

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

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

**DSH Year Ended September 30, 2017**

**Prepared by:**



**MYERS AND  
STAUFFER L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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



Utah Department of Health  
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, 2017. 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.

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.

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, 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 addressed 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 Utah's compliance with federal Medicaid DSH program requirements addressed by the DSH verifications for the year ending September 30, 2017.

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

Boise, Idaho  
October 9, 2020

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

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, 2017

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, 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)				
<b>In-State Hospitals</b>									
Alta View Hospital	Note 2	Yes	\$ 3,686	\$ 2,665,511	\$ (3,686)	No	Yes	Yes	Yes
American Fork Hospital		Yes	\$ 9,977	\$ 370,084	\$ 360,107	Yes	Yes	Yes	Yes
Ashley Regional Medical Center		Yes	\$ 10,033	\$ (1,720,464)	\$ (10,033)	No	Yes	Yes	Yes
Bear River Valley Hospital		Yes	\$ 3,848	\$ 1,136,794	\$ 1,132,946	Yes	Yes	Yes	Yes
Beaver Valley Hospital		Yes	\$ 700,563	\$ 457,732	\$ (242,831)	No	Yes	Yes	Yes
Blue Mountain Hospital		Yes	\$ 635	\$ 972,479	\$ 971,844	Yes	Yes	Yes	Yes
Brigham City Community Hospital		Yes	\$ 11,519	\$ 113,503	\$ 101,984	Yes	Yes	Yes	Yes
Castleview Hospital LLC		Yes	\$ 4,531	\$ (1,594,503)	\$ (4,531)	No	Yes	Yes	Yes
Cedar City Hospital		Yes	\$ 75,300	\$ (337,189)	\$ (75,300)	No	Yes	Yes	Yes
Central Valley Medical Center		Yes	\$ 16,884	\$ 736,044	\$ 719,160	Yes	Yes	Yes	Yes
Davis Hospital & Medical Center	Note 1	0	\$ 7,196	\$ -	\$ (7,196)	No	Yes	Yes	Yes
Delta Community Medical Center		Yes	\$ 9,708	\$ 271,014	\$ 261,306	Yes	Yes	Yes	Yes
Dixie Medical Center		Yes	\$ 48,222	\$ 14,796,541	\$ 14,748,319	Yes	Yes	Yes	Yes
Fillmore Hospital		Yes	\$ 17,042	\$ 331,457	\$ 314,415	Yes	Yes	Yes	Yes
Garfield Memorial Hospital		Yes	\$ 919,215	\$ 525,570	\$ (393,645)	No	Yes	Yes	Yes
Gunnison Valley Hospital		Yes	\$ 22,319	\$ 208,723	\$ 186,404	Yes	Yes	Yes	Yes
Heber Valley Medical Center		Yes	\$ 13,727	\$ 665,108	\$ 651,381	Yes	Yes	Yes	Yes
Intermountain Medical Center		Yes	\$ 89,554	\$ 14,232,076	\$ 14,142,522	Yes	Yes	Yes	Yes
Jordan Valley Medical Center	Note 1	0	\$ 29,122	\$ -	\$ (29,122)	No	Yes	Yes	Yes
Kane County Hospital		Yes	\$ 1,110,402	\$ 868,031	\$ (242,371)	No	Yes	Yes	Yes
LDS Hospital		Yes	\$ 52,130	\$ 5,018,650	\$ 4,966,520	Yes	Yes	Yes	Yes
Logan Regional Medical Center		Yes	\$ 17,153	\$ 3,210,570	\$ 3,193,417	Yes	Yes	Yes	Yes
Lone Peak Hospital		Yes	\$ 1,347	\$ 2,108,559	\$ 2,107,212	Yes	Yes	Yes	Yes
Mckay Dee Hospital		Yes	\$ 87,837	\$ 4,550,866	\$ 4,463,029	Yes	Yes	Yes	Yes
Milford Valley Memorial Hospital		Yes	\$ 379,790	\$ 233,117	\$ (146,673)	No	Yes	Yes	Yes
Moab Regional Hospital		Yes	\$ 939,644	\$ 1,058,876	\$ 119,232	Yes	Yes	Yes	Yes
Mountain View Hospital		Yes	\$ 6,734	\$ 2,669,306	\$ 2,662,572	Yes	Yes	Yes	Yes
Mountain West Medical Center		Yes	\$ 7,396	\$ (675,130)	\$ (7,396)	No	Yes	Yes	Yes
Ogden Regional Medical Center		Yes	\$ 11,312	\$ 676,554	\$ 665,242	Yes	Yes	Yes	Yes
Orem Community Hospital		Yes	\$ 4,832	\$ 627,027	\$ 622,195	Yes	Yes	Yes	Yes
Park City Medical Center		Yes	\$ 4,747	\$ 1,127,861	\$ 1,123,114	Yes	Yes	Yes	Yes
Primary Childrens Medical Center		Yes	\$ 976,788	\$ 3,473,885	\$ 2,497,097	Yes	Yes	Yes	Yes

State of Utah  
 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?
<b>In-State Hospitals</b>									
Riverton Hospital	Yes	\$ 4,791	\$ (674,256)	\$ (4,791)	No	Yes	Yes	Yes	Yes
San Juan Hospital	Yes	\$ 1,865,976	\$ 310,534	\$ (1,555,442)	No	Yes	Yes	Yes	Yes
Sanpete Valley Hospital	Yes	\$ 14,363	\$ 286,396	\$ 272,033	Yes	Yes	Yes	Yes	Yes
Sevier Valley Medical Center	Yes	\$ 17,231	\$ 802,463	\$ 785,232	Yes	Yes	Yes	Yes	Yes
Shriners Hospital For Children	Yes	\$ 304	\$ 5,178,965	\$ 5,178,661	Yes	Yes	Yes	Yes	Yes
St Marks Hospital	Yes	\$ 30,922	\$ 3,235,633	\$ 3,204,711	Yes	Yes	Yes	Yes	Yes
Timpanogos Regional Hospital	Yes	\$ 4,934	\$ 1,330,319	\$ 1,325,385	Yes	Yes	Yes	Yes	Yes
University Of Utah Hospital	Yes	\$ 21,260,994	\$ 49,897,121	\$ 28,636,127	Yes	Yes	Yes	Yes	Yes
Utah Valley Regional Medical Center	Yes	\$ 124,522	\$ (408,676)	\$ (124,522)	No	Yes	Yes	Yes	Yes
<b>Institutes for Mental Disease</b>									
Utah State Hospital	Yes	\$ 934,586	\$ 25,039,762	\$ 24,105,176	Yes	Yes	Yes	Yes	Yes

Note 1: These hospitals are voluntarily non-compliant. The hospitals elected to not submit support for the DSH examination and the State of Utah plans to recoup the DSH money paid.

Note 2: During the examination the hospital was found ineligible for the DSH program in accordance with the stated criteria and the State of Utah plans to recoup the DSH money paid. Therefore, Verification 2 was forced to show them as overpaid.

**This report is intended solely for the information and use of the Utah Department of Health, 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, 2017

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) **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.

(2) **Other Medicaid Eligible Claims (Commercial Insurance Primary and Medicaid Eligible)**

Central Valley Medical Center represented that due to system limitations, they were unable to report any other Medicaid population such as Other Medicaid Eligibles, Medicaid Managed Care Primary, and Out of State Medicaid. The provider was assessed low risk for overpayment due to the uncompensated cost of care shortfall well in excess of the DSH payment.

## **Schedule of Annual Reporting Requirements**



State of Utah  
 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 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 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
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	Total Cost of Care - Medicaid IP/OP Services	Total Medicaid Uncompensated Care Costs	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	Total Eligible Uncompensated Care Costs	Total In-State DSH Payments Received	Total Out-of-State DSH Payments Received	Medicaid Provider Number	Medicare Provider Number	Total Hospital Cost
								(F+G+H)	(J-I)					(N-M-L)	(K+O)					
Sevier Valley Medical Center	212,066	25.31%	13.12%	Note 2	4,340,226	207,508	267,411	4,815,145	4,617,812	(197,333)	312,364	0	1,312,160	999,796	802,463	17,231	0	870269232324	460026	25,877,123
Shriners Hospital For Children	5,070,655	27.56%	32.12%	Note 2	1,239,164	532,161	94,735	1,866,060	4,248,410	2,382,350	0	0	2,796,615	2,796,615	5,178,965	304	0	362193608001	463302	16,614,405
St Marks Hospital	1,218,216	22.24%	10.74%	Note 2	13,107,347	17,912,960	7,875,245	38,895,552	33,080,143	(5,815,409)	2,413,661	0	11,464,703	9,051,042	3,235,633	30,922	0	621650573021	460047	227,489,986
Timpanogos Regional Hospital	181,732	26.17%	11.98%	Note 2	5,295,539	4,281,306	2,354,621	11,931,466	11,332,929	(598,537)	577,284	0	2,506,140	1,928,856	1,330,319	4,934	0	621831495013	460052	76,948,777
University of Utah Hospital	33,603,752	26.49%	12.54%	Note 2	116,422,508	55,659,534	53,553,922	225,635,964	228,195,776	2,559,812	2,399,310	0	49,736,619	47,337,309	49,897,121	21,260,994	0	876000525088	460009	1,445,064,937
Utah Valley Regional Medical Center	4,586,763	25.49%	19.36%	Note 2	30,904,019	26,173,273	22,830,984	79,908,276	62,430,956	(17,477,320)	2,771,432	0	19,840,076	17,068,644	(408,676)	124,522	0	870269232162	460001	387,141,458
<b>Institutes for Mental Disease</b>																				
Utah State Hospital	42,519,194	22.54%	82.38%	Note 2	18,062,682	0	0	18,062,682	18,062,682	0	577,607	0	25,617,369	25,039,762	25,039,762	934,586	0	876000545001	464001	59,438,437
<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 and 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.  
 Note 3: During the examination the hospital was found ineligible for the DSH program in accordance with the stated criteria and the State of Utah plans to recoup the DSH money paid. Therefore, on the Schedule of Verifications, Verification 2 was forced to show the provider as overpaid.

## **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 Utah and its DSH hospitals for the Medicaid State plan rate year ending September 30, 2017.

October 9, 2020  
Boise, Idaho