	99,318,670
<b>Institutes for Mental Disease</b>																				
Utah State Hospital	460,515	20.01%	76.33%	Note 2	18,763,336	0	0	18,763,336	18,763,336	0	623,475	0	28,819,778	28,196,303	28,196,303	934,586	0	876000545001	464,001	68,055,531
<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

Note 1: These hospitals are voluntarily non-compliant. The hospitals elected to not submit support for the DSH examination, which has limited our ability to report any information other than the DSH and supplemental payments received, data collected in the prior year, and the state defined eligibility statistics. Verification 2 was forced to show these hospitals overpaid as the State of Utah plans to recoup the DSH money paid.

Note 2: Hospitals are eligible for DSH, if in addition to meeting the obstetrical and 1% MIUR requirements, they meet at least one of the following five conditions: 1) The hospital's MIUR is at least one standard deviation above the mean MIUR. 2) The hospital's LIUR exceeds 25%. 3) The hospital's MIUR exceeds 14%. 4) The hospital's PCN participation is at least 10% of the total of all Utah hospitals' PCN care charges. 5) The hospital is located in a rural county.

## **Independence Declaration**



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

To Whom It May Concern:

Myers and Stauffer LC declares it is independent of the state of Utah and its DSH hospitals for the Medicaid State plan rate year ending September 30, 2019.

September 26, 2022  
Boise, Idaho