



January 28, 2020

Mr. Bill Brooks
Associate Regional Administrator
Division of Medicaid and Children's Health
Department of Health and Human Services
1301 Young Street, Suite 714
Dallas, TX 75202

Dear Mr. Brooks:

The Texas Health and Human Services Commission (HHSC) is submitting the amended results of the audit of Texas' Disproportionate Share Hospital (DSH) program for federal fiscal years 2013 & 2014 (see Attachments 1 through 3). The audit was performed in accordance with requirements detailed in the federal DSH rule published on December 19, 2008. Our independent auditor was Myers and Stauffer LC, who performed an examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA), and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States, as well as General DSH Audit and Report Protocol as required by 42 CFR §455.301 and §455.304(d), except as discussed in the Schedule of Data Caveats contained in the report.

The 2013 & 2014 results confirm that HHSC administered the DSH program in accordance with state rules and the Centers for Medicare and Medicaid Services (CMS) approved Medicaid State Plan in effect during the 2013 & 2014 program year.


The Texas State Plan allows for any DSH recoupments as a result of the audit to be redistributed to other qualifying DSH hospitals that have not been paid up to their hospital specific level. The federal share of these recoupments is not returned to CMS.

Please let me know if you have any questions or need additional information. Mr. Rene Cantu, Director of Rate Analysis for Hospital Services, is serving as the lead

Mr. Bill Brooks
December 31, 2019
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staff on this matter and can be reached at (512) 730-7465 or by email at Rene.Cantu@hhsc.state.tx.us

Sincerely,


Victoria Grady

Attachments

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

**State of Texas
Health and Human Services Commission
Austin, Texas**

DSH Year Ended September 30, 2014

Prepared by:



**MYERS AND
STAUFFER^{LC}**
CERTIFIED PUBLIC ACCOUNTANTS

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



**MYERS AND
STAUFFER** LC
CERTIFIED PUBLIC ACCOUNTANTS

Texas Health and Human Services Commission
P.O. Box 149030, Mail Code H-400
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Austin, Texas 78714-9030

Independent Accountant's Report

We have examined the state of Texas'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, 2014. The state of Texas is responsible for compliance with federal Medicaid DSH program requirements. Our responsibility is to express an opinion on the state of Texas'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 (AICPA), and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, as well as 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 Texas complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the state of Texas 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 Texas'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 of the state of Texas's compliance with federal Medicaid DSH requirements.

DEDICATED TO GOVERNMENT HEALTH PROGRAMS

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In our opinion, except for the effect of the items described 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 Texas's compliance with federal Medicaid DSH program requirements addressed by the DSH verifications for the year ending September 30, 2014.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the state of Texas's compliance with federal Medicaid DSH program requirements, as it relates to the six DSH verifications set forth in 42 CFR §455.301 and §455.304(d). We are also required to report on the findings with conclusions and recommendations. We performed our examination to express an opinion on the state of Texas's compliance with federal Medicaid DSH program requirements and not for the purpose of expressing an opinion on the effectiveness of the state of Texas's internal control or on compliance and other matters; accordingly we express no such opinion. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and these findings are described in the accompanying Schedule of Data Caveats Relating to the DSH Verifications.

This reissued report and the accompanying Schedule of Data Caveats Relating to the DSH Verifications supersedes any previously issued Report on Disproportionate Share Hospital Verifications for the DSH year ended September 30, 2014. Details and impacts of this reissuance may be found in the Schedule of Data Caveats Relating to the DSH Verifications. Please disregard any reports dated prior to the date of this report.

This report is intended solely for the information and use of the Texas Health and Human Services Commission (HHSC), 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.

Topeka, Kansas
December 20, 2019

State of Texas Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended September 30, 2014

As required by 42 CFR §455.304(d) the state of Texas 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 state of Texas is in compliance with verification 1 as all hospitals that received a DSH payment were allowed to retain that payment. 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, 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. The methodology used to calculate uncompensated care costs is in compliance with Federal guidance. To the extent that data issues identified could impact the calculation of uncompensated care costs they are described in more detailed findings in the report titled Schedule of Data Caveats Relating to the DSH Verifications. These findings include such issues as:

- Two hospitals did not submit the DSH documentation requested.
- The majority of hospitals were unable to obtain Medicaid out-of-state paid claims reports from out-of-state Medicaid agencies. Hospital self-reported supported documentation was relied upon in testing of the costs and payments associated with Medicaid out-of-state services.

State of Texas Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended September 30, 2014

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 state of Texas is in compliance with verification 3 as 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.

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: The state of Texas is in compliance with verification 4. 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 Texas is in compliance with verification 5 as it 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.

State of Texas Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended September 30, 2014

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 state of Texas is in compliance with verification 6 as 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 Texas
Report on DSH Verifications (table)
For the Medicaid State Plan Rate Year Ended September 30, 2014

Hospital	Verification #1	Verification #2 (Reducing UCC by Medicare and Private Insurance Payments)				Verification #2 (Not Reducing UCC by Medicare and Private Insurance Payments)				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	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?
PROVIDENCE MEMORIAL HOSPITAL	Yes	10,622,919	14,726,717	4,103,799	Yes	10,622,919	33,804,440	23,181,522	Yes	Yes	Yes	Yes	
UNITED REGIONAL HEALTH CARE SYSTEM	Yes	5,533,223	12,864,471	7,331,248	Yes	5,533,223	31,860,620	26,327,397	Yes	Yes	Yes	Yes	
ST JOSEPH REGIONAL HEALTH CENTER	Yes	5,111,644	11,807,082	6,695,438	Yes	5,111,644	31,986,491	26,874,847	Yes	Yes	Yes	Yes	
DALLAS CO HOSP DIST	Yes	173,262,010	375,588,228	202,326,218	Yes	173,262,010	416,058,776	242,796,766	Yes	Yes	Yes	Yes	
THE UNIVERSITY OF TEXAS MEDICAL BR	Yes	38,812,552	13,172,734	(25,639,818)	No	38,812,552	39,876,602	1,064,050	Yes	Yes	Yes	Yes	
BAYLOR UNIVERSITY MEDICAL CTR	Yes	14,373,258	54,629,738	40,256,480	Yes	14,373,258	100,306,530	85,933,272	Yes	Yes	Yes	Yes	
UNIVERSITY MEDICAL CENTER OF EL PASO	Yes	38,432,693	52,352,508	13,919,815	Yes	38,432,693	65,729,001	27,296,308	Yes	Yes	Yes	Yes	
VALLEY BAPTIST MED CNTR BROWNSVILLE	Yes	7,972,744	10,999,457	3,026,713	Yes	7,972,744	37,819,195	29,846,451	Yes	Yes	Yes	Yes	
LAREDO MEDICAL CENTER	Yes	10,375,065	22,419,940	12,044,875	Yes	10,375,065	59,823,443	49,448,378	Yes	Yes	Yes	Yes	
MARSHALL REGIONAL MEDICAL CENTER	Yes	1,391,275	4,685,816	3,294,541	Yes	1,391,275	10,732,747	9,341,472	Yes	Yes	Yes	Yes	
VALLEY BAPTIST MEDICAL CENTER	Yes	8,905,186	30,758,304	21,853,118	Yes	8,905,186	64,750,470	55,845,284	Yes	Yes	Yes	Yes	
CHRISTUS HOSPITAL	Yes	7,491,771	27,490,404	19,998,633	Yes	7,491,771	44,299,619	36,807,848	Yes	Yes	Yes	Yes	
ST JOSEPH MEDICAL CENTER	Yes	12,684,940	17,550,542	4,865,602	Yes	12,684,940	32,517,732	19,832,792	Yes	Yes	Yes	Yes	
GOOD SHEPHERD MEDICAL CENTER	Yes	9,089,966	18,093,163	9,003,197	Yes	9,089,966	37,825,766	28,735,500	Yes	Yes	Yes	Yes	
TCHD D/B/A IPS HEALTH NETWORK	Yes	102,487,700	175,062,980	72,575,280	Yes	102,487,700	199,406,001	96,918,301	Yes	Yes	Yes	Yes	
COVENANT HEALTH SYSTEM	Yes	6,818,221	14,617,097	7,798,876	Yes	6,818,221	39,597,064	32,778,843	Yes	Yes	Yes	Yes	
CHRISTUS SPOHN HOSP CORPUS CHRISTI	Yes	14,145,432	43,412,161	29,266,729	Yes	14,145,432	79,915,736	65,770,304	Yes	Yes	Yes	Yes	
METHODIST DALLAS MEDICAL CENTER	Yes	10,521,513	26,575,552	16,054,039	Yes	10,521,513	54,894,523	44,373,010	Yes	Yes	Yes	Yes	
GOODALL-WITCHER HOSPITAL AUTHORITY	Yes	305,397	(26,504)	(305,397)	No	305,397	628,114	322,717	Yes	Yes	Yes	Yes	
SCOTT AND WHITE MEMORIAL HOSPITAL	Yes	11,894,732	96,022,500	84,127,768	Yes	11,894,732	134,593,514	122,698,782	Yes	Yes	Yes	Yes	
ROLLING PLAINS MEMORIAL HOSPITAL	Yes	1,855,069	3,898,023	2,042,954	Yes	1,855,069	5,324,122	3,669,053	Yes	Yes	Yes	Yes	
BAPTIST HEALTH SYSTEM	Yes	25,458,218	33,420,607	7,962,389	Yes	25,458,218	92,553,751	67,095,533	Yes	Yes	Yes	Yes	
MEMORIAL HERMANN TEXAS MEDICAL CNTR	Yes	28,036,855	77,728,585	49,691,730	Yes	28,036,855	131,911,998	103,875,143	Yes	Yes	Yes	Yes	
DM CODGELL MEMORIAL HOSPITAL	Yes	1,779,192	1,921,075	141,883	Yes	1,779,192	2,633,778	854,586	Yes	Yes	Yes	Yes	
UT MD ANDERSON CANCER CENTER	Yes	42,521,304	20,669,120	(21,852,184)	No	42,521,304	69,993,163	27,471,859	Yes	Yes	Yes	Yes	
ANSON GENERAL HOSPITAL	Yes	202,293	962,361	760,068	Yes	202,293	1,609,690	1,407,397	Yes	Yes	Yes	Yes	
TITUS REGIONAL MEDICAL CENTER	Yes	2,997,449	3,580,214	582,765	Yes	2,997,449	6,785,145	5,787,696	Yes	Yes	Yes	Yes	
CHRISTUS SPOHN BEE HOSPITAL	Yes	1,019,193	3,302,367	2,283,174	Yes	1,019,193	6,494,987	5,475,794	Yes	Yes	Yes	Yes	
ETMC TYLER	Yes	6,147,156	25,157,301	19,010,145	Yes	6,147,156	52,749,586	46,602,430	Yes	Yes	Yes	Yes	
GRAHAM REGIONAL MEDICAL CENTER	Yes	411,449	1,020,606	609,157	Yes	411,449	1,781,422	1,369,973	Yes	Yes	Yes	Yes	
NORTH TEXAS MEDICAL CENTER	Yes	2,810,440	3,342,844	532,404	Yes	2,810,440	5,438,664	2,628,224	Yes	Yes	Yes	Yes	
FORT DUNCAN MEDICAL CENTER	Yes	2,723,139	3,893,016	1,169,877	Yes	2,723,139	16,284,538	13,561,399	Yes	Yes	Yes	Yes	
BAYSHORE MEDICAL CENTER	Yes	10,699,692	32,417,647	21,717,956	Yes	10,699,692	54,041,032	43,341,341	Yes	Yes	Yes	Yes	
PAMPA REGIONAL MEDICAL CENTER	Yes	498,958	780,354	281,396	Yes	498,958	2,739,519	2,240,561	Yes	Yes	Yes	Yes	
HILLCREST BAPTIST MEDICAL CENTER	Yes	5,149,712	23,174,062	18,024,350	Yes	5,149,712	32,220,426	27,070,714	Yes	Yes	Yes	Yes	
MOTHER FRANCES HOSPITAL	Yes	9,020,136	13,395,720	4,375,584	Yes	9,020,136	34,912,618	25,892,482	Yes	Yes	Yes	Yes	
LAS PALMAS MEDICAL CENTER	Yes	14,810,422	12,205,316	(2,605,106)	No	14,810,422	57,467,803	42,657,381	Yes	Yes	Yes	Yes	
CONNALLY MEMORIAL MEDICAL CENTER	Yes	1,541,570	2,012,246	470,676	Yes	1,541,570	3,440,174	1,898,604	Yes	Yes	Yes	Yes	
SOUTH TEXAS HEALTH SYSTEM	Yes	18,125,787	28,488,587	10,362,800	Yes	18,125,787	73,425,696	55,299,909	Yes	Yes	Yes	Yes	
UNIVERSITY MED CENTER BRACKENRIDGE	Yes	31,669,990	88,206,364	56,536,374	Yes	31,669,990	101,361,839	69,691,849	Yes	Yes	Yes	Yes	
KNAPP MEDICAL CENTER	Yes	5,617,194	7,116,208	1,499,014	Yes	5,617,194	27,724,260	22,107,066	Yes	Yes	Yes	Yes	
MEDICAL CENTER HEALTH SYSTEM	Yes	21,253,447	27,262,483	6,009,036	Yes	21,253,447	42,878,236	21,624,789	Yes	Yes	Yes	Yes	
MIDLAND MEMORIAL HOSPITAL	Yes	13,579,310	19,388,581	5,809,270	Yes	13,579,310	29,032,650	15,453,339	Yes	Yes	Yes	Yes	
TEXAS HEALTH FORT WORTH	Yes	10,391,216	58,574,489	48,183,273	Yes	10,391,216	89,628,328	79,237,112	Yes	Yes	Yes	Yes	
BAYLOR ALL SAINTS MEDICAL CENTER	Yes	8,256,723	31,092,472	22,835,749	Yes	8,256,723	46,019,508	37,762,785	Yes	Yes	Yes	Yes	
PERMIAN REGIONAL MEDICAL CENTER	Yes	1,377,938	1,375,228	(2,710)	No	1,377,938	1,854,153	476,215	Yes	Yes	Yes	Yes	
DETAR HEALTHCARE SYSTEMS	Yes	2,746,072	8,304,130	5,558,058	Yes	2,746,072	18,528,474	15,782,402	Yes	Yes	Yes	Yes	
METROPLEX HOSPITAL	Yes	3,175,551	7,000,664	3,825,113	Yes	3,175,551	13,998,346	10,822,795	Yes	Yes	Yes	Yes	
VAL VERDE REGIONAL MEDICAL CENTER	Yes	3,666,012	8,762,786	5,096,774	Yes	3,666,012	14,515,815	10,849,803	Yes	Yes	Yes	Yes	
HEREFORD REGIONAL MEDICAL CTR	Yes	1,652,668	1,669,937	17,269	Yes	1,652,668	2,300,111	647,443	Yes	Yes	Yes	Yes	
CHRISTUS SPOHN KLEBERG MEMORIAL HOSP	Yes	1,816,586	1,360,586	(456,000)	No	1,816,586	5,153,051	3,336,465	Yes	Yes	Yes	Yes	
SOUTH TEXAS MEDICAL CENTER	Yes	684,450	6,255,818	5,571,368	Yes	684,450	8,738,748	8,054,298	Yes	Yes	Yes	Yes	
MISSION HOSPITAL	Yes	6,725,317	12,650,044	5,924,727	Yes	6,725,317	37,038,793	30,313,476	Yes	Yes	Yes	Yes	
UVALDE MEMORIAL HOSPITAL	Yes	4,418,213	8,989,969	4,571,756	Yes	4,418,213	13,408,484	8,990,271	Yes	Yes	Yes	Yes	
PECOS COUNTY MEMORIAL HOSPITAL	Yes	1,853,229	2,871,654	1,018,425	Yes	1,853,229	4,373,662	2,520,433	Yes	Yes	Yes	Yes	
MEMORIAL HERMANN HOSPITAL SYS	Yes	22,894,425	52,098,517	29,204,092	Yes	22,894,425	118,308,094	95,413,669	Yes	Yes	Yes	Yes	
SCOTT & WHITE BRENHAM	Yes	470,226	4,970,712	4,500,486	Yes	470,226	6,650,985	6,180,759	Yes	Yes	Yes	Yes	
HILL REGIONAL HOSPITAL	Yes	524,995	4,044,511	3,519,516	Yes	524,995	5,603,792	5,078,797	Yes	Yes	Yes	Yes	
ETMC JACKSONVILLE	Yes	747,065	3,021,432	2,274,368	Yes	747,065	5,354,698	4,607,634	Yes	Yes	Yes	Yes	
PARIS REGIONAL MEDICAL CENTER	Yes	2,523,530	5,965,486	3,441,956	Yes	2,523,530	18,371,578	15,848,048	Yes	Yes	Yes	Yes	
WADLEY REGIONAL MEDICAL CENTER	Yes	3,262,457	3,990,099	727,642	Yes	3,262,457	13,842,620	10,580,163	Yes	Yes	Yes	Yes	
NORTHWEST TEXAS HOSPITAL	Yes	11,045,874	33,312,558	22,266,684	Yes	11,045,874	49,889,961	38,844,087	Yes	Yes	Yes	Yes	
ETMC CARTHAGE	Yes	1,224,745	1,171,410	(53,335)	No	1,224,745	2,304,781	1,080,036	Yes	Yes	Yes	Yes	
UNIVERSITY HEALTH SYSTEM	Yes	80,432,227	135,117,718	54,685,491	Yes	80,432,227	168,016,582	87,584,355	Yes	Yes	Yes	Yes	
GULF COAST MEDICAL CENTER	Yes	873,312	1,408,952	535,640	Yes	873,312	3,185,383	2,312,071	Yes	Yes	Yes	Yes	

State of Texas
Report on DSH Verifications (table)
For the Medicaid State Plan Rate Year Ended September 30, 2014

Hospital	Verification #1	Verification #2 (Reducing UCC by Medicare and Private Insurance Payments)				Verification #2 (Not Reducing UCC by Medicare and Private Insurance Payments)				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	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?
FISHER COUNTY HOSPITAL DISTRICT	Yes	680,064	(689,306)	(680,064)	No	680,064	(319,655)	(680,064)	No	Yes	Yes	Yes	Yes
REFUGIO MEMORIAL HOSPITAL	Yes	368,583	426,144	57,561	Yes	368,583	2,215,451	1,846,868	Yes	Yes	Yes	Yes	Yes
STONEWALL MEMORIAL HOSPITAL	Yes	95,593	330,517	234,924	Yes	95,593	1,086,726	991,133	Yes	Yes	Yes	Yes	Yes
MOTHER FRANCES HOSPITAL-JACKSONVILLE	Yes	319,506	1,026,630	707,124	Yes	319,506	2,401,936	2,082,430	Yes	Yes	Yes	Yes	Yes
LILLIAN M HUDSPETH MEMORIAL HOSP	Yes	452,237	738,058	285,821	Yes	452,237	1,025,207	572,970	Yes	Yes	Yes	Yes	Yes
CONCHO COUNTY HOSPITAL	Yes	194,910	387,576	192,666	Yes	194,910	701,391	506,481	Yes	Yes	Yes	Yes	Yes
CHILLICOTHE HOSPITAL DISTRICT	Yes	82,020	19,582	(62,438)	No	82,020	46,585	(35,435)	No	Yes	Yes	Yes	Yes
MEDINA REGIONAL HOSPITAL	Yes	1,352,370	2,736,235	1,383,865	Yes	1,352,370	3,680,985	2,328,615	Yes	Yes	Yes	Yes	Yes
COON MEMORIAL HOSPITAL	Yes	559,901	1,024,966	465,065	Yes	559,901	1,725,381	1,165,480	Yes	Yes	Yes	Yes	Yes
WJ MANGOLD MEMORIAL HOSPITAL	Yes	391,314	719,955	328,641	Yes	391,314	1,092,879	701,565	Yes	Yes	Yes	Yes	Yes
YOAKUM COMMUNITY HOSPITAL	Yes	623,537	1,345,039	721,502	Yes	623,537	2,623,903	2,000,366	Yes	Yes	Yes	Yes	Yes
COLEMAN COUNTY MEDICAL CENTER	Yes	745,389	(261,414)	(745,389)	No	745,389	793,483	48,094	Yes	Yes	Yes	Yes	Yes
HARDEMAN COUNTY HOSPITAL	Yes	263,068	573,497	310,429	Yes	263,068	1,549,591	1,286,523	Yes	Yes	Yes	Yes	Yes
OLNEY HAMILTON HOSPITAL DISTRICT	Yes	394,712	705,361	310,649	Yes	394,712	1,629,468	1,234,756	Yes	Yes	Yes	Yes	Yes
MEMORIAL MEDICAL CENTER	Yes	831,744	2,187,755	1,356,011	Yes	831,744	3,477,002	2,645,258	Yes	Yes	Yes	Yes	Yes
MEMORIAL HOSPITAL-SEMINOLE	Yes	880,888	2,578,926	1,698,038	Yes	880,888	3,933,333	3,052,445	Yes	Yes	Yes	Yes	Yes
OCHILTREE GENERAL HOSPITAL	Yes	802,662	960,637	157,975	Yes	802,662	1,247,003	444,341	Yes	Yes	Yes	Yes	Yes
JACKSON COUNTY HOSPITAL	Yes	926,425	159,357	(767,068)	No	926,425	1,537,197	610,772	Yes	Yes	Yes	Yes	Yes
COCHRAN MEMORIAL HOSPITAL	Yes	192,898	1,349	(191,549)	No	192,898	97,197	(95,701)	No	Yes	Yes	Yes	Yes
GOLDEN PLAINS COMMUNITY HOSPITAL	Yes	254,983	643,477	388,494	Yes	254,983	1,667,138	1,412,155	Yes	Yes	Yes	Yes	Yes
REEVES COUNTY HOSPITAL	Yes	1,251,547	2,346,564	1,095,017	Yes	1,251,547	3,804,108	2,552,561	Yes	Yes	Yes	Yes	Yes
BIG BEND REGIONAL MED CTR	Yes	212,958	1,295,549	1,082,591	Yes	212,958	2,330,844	2,117,886	Yes	Yes	Yes	Yes	Yes
COMANCHE COUNTY MEDICAL CENTER	Yes	553,519	302,555	(250,964)	No	553,519	1,342,113	788,594	Yes	Yes	Yes	Yes	Yes
TEXAS CENTER FOR INFECTIOUS DISEASE	Yes	7,385,323	9,597,157	2,211,834	Yes	7,385,323	9,612,976	2,227,653	Yes	Yes	Yes	Yes	Yes
COOK CHILDRENS MEDICAL CENTER	Yes	18,024,178	(17,232,966)	(8,024,178)	No	18,024,178	76,587,518	58,563,340	Yes	Yes	Yes	Yes	Yes
DRISCOLL CHILDRENS HOSPITAL	Yes	673,328	(16,751,568)	(673,328)	No	673,328	(12,282,879)	(673,328)	No	Yes	Yes	Yes	Yes
CHILDRENS MEDICAL CENTER OF DALLAS	Yes	21,118,269	21,541,689	423,420	Yes	21,118,269	39,900,455	18,782,186	Yes	Yes	Yes	Yes	Yes
TEXAS CHILDRENS HOSPITAL	Yes	10,595,295	(58,722,133)	(10,595,295)	No	10,595,295	30,809,731	20,214,436	Yes	Yes	Yes	Yes	Yes
OUR CHILDRENS HOUSE	Yes	1,129,185	1,807,670	678,485	Yes	1,129,185	3,433,166	2,303,981	Yes	Yes	Yes	Yes	Yes
HEALTHBRIDGE CHILDRENS HOSPITAL	Yes	58,103	3,663,005	3,604,902	Yes	58,103	3,681,952	3,623,849	Yes	Yes	Yes	Yes	Yes
DELL CHILDRENS MEDICAL CENTER	Yes	9,209,420	9,488,986	279,566	Yes	9,209,420	21,242,414	12,032,994	Yes	Yes	Yes	Yes	Yes
EL PASO CHILDRENS HOSPITAL	Yes	4,370,309	19,633,834	15,263,525	Yes	4,370,309	20,229,932	15,859,623	Yes	Yes	Yes	Yes	Yes
CHILDRENS HOSPITAL OF SAN ANTONIO	Yes	9,558,659	5,509,980	(4,048,679)	No	9,558,659	11,808,125	2,249,466	Yes	Yes	Yes	Yes	Yes
CLARITY CHILD GUIDANCE CENTER	Yes	1,881,505	1,587,077	(294,428)	No	1,881,505	1,858,834	(22,671)	No	Yes	Yes	Yes	Yes
BIG SPRING STATE HOSPITAL	Yes	16,910,219	24,150,377	7,240,158	Yes	16,910,219	24,150,674	7,240,455	Yes	Yes	Yes	Yes	Yes
TERRELL STATE HOSPITAL	Yes	25,183,241	39,927,421	14,744,180	Yes	25,183,241	39,965,982	14,782,741	Yes	Yes	Yes	Yes	Yes
NORTH TEXAS STATE HOSPITAL	Yes	70,412,798	75,281,729	4,868,931	Yes	70,412,798	75,305,853	4,893,055	Yes	Yes	Yes	Yes	Yes
SAN ANTONIO STATE HOSPITAL	Yes	26,751,962	38,198,958	11,446,996	Yes	26,751,962	38,257,547	11,505,585	Yes	Yes	Yes	Yes	Yes
SETON SHOAL CREEK	Yes	1,899,108	7,157,740	5,258,632	Yes	1,899,108	7,310,048	5,410,940	Yes	Yes	Yes	Yes	Yes
HARRIS CO PSYCHIATRIC CENTER	Yes	16,720,809	32,636,193	15,915,384	Yes	16,720,809	32,636,193	15,915,384	Yes	Yes	Yes	Yes	Yes
AUSTIN STATE HOSPITAL	Yes	29,684,967	36,938,628	7,253,661	Yes	29,684,967	36,963,573	7,278,606	Yes	Yes	Yes	Yes	Yes
RIO GRANDE STATE CENTER	Yes	9,428,098	10,521,868	1,093,770	Yes	9,428,098	10,579,439	1,151,341	Yes	Yes	Yes	Yes	Yes
EL PASO PSYCHIATRIC CENTER	Yes	7,963,763	13,047,121	5,083,358	Yes	7,963,763	13,047,130	5,083,367	Yes	Yes	Yes	Yes	Yes
HMH CEDAR CREST LLC	Yes	1,739,660	(1,070,188)	(7,39,660)	No	1,739,660	(952,867)	(1,739,660)	No	Yes	Yes	Yes	Yes
ST MARKS MEDICAL CENTER	Yes	415,724	1,158,980	743,256	Yes	415,724	2,534,201	2,118,477	Yes	Yes	Yes	Yes	Yes
SIERRA PROVIDENCE EAST MED CTR	Yes	3,426,347	8,876,682	5,450,336	Yes	3,426,347	20,899,290	17,472,944	Yes	Yes	Yes	Yes	Yes
WACO CENTER FOR YOUTH	Yes	10,027,030	15,561,539	5,534,509	Yes	10,027,030	15,561,539	5,534,509	Yes	Yes	Yes	Yes	Yes

A: North Texas State Hospital represents two campuses: Wichita Falls and Vernon. Each campus received DSH Payments of \$24,691,499 and \$45,721,299 respectively. These campuses share a common financial system and are combined for the purposes of this report.

This report is intended solely for the information and use of the Texas Health and Human Services Commission, 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 Texas Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended September 30, 2014

Finding 1

Criteria:

The Code of Federal Regulations at section 455.304(b), specifies that the state must submit to CMS a DSH examination report by December 31st each year for the Medicaid State plan rate year ending during the calendar year three years prior to that date.

Condition:

We found that 2 hospitals did not submit the DSH examination documentation requested.

One of these hospitals was found to be bankrupt or out of business. The uncompensated care costs for this hospital were calculated based on services reported from state supplied MMIS claims data only.

One of these hospitals was found to be in business, had the capability to comply with the examination, submitted partial data, but did not submit a completed survey or a signed certification. The uncompensated care costs for this hospital were calculated based on services reported from state supplied MMIS claims data and limited hospital self-reported data. Testing was performed to gain reasonable assurance that unsupported uncompensated care costs were not included in this report.

Cause:

Texas HHSC along with Myers and Stauffer provided education to the providers on the proper completion of the survey tool, and required documentation to be submitted with the survey. One hospital, despite these efforts, found it difficult to meet the timelines necessary to provide a DSH examination report to HHSC in accordance with the federal rules. One hospital was bankrupt or no longer in business.

State of Texas Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended September 30, 2014

Finding 2

Criteria:

The Code of Federal Regulations at section 455.301, specifies that the hospital-specific DSH limit should be inclusive of not only fee-for-service Medicaid claims, but also include Managed Care Medicaid claims, out-of-state Medicaid claims, and Medicaid crossover claims. In addition to the Medicaid claims, the DSH rule also specifies at section 455.301(d)(3) that the uncompensated costs of providing inpatient and outpatient hospital services to the uninsured should also be included.

Condition:

We found that the majority of hospitals were unable to obtain Medicaid out-of-state paid claims reports from out-of-state Medicaid agencies to satisfactorily document the out-of-state services provided and payments received.

Cause:

Out-of-state (non-Texas) Medicaid services are included in the uncompensated care cost calculation for hospitals that were able to provide their own internal data. Several hospitals did not report any out-of-state Medicaid services or only reported a limited amount of out-of-state Medicaid services. Hospital self-reported supported documentation was relied upon in testing of the costs and payments associated with Medicaid out-of-state services.

Recommendation:

We recognize that the difficulties in obtaining out-of-state documentation were predominately due to the hospitals' historical requests to out-of-state Medicaid agencies not being responded to timely, and are not necessarily due to inaction or a lack of cooperation by the hospitals. We recommend that either the hospitals receiving DSH payment or the Texas Medicaid agency attempt to obtain MMIS records directly from the out-of-state Medicaid agencies for out-of-state Medicaid services.

State of Texas Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended September 30, 2014

Notes of Recent DSH Litigation

On March 2, 2018, the U.S. District Court for the District of Columbia issued an order vacating the April 3, 2017 Final Rule. This ruling was appealed by CMS and on August 13, 2019, the U.S. Court of Appeals for the District of Columbia reinstated the April 3, 2017 Final Rule. On June 1, 2018, in a separate case, the U.S. District Court for the District of Columbia issued an order permanently enjoining CMS from enforcing CMS FAQ 33. On December 31, 2018 CMS withdrew FAQs 33 and 34.

The DSH examination report reflects both the current CMS guidance (the withdrawal of FAQs 33 and 34 by CMS: not reducing uncompensated care costs by Medicare and private insurance payments), and separate, alternative calculations made based on the DSH Final Rule in Federal Register/Vol. 82, No. 62, April 3, 2017 (reducing uncompensated care costs by Medicare and private insurance payments).

Notes on Reissuance

This reissued report incorporates multiple changes from the original report dated November 15, 2017. These changes, including their reasons and impacts, are described below:

- The Report on DSH Verifications (table) has been updated to reflect two calculations of uncompensated care costs, as described in the newly inserted Notes of Recent DSH Litigation above. This change in reporting format was requested by the Texas Health and Human Services Commission (HHSC). While not a required part of the Report on DSH Verifications, the Schedule of Annual Reporting Requirements was also updated to present the aforementioned two calculations of uncompensated care costs.
- The uncompensated care costs on the Report on DSH Verifications (table) Verification #2 in the “Total Uncompensated Care Costs for Medicaid State Plan Rate Year,” as well as the resulting amounts in the “DSH Payment Under or <Over> Total Uncompensated Care Costs (UCC)” columns were updated for six hospitals. The update related to one of these hospitals was the result of an appeal, two hospitals’ updates were the result of errors, and three hospitals’ updates were the result of revised supplemental payment information provided by the Texas HHSC. None of these updates required a change to the Verification #2 “DSH Payment Complies with the Hospital-Specific DSH Limit” columns of the Report on DSH Verifications (table).
- The Texas HHSC also provided additional DSH payments that were made to 166 hospitals as a result of distribution of previously withheld funds. These changes required updates to the “DSH Payment for Medicaid State Plan Rate Year (In-State and Out-of-State)” and “DSH Payment Under or <Over> Total Uncompensated Care Costs (UCC)” columns of the Report on DSH Verifications (table). None of these updates required a change to the Verification #2 “DSH Payment Complies with the Hospital-Specific DSH Limit” columns of the Report on DSH Verifications (table).

It should be noted that no additional procedures beyond incorporation of the specific changes noted above were performed related to the originally reported data. This report supersedes the previously issued reports dated November 15, 2017; December 13, 2017; and May 23, 2018.

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 Texas Health and Human Services Commission and its DSH hospitals for the Medicaid State plan rate year ending September 30, 2014.

Topeka, Kansas
December 20, 2019