

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

**State of Connecticut
Department of Social Services
Hartford, Connecticut**

DSH Year Ended September 30, 2016

Prepared by:



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

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



Connecticut Department of Social Services
Hartford, Connecticut

Independent Accountant's Report

We have examined the state of Connecticut'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, 2016. The state of Connecticut is responsible for compliance with federal Medicaid DSH program requirements. Our responsibility is to express an opinion on the state of Connecticut'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 Connecticut complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the state of Connecticut 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 Connecticut'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 Connecticut'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 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 Connecticut's compliance with federal Medicaid DSH program requirements addressed by the DSH verifications for the year ending September 30, 2016.

This report is intended solely for the information and use of the Connecticut Department of Social Services, 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.

Myers and Stauffer LC

Owings Mills, Maryland
December 20, 2019

State of Connecticut Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended September 30, 2016

As required by 42 CFR §455.304(d) the state of Connecticut 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.

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 Connecticut Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended September 30, 2016

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 Connecticut 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 Connecticut
 Report on DSH Verifications (table)
 For the Medicaid State Plan Rate Year Ended September 30, 2016

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?
BRIDGEPORT HOSPITAL	Yes	25,628	94,019,002	93,993,374	Yes	Yes	Yes	Yes	Yes
CT CHILDRENS MEDICAL CENTER	Yes	16,640,600	61,004,103	44,363,503	Yes	Yes	Yes	Yes	Yes
DAY KIMBALL HOSPITAL	Yes	23,389	12,817,585	12,794,196	Yes	Yes	Yes	Yes	Yes
JOHN DEMPSEY HOSPITAL	Yes	15,669,895	52,394,832	36,724,937	Yes	Yes	Yes	Yes	Yes
ST MARYS HOSPITAL	Yes	27,856	43,786,686	43,758,830	Yes	Yes	Yes	Yes	Yes
YALE NEW HAVEN HOSPITAL	Yes	23,127	631,861,445	631,838,318	Yes	Yes	Yes	Yes	Yes
CT VETERANS HOME & HOSPITAL (DVA)	Yes	6,556,631	4,716,841	(1,839,790)	No	Yes	Yes	Yes	Yes
CT VALLEY HOSPITAL	Yes	91,657,859	266,798,271	175,140,412	Yes	Yes	Yes	Yes	Yes
CT MENTAL HEALTH CENTER	Yes	4,374,687	23,465,522	19,090,835	Yes	Yes	Yes	Yes	Yes
SOUTHWEST CT MENTAL HEALTH SYSTEM	Yes	9,541,180	32,342,916	22,801,736	Yes	Yes	Yes	Yes	Yes

This report is intended solely for the information and use of the Connecticut Department of Social Services, 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 Connecticut Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended September 30, 2016

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) **State Crossover Data**

For one hospital, state supplied Medicare cross over data was used in the calculation of the hospital specific DSH limits. The state cross over data may not be complete in that it does not typically include data that was not billed to the Medicaid program. This could occur in situations where Medicare or the private insurer paid the entire bill. As such, Medicaid uncompensated care cost may not reflect all Medicare cross over payments and cost.

(2) **Uninsured Self Pay Payments**

Five hospitals submitted uninsured self-pay payments based on the accrual basis (i.e., all payments received for dates of service falling in the cost reporting year as of the date the uninsured report was prepared) instead of the cash basis (i.e., payments received during the cost reporting period regardless of the date of service) as required by the DSH rule.

(3) **Court Ordered Patients**

One state-owned psychiatric hospital 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. The State's position is that based on available CMS guidance, the categories of patients in this hospital are not inmates of a public institution nor are they involuntarily in secure custody as a result of criminal charges. These individuals were left in the uncompensated care cost calculations presented in this report.

Schedule of Annual Reporting Requirements

State of Connecticut
 Schedule of Annual Reporting Requirements (table)
 For the Medicaid State Plan Rate Year Ended September 30, 2016

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, 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 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 2552 Medicaid Cost Report. These costs were then reduced by the total payments received for the services provided except for Medicare and private insurance payments, 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	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
BRIDGEPORT HOSPITAL	25,628	52.33%	27.12%	Note 5	98,300,292	235,458	15,388,919	113,924,669	201,804,439	87,879,770	888,586	0	7,027,818	6,139,232	94,019,002	25,628	0	004041703, 007228703, 007228704, 004025003	070010	439,301,571
CT CHILDRENS MEDICAL CENTER	16,640,600	65.41%	35.86%	Note 1	101,235,870	0	0	101,235,870	161,445,656	60,209,786	225,349	0	1,019,666	794,317	61,004,103	16,640,600	0	004159960, 004159978, 004041638, 007228698, 004024931, 007228881	073300	265,740,775
DAY KIMBALL HOSPITAL	23,389	49.03%	23.58%	Note 5	17,650,292	0	4,364,113	22,014,405	34,419,335	12,404,930	177,560	0	590,215	412,655	12,817,585	23,389	0	007228881	070003	90,336,236
JOHN DEMPSEY HOSPITAL	15,669,895	43.43%	20.01%	Note 4, 5	69,937,206	0	1,239,189	71,176,395	123,002,372	51,825,977	547,966	0	1,116,821	568,855	52,394,832	15,669,895	0	004041968 007228718 004025250	070036	365,477,922
ST MARYS HOSPITAL	27,856	55.91%	24.68%	Note 5	54,580,449	0	7,278,978	61,859,427	103,774,490	41,915,063	404,619	0	2,276,242	1,871,623	43,786,686	27,856	0	004041760, 004025060, 004041836, 007228708, 007228709	070016	233,526,163
YALE NEW HAVEN HOSPITAL	23,127	48.75%	16.83%	Note 5	343,636,895	1,218,600	22,919,611	367,775,106	977,595,141	609,820,035	2,273,392	0	24,314,802	22,041,410	631,861,445	23,127	0	004025128	070022	2,537,860,471
CT VETERANS HOME & HOSPITAL (DVA)	6,556,631	64.85%	95.42%	Note 3	18,843,186	0	0	18,843,186	19,649,550	806,364	151,996	0	4,062,473	3,910,477	4,716,841	6,556,631	0	004111639	072006	30,298,509
Institutes for Mental Disease																				
CT VALLEY HOSPITAL	91,657,859	13.66%	3.61%	Note 2	11,495,620	0	0	11,495,620	38,221,824	26,726,204	961,760	0	241,033,827	240,072,067	266,798,271	91,657,859	0	004049607, 004122941, 004042206	074003	279,863,795
CT MENTAL HEALTH CENTER	4,374,687	8.81%	13.00%	Note 2	2,949,492	0	0	2,949,492	12,281,161	9,331,669	19,686	0	14,153,539	14,133,853	23,465,522	4,374,687	0	004054218, 004122933, 004064200, 004025359	074011	41,351,762
SOUTHWEST CT MENTAL HEALTH SYSTEM	9,541,180	9.58%	1.17%	Note 2	454,053	0	0	454,053	3,143,622	2,689,569	111,051	0	29,764,398	29,653,347	32,342,916	9,541,180	0	004075651 004122925 004075669	074012	59,277,739

Out-of-State DSH Hospitals

None

Note 1: State Plan Attachment 4.19A - Private Freestanding short-term Children's General Hospital which provides Uncompensated Care
 Note 2: State Plan Attachment 4.19A - Psychiatric Hospitals Serving Low-Income Persons
 Note 3: State Plan Attachment 4.19A - Public Chronic Disease Hospital that provides Uncompensated Care
 Note 4: State Plan Attachment 4.19A - Public Acute Care Hospitals (short-term General Hospitals) which provide Uncompensated Care under Section 1923 of the Social Security Act
 Note 5: State Plan Attachment 4.19A - Acute Care Hospitals (short-term General Hospitals) which provide Uncompensated Care under Section 1923 of the Social Security Act

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 Connecticut and its DSH hospitals for the Medicaid State plan rate year ending September 30, 2016.

Myers and Stauffer LC

December 20, 2019
Owings Mills, Maryland