

**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, 2013

Prepared by:



**MYERS AND
STAUFFER^{LC}**
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 ending September 30, 2013. 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.

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 Reporting 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 Connecticut'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 Connecticut's compliance with federal Medicaid DSH requirements.

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.

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, 2013.

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 else other than these specified parties and for the specified purpose contained in 42 CFR §455.304.

Myers and Stauffer LC

Owings Mills, Maryland
December 22, 2016

State of Connecticut Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended September 30, 2013

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: 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 Connecticut Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended September 30, 2013

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, 2013

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	6,004,667	29,284,255	23,279,588	Yes	Yes	Yes	Yes	Yes
BRISTOL HOSPITAL	Yes	795,216	3,442,232	2,647,016	Yes	Yes	Yes	Yes	Yes
CHARLOTTE HUNGERFORD HOSPITAL	Yes	1,708,031	8,738,131	7,030,100	Yes	Yes	Yes	Yes	Yes
CT CHILDRENS MEDICAL CENTER	Yes	11,829,200	35,804,454	23,975,254	Yes	Yes	Yes	Yes	Yes
CT MENTAL HEALTH CENTER	Yes	3,599,382	11,951,544	8,352,162	Yes	Yes	Yes	Yes	Yes
CT VALLEY HOSPITAL	Yes	91,220,803	191,500,089	100,279,286	Yes	Yes	Yes	Yes	Yes
CT VETERANS HOME & HOSPITAL (DVA)	Yes	5,963,970	1,965,981	(3,997,989)	No	Yes	Yes	Yes	Yes
DANBURY HOSPITAL	Yes	6,975,507	29,050,183	22,074,676	Yes	Yes	Yes	Yes	Yes
DAY KIMBALL HOSPITAL	Yes	1,276,291	3,581,379	2,305,088	Yes	Yes	Yes	Yes	Yes
GREENWICH HOSPITAL ASSOCIATION	Yes	1,680,936	15,826,213	14,145,277	Yes	Yes	Yes	Yes	Yes
GRIFFIN HOSPITAL	Yes	1,490,000	4,865,926	3,375,926	Yes	Yes	Yes	Yes	Yes
HARTFORD HOSPITAL	Yes	13,325,923	39,440,833	26,114,910	Yes	Yes	Yes	Yes	Yes
HOSPITAL OF CENTRAL CT (former NBGH)	Yes	5,465,800	23,876,919	18,411,119	Yes	Yes	Yes	Yes	Yes
JOHN DEMPSEY HOSPITAL	Yes	11,703,418	12,551,561	848,143	Yes	Yes	Yes	Yes	Yes
JOHNSON MEMORIAL HOSPITAL	Yes	851,047	5,510,136	4,659,089	Yes	Yes	Yes	Yes	Yes
LAWRENCE & MEMORIAL HOSPITAL	Yes	4,700,301	14,980,869	10,280,568	Yes	Yes	Yes	Yes	Yes
MANCHESTER MEMORIAL HOSPITAL	Yes	1,906,692	8,244,407	6,337,715	Yes	Yes	Yes	Yes	Yes
MIDDLESEX HOSPITAL	Yes	4,636,624	20,385,141	15,748,517	Yes	Yes	Yes	Yes	Yes
MIDSTATE MEDICAL CENTER	Yes	2,201,703	15,445,625	13,243,922	Yes	Yes	Yes	Yes	Yes
MILFORD HOSPITAL	Yes	2,062,861	6,043,281	3,980,420	Yes	Yes	Yes	Yes	Yes
NEW MILFORD HOSPITAL	Yes	779,914	4,541,981	3,762,067	Yes	Yes	Yes	Yes	Yes
NORWALK HOSPITAL	Yes	6,381,866	22,180,462	15,798,596	Yes	Yes	Yes	Yes	Yes
ROCKVILLE GENERAL HOSPITAL	Yes	572,171	5,717,470	5,145,299	Yes	Yes	Yes	Yes	Yes
SHARON HOSPITAL/ESSENT HEALTHCARE	Yes	742,470	1,487,620	745,150	Yes	Yes	Yes	Yes	Yes
SOUTHWEST CT MENTAL HEALTH SYSTEM	Yes	10,753,540	23,145,236	12,391,696	Yes	Yes	Yes	Yes	Yes
ST FRANCIS HOSPITAL MEDICAL CENTER	Yes	9,047,399	43,170,100	34,122,701	Yes	Yes	Yes	Yes	Yes
ST MARYS HOSPITAL	Yes	3,159,182	7,834,194	4,675,012	Yes	Yes	Yes	Yes	Yes
ST VINCENTS MEDICAL CENTER	Yes	6,542,350	36,445,683	29,903,333	Yes	Yes	Yes	Yes	Yes
STAMFORD HOSPITAL	Yes	7,584,941	35,701,194	28,116,253	Yes	Yes	Yes	Yes	Yes
WATERBURY HOSPITAL	Yes	3,106,479	14,248,940	11,142,461	Yes	Yes	Yes	Yes	Yes
WILLIAM W BACKUS HOSPITAL	Yes	5,110,938	16,765,387	11,654,449	Yes	Yes	Yes	Yes	Yes
WINDHAM COMM MEM HOSPITAL	Yes	828,978	8,258,568	7,429,590	Yes	Yes	Yes	Yes	Yes
YALE NEW HAVEN HOSPITAL	Yes	35,299,953	204,831,833	169,531,880	Yes	Yes	Yes	Yes	Yes

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State of Connecticut Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended September 30, 2013

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 three hospitals, 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 and Medicaid payments may be understated for these hospitals.

(2) **Uninsured Self Pay Payments**

Four hospitals submitted uninsured self-pay payments based on the accrual basis (i.e., all payments received 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) **Signed Certification**

Two hospitals did not submit a signed certification statement attesting to the accuracy of the submitted data and the underlying supporting documentation.

Schedule of Annual Reporting Requirements

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, 2013.

Myers and Stauffer LC

Owings Mills, Maryland
December 22, 2016