

**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, 2020**

**Prepared by:**



# Table of Contents

■ I. Independent Accountant’s Report .....	1
■ II. Report on DSH Verifications .....	3
■ III. Report on DSH Verifications (table) .....	5
■ IV. Schedule of Data Caveats Relating to the DSH Verifications .....	6
■ V. Schedule of Annual Reporting Requirements (table) .....	7
■ VI. Independence Declaration .....	8

**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 hospital (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, 2020. 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 qualified 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 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.

Our examination disclosed certain compliance related issues, which are described in the Schedule of Data Caveats Relating to the DSH Verifications.

In our opinion, except for the possible 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, 2020.

This report is intended solely for the information and use of the Connecticut Department of Social Services, the State Legislature, hospitals participating in the State DSH program, and the Centers for Medicare & 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.

Owings Mills, Maryland  
December 28, 2023

State of Connecticut Disproportionate Share Hospital  
Report on DSH Verifications  
For the Year Ended September 30, 2020

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, 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 Connecticut Disproportionate Share Hospital  
Report on DSH Verifications  
For the Year Ended September 30, 2020

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, 2020

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?
BRISTOL HOSPITAL	Yes	34,629	863,415	828,786	Yes	Yes	Yes	Yes	Yes
CT CHILDRENS MEDICAL CENTER	Yes	17,625,737	53,681,913	36,056,176	Yes	Yes	Yes	Yes	Yes
CT MENTAL HEALTH CENTER	Yes	9,583,747	27,873,450	18,289,703	Yes	Yes	Yes	Yes	Yes
CT VALLEY HOSPITAL	Yes	78,413,954	178,263,004	99,849,050	Yes	Yes	Yes	Yes	Yes
JOHN DEMPSEY HOSPITAL	Yes	35,046,704	90,677,923	55,631,219	Yes	Yes	Yes	Yes	Yes
SOUTHWEST CT MENTAL HEALTH SYSTEM	Yes	17,576,024	39,224,315	21,648,291	Yes	Yes	Yes	Yes	Yes
ST VINCENTS MEDICAL CENTER	Yes	30,214	31,950,101	31,919,887	Yes	Yes	Yes	Yes	Yes
WATERBURY HOSPITAL	Yes	35,157	16,477,319	16,442,162	Yes	Yes	Yes	Yes	Yes

This report is intended solely for the information and use of the Connecticut Department of Social 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 Connecticut Disproportionate Share Hospital (DSH)  
Schedule of Data Caveats Relating to the DSH Verifications  
For the Year Ended September 30, 2020

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 Self Pay Payments**

Four 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 Disproportionate Share Hospital (DSH) rule. Additionally, due to missing data elements in the submitted self-pay schedules, certain screening procedures designed to detect errors in the submitted data could not be performed.

## **Schedule of Annual Reporting Requirements**

State of Connecticut  
 Schedule of Annual Reporting Requirements (table)  
 For the Medicaid State Plan Rate Year Ended September 30, 2020

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 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
BRISTOL HOSPITAL	34,629	54.80%	29.09%	Note 5	49,076,661	0	10,072,890	59,149,551	58,635,356	(514,195)	287,625	0	1,665,235	1,377,610	863,415	34,629	0	00401901, 008085256, 004025193, 004159960, 004159978,	070029	128,552,713
CT CHILDRENS MEDICAL CENTER	17,625,737	65.15%	34.23%	Note 1	138,782,915	0	903,708	139,686,623	192,192,595	52,505,972	220,574	0	1,396,515	1,175,941	53,681,913	17,625,737	0	008093725, 004041968, 007228718,	073300	328,170,220
JOHN DEMPSEY HOSPITAL	35,046,704	46.38%	21.65%	Note 4, 5	127,228,290	0	9,507,646	136,735,936	225,193,062	88,457,126	519,486	0	2,740,283	2,220,797	90,677,923	35,046,704	0	004025250, 008090984, 008091076,	070036	588,791,420
ST VINCENTS MEDICAL CENTER	30,214	40.40%	24.16%	Note 5	92,625,028	0	25,692,732	118,317,760	135,998,288	17,680,528	729,515	0	14,999,088	14,269,573	31,950,101	30,214	0	008090985, 008069222,	070028	400,376,063
WATERBURY HOSPITAL	35,157	61.60%	31.03%	Note 5	98,798,480	0	14,303,586	113,102,066	127,116,448	14,014,382	280,908	0	2,743,845	2,462,937	16,477,319	35,157	0	008069223	070005	243,135,195
<b>Institutes for Mental Disease</b>																				
CT MENTAL HEALTH CENTER	9,583,747	15.34%	9.92%	Note 2	3,043,236	0	0	3,043,236	14,138,737	11,095,501	24,864	0	16,802,813	16,777,949	27,873,450	9,583,747	0	004064218, 004122933, 004064200,	074011	54,965,586
CT VALLEY HOSPITAL	78,413,954	11.94%	5.07%	Note 2	12,628,722	0	0	12,628,722	23,554,992	10,926,270	629,696	0	167,966,430	167,336,734	178,263,004	78,413,954	0	004025359, 004049607, 004122941,	074003	196,276,119
SOUTHWEST CT MENTAL HEALTH SYSTEM	17,576,024	9.97%	8.63%	Note 2	3,475,104	0	0	3,475,104	15,524,017	12,048,913	28,552	0	27,203,954	27,175,402	39,224,315	17,576,024	0	004042206, 004075651, 004122925, 004075669,	074012	58,555,584
<b>Out-of-State DSH Hospitals</b>																				
<b>None</b>																				

- 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

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## **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, 2020.

*Myers and Stauffer LC*

Owings Mills, Maryland  
December 28, 2023