

Myers and Stauffer LC
Certified Public Accountants
9265 Counselor's Row, Suite 200
Indianapolis, IN 46240

January 10, 2008

DHL Number: _____

Provider Number: _____

RE: SFY 2006 DSH Hospital Specific Limit Requirements

Dear _____:

Please find the enclosed survey form that must be completed to determine your Indiana Medicaid Disproportionate Share Hospital (DSH) hospital specific limit (HSL) for State Fiscal Year 2006. This will be used to determine your hospital's Indiana Medicaid DSH payment.

Requests for SFY 2006 Medicaid paid claims information may be submitted to Myers and Stauffer. Please see our "Claims Request Policy" and "Claims Request Template" at www.mslcindy.com. From the main web page, select "Hospital". Please note that under the "Claims Request Policy," requests received before March 31, 2008 are scheduled to be processed during the first two weeks of April. **However, an exception to this policy is being made to assist hospitals in the timely filing of this survey. Requests for SFY 2006 claims data will be processed and billed shortly after receipt during the month of January. Please note that all other claim request procedures continue to apply.**

This survey and supporting schedules, as well as your independent certification (if applicable), ECR disk, and a signed Worksheet S must be completed and returned to Myers and Stauffer LC postmarked by March 3, 2008. Please note that timely and accurate completion of your DSH information will expedite the distribution of your 2006 DSH payments.

All submitted documents and questions related to the DSH survey or instructions should be directed to Melenie Sheehan at the above address or by telephone at (317) 846-9521 or (800) 877-6927.

Sincerely,

Myers and Stauffer LC

cc: Pat Nolting, Office of Medicaid Policy and Planning

Enclosure

**OFFICE OF MEDICAID POLICY AND PLANNING
HOSPITAL SPECIFIC LIMIT SURVEY**

As a condition of participation in the Medicaid program, you are required, pursuant to your provider agreement, to submit to the Office of Medicaid Policy and Planning (OMPP) any information it deems necessary for the efficient operation and proper administration of the program. Please be advised the OMPP considers completion of this survey essential for the efficient operation and proper administration of the Medicaid program.

Please complete the attached HSL portion of the survey and forward to the address below, postmarked no later than **March 3, 2008**.

Myers and Stauffer LC
Attention: Melenie Sheehan
9265 Counselors Row, Suite 200
Indianapolis, Indiana 46240

This will be the only notification sent concerning the deadline for submitting this survey. No second notifications will be sent. Any hospital that fails to complete and return the survey or the independent agreed upon procedures report (if required) will be considered to have a hospital specific limit of \$0, and therefore a DSH payment of \$0. Timeliness of the SFY 2006 DSH payments will depend on how quickly these surveys are returned. Please note that the instructions for completing the HSL Survey have been revised from previous years. Please review the instructions carefully before completing this form.

If you have any questions about this survey, please call Melenie Sheehan at Myers and Stauffer LC at (317) 846-9521 or 1-800-877-6927.

Thank you for your cooperation in completing this survey.

OMPP DSH HOSPITAL SPECIFIC LIMIT (HSL) SURVEY

Due Date: March 3, 2008

General Information

Hospital Name: _____

Hospital Address: _____

AIM Number: _____

Provider Fiscal Year End (please enter date): _____

Ownership Type during year (Privately Owned, Governmental / Municipal): Privately Owned and Operated

Please correct any information above, if necessary.

If your facility closed or experienced another change that would affect its eligibility status (i.e. sale that would result in the facility no longer being considered a municipal hospital) prior to June 30, 2006, please describe, including date of change:

Hospital Contact for survey questions:

Name: _____

Title: _____

Telephone: _____

Fax: _____

E-mail: _____

Hospital Contact to receive all correspondence related to DSH eligibility and payment:

Name and Title: _____

(Please print)

If your facility elects to not participate in the Acute, Municipal County Hospital or Community Mental Health Center (CMHC) DSH Pools, your facility does not have to complete this survey. This may be the case if you anticipate that Medicaid payments received by your facility, including supplemental payments, exceed the total Medicaid and uninsured costs. In this case, you may anticipate that your hospital specific limit will be zero, or negative, and therefore your DSH payment will be \$0.

- If you choose not to complete a HSL for SFY 2006 please check the box and sign where indicated. There is no need to complete the remainder of this survey. As a result, your facility will not receive a SFY 2006 DSH payment.*

Signature and Title

REPORTING PERIOD

*The information relating to DSH limit calculations requested on this form must be for your **fiscal year ended during the State Fiscal Year June 30, 2006.** For facilities with 9/30 year ends, please use FYE 9/30/05, 12/31 use 12/31/05, 6/30 use 6/30/06, etc.*

INDEPENDENT CPA AGREED-UPON PROCEDURES

Please note that data elements pertaining to Medicaid shortfall and charity/uninsured care must be completed by those facilities that qualify for DSH payments, even if you are also required to submit an agreed upon procedures report from an independent certified public accounting firm. Agreed upon procedures reports are required if your acute care facility exceeds the following established OMPP thresholds: Medicaid Shortfall (including Medicaid Supplemental payments such as HCI) is greater than \$500,000, or Charity/Uninsured Care shortfall is greater than \$500,000. For the purposes of the threshold and this survey, charity care is synonymous with uninsured care. Please complete the remainder of this document.

SERVICES TO EXCLUDE FROM BOTH MEDICAID AND UNINSURED SHORTFALLS

Federal DSH regulations (42 U.S.C. 1396r-4(g)) state that only “hospital services” can be included in the determination of costs for DSH Hospital Specific Limit purposes. Please note that Skilled Nursing Facility (SNF) (including those SNF services provided in a “swing bed”), Home Health Care, Federally Qualified Health Centers (FQHC), and Rural Health Clinic (RHC) costs should be excluded from Medicaid and uninsured shortfall calculations on this survey and on the Indiana Medicaid DSH Cost Report.

MEDICAID SHORTFALL

Medicaid Shortfall is defined as uncompensated costs of delivering care to Medicaid patients.

In order to enhance consistency among providers and to ensure that Medicare cost reporting principles are used for calculating the Medicaid shortfall, you are required to complete the Medicaid cost report for the hospitals' years ended in State Fiscal Year 2006 (July 1, 2005 – June 30, 2006). This cost report will be used in completing the Medicaid shortfall portion of this survey. For purposes of this HSL survey, this cost report will hereafter be referred to as the SFY 2006 Indiana Medicaid DSH cost report. The SFY 2006 hospital cost report previously submitted to Myers and Stauffer, as amended, must be used as the basis for completing the SFY 2006 Indiana Medicaid DSH cost report. Completed HSL surveys must be accompanied by an ECR disk that corresponds and reconciles to the HSL survey numbers you report below.

If complying with the HSL survey instructions below results in a SFY 2006 Indiana Medicaid DSH cost report that differs in any manner from the SFY 2006 cost report previously submitted to Myers and Stauffer, you will need to highlight the changes for our review. Please provide an explanation of the changes made from the previously submitted SFY 2006 cost report, to arrive at the SFY 2006 Indiana Medicaid DSH cost report amounts. Such explanations should include references to schedules, line and columns. Some adjustments to your previously submitted cost report may be necessary when completing your Medicaid DSH cost report. Such adjustments are listed below.

Services to be Excluded

Federal DSH regulations (42 U.S.C. 1396r-4(g)) state that only "hospital services" can be included in the determination of costs for DSH Hospital Specific Limit purposes. Please note that Skilled Nursing Facility (SNF) (including those SNF services provided in a "swing bed"), Home Health Care, Federally Qualified Health Centers (FQHC), and Rural Health Clinic (RHC) costs should be excluded from Medicaid and uninsured shortfall calculations on this survey and on the Indiana Medicaid DSH Cost Report.

Patients to be Included in the Medicaid Shortfall

If a patient is eligible for other insurance, the cost of service to the patient can be included in the Medicaid shortfall. Only include costs for services related to patients that have been identified and verified as Medicaid-eligible. If such services are included in the Medicaid shortfall, you must include the cost of the entire service, as well as all payments related to the service, including those received from Medicaid and other insurance. Please be advised that services provided to out of state Medicaid patients, Risk Based Managed Care Medicaid services, etc. should be included on your submitted cost report.

Outpatient Medicaid Information

In addition to any revisions to Medicaid inpatient days, charges, and payments, you will also need to report Medicaid outpatient charges on Worksheet D, Part V. This is required as support for the outpatient Medicaid shortfall information reported below. If you do not have Medicaid outpatient charge data by department, please apportion your Medicaid charges on Worksheet D, Part V to the various cost centers using the same proportion as total charges as represented on Worksheet C. For example, if the Emergency charges reported on Worksheet C, Line 61, column 7 are equal to 9.7% of total outpatient charges, then report 9.7% of total outpatient Medicaid charges on Worksheet D, Part V, Line 61, column 8 as the portion of total outpatient Medicaid charges attributable to Emergency. If you have any ambulance charges, also report them on Worksheet D, Part V. This may result in a warning that will print on your “edit listing” which can be ignored.

Medicaid Payments

Report inpatient and outpatient Medicaid claims payments on Worksheet E-3, Part III. Please note that inpatient and outpatient payments are reported separately on the schedule below. Because Medicaid supplemental payments (HCI, Indiana Medicaid Municipal, etc.) are separately reported on the schedule below, they should not be included in total Medicaid payments reported on Worksheet E-3, Part III.

Sub-providers

If your Medicaid inpatients were treated in psychiatric and/or rehabilitation units, then you would also utilize those specific cost report schedules. Where the patient is treated, not the payment type, governs how the cost is determined for these service. For example, if you have a geriatric-only psychiatric sub-provider, the Medicaid psychiatric patients cost calculation should use routine costs and not the psychiatric unit because the Medicaid psychiatric patients were not treated in the psychiatric unit.

Other Adjustments

Other adjustments may also be necessary. For example, Medicare cost reports remove costs related to interns and residents from total costs on Worksheet B because they are reimbursed in another schedule. For purposes of computing your Medicaid shortfall for DSH purposes, these costs should be included. Your specific software will govern how these costs should be reported to prevent their removal, but one option is to move the costs to another overhead department so they are not removed on Worksheet B. Such an adjustment should be included in the explanation of reporting changes you provide.

If costs are not flowing correctly to Worksheet E-3, Part III, please check the payment type listed on Worksheet S-2, lines two and three. If you choose payment system type “O” for “other”, all costs will properly flow to Worksheet E-3, Part III and the settlement summary Worksheet S will also display your Medicaid shortfall information. Worksheet

E-3, Part III should agree to the amount reported on line C in the Medicaid shortfall section below.

Please note that the examples provided above do not constitute an entire list of adjustments that will be needed in order to accurately represent your costs for Indiana Medicaid DSH purposes. Other adjustments will be necessary depending upon your hospital's unique characteristics.

After your Medicaid shortfall is calculated on the Indiana Medicaid DSH Cost Report, use the report to complete the sections below.

	Program Charges	Program Costs	Claims Reimbursement	Medicaid Shortfall
	a	b	c	d=(b-c)
A. Medicaid Inpatient Program	_____	_____	_____	_____
B. Medicaid Outpatient Program	_____	_____	_____	_____
C. Total Inpatient and Outpatient Medicaid Shortfall before supplemental payments (Sum) Column d				_____
D. HCI (Hospital Care for the Indigent) Payments Received for SFY 2006				_____
E. Gross Indiana Medicaid Municipal Hospital payment for SFY 2006 (only if a Municipal County Hospital)				_____
F. Gross Supplemental Payment to Privately Owned Hospitals for SFY 2006 (only if a Privately-owned Hospital)				_____
G. Total Medicaid Shortfall Net of Supplemental Medicaid Payment Received (C – D - E – F)				_____

H. 1. Have costs related to patients dually eligible for Medicaid and Medicare been included in the Medicaid shortfall reported in this survey (yes or no)? _____

If your answer is no, please skip to the Uninsured Shortfall section at the end of this letter and complete. If the answer is yes, please continue.

H. 2. For services provided to the dually eligible that were included in the Medicaid shortfall, please report the following:

Inpatient		Outpatient	
Charges	_____	Charges	_____
Cost	_____	Cost	_____
Payments:		Payments:	
<u>Payer</u>	<u>Amount</u>	<u>Payer</u>	<u>Amount</u>
Medicare	_____	Medicare	_____
Medicaid	_____	Medicaid	_____
Other	_____	Other	_____

H. 3. The section, “*Patients to be Included in the Medicaid Shortfall*” on page four of the survey instructions states, “If such services are included in the Medicaid shortfall, you must include... all payments related to the service, including those received from Medicaid and other insurance.” Any and all Medicare payments related to these services must be included. These include Medicare payments that are paid through the Medicare cost report settlement process and Medicare DSH. Please describe below the method used to determine the Medicare payments included in the payments in calculating the Medicaid shortfall. If the space below is insufficient to describe completely, please add sheets as necessary as attachments.

UNINSURED SHORTFALL

Uninsured care is care provided to patients who have **no** health insurance or other source of third party coverage in the cost reporting period ending in SFY 2006, less any payments made by the uninsured patients. Bad debt related to self-pay can be included in uninsured care as long as the cost of providing the service was associated with uninsured patients **and relates to services provided during the hospital's cost report year ending within SFY 2006. Costs related to services provided prior to the cost report year cannot be included, even if the account was written off to bad debt during the year.** Contractual allowances and discounts should not be included.

Patients who have no health insurance are defined as patients who have:

- *No health insurance coverage for any health care service,*
- *Health insurance that does not cover a particular service rendered,*
or
- *Health insurance that does not cover the particular procedure for which the individual sought treatment.*

Costs for any service for which any insurance payment was made cannot be included. For example, if insurance paid for all but the co-pay or deductible portion, which remained unpaid, no cost related to the service can be included. In addition, the unpaid co-pay or deductible cannot be included in your uninsured shortfall. However, if the entire charge for service fell below the deductible, therefore no insurance payment was made, the cost of this service can be included in the uninsured shortfall, if it satisfies the definition above. In this case, the entire cost and all payments relating to the service must be included in the shortfall.

Costs for all services that meet the definition above must be included in the uninsured shortfall, regardless of the amount of private pay received. For example, if a patient was uninsured, but paid 100% of their bill, then the patient meets the definition of uninsured for DSH purposes. The entire cost should be included, as well as the entire payment received, in calculating the uninsured shortfall.

Federal DSH regulations (42 U.S.C. 1396r-4(g)) state that only "hospital services" can be included in the determination of costs for DSH Hospital Specific Limit purposes. Please note that Skilled Nursing Facility (SNF) (including those SNF services provided in a "swing bed"), Home Health Care, Federally Qualified Health Centers (FQHC), and Rural Health Clinic (RHC) costs should be excluded from Medicaid and uninsured shortfall calculations on this survey and on the Indiana Medicaid DSH Cost Report.

1. Uninsured Care

- A. Total uninsured charges: _____
- B. Cost to charge ratio (from calculation below): _____
- C. Total cost of providing these (A x B): _____
- D. Total payments **received** that relate to the charges in 1A above: _____
- E. Total uninsured shortfall (C – D): _____

Cost to Charge Ratio Calculation:

Total charges from Worksheet C, Part I, Column 8, Line 103 _____
Less: Total chgs. for SNF, Home Health, LTC (Col. 8, Lines 34 – 36) _____
Total charges for use in CCR _____

Total costs from Worksheet C, Part I, Column 5, Line 103 _____
Less: Total costs for SNF, Home Health, LTC (Col. 5, Lines 34 – 36) _____
Total costs for use in CCR _____

Cost to Charge Ratio = Total costs / Total charges _____

HOSPITAL SPECIFIC LIMIT

Total uninsured shortfall (1E) _____

Total Medicaid shortfall (Page 6) _____

Sum of uninsured and Medicaid shortfall = HSL _____

As stated on page three, agreed upon procedures reports by an independent CPA are required if your acute care facility exceeds the following established OMPP thresholds: **Medicaid Shortfall (net of Medicaid supplemental payments such as HCI) is greater than \$500,000, or Charity/Uninsured Care shortfall is greater than \$500,000.** Non-acute (psychiatric) facilities are not required to submit an agreed-upon procedures report.

CERTIFICATION

This is to certify that the above information, including any attached exhibits, schedules, and explanations is true, accurate and complete. **I understand no additional costs will be included in the DSH calculation if postmarked after March 3, 2008.** I understand that this information is submitted for the purpose of determining Indiana Medicaid Disproportionate Share Hospital payments. I understand that any false claims, statements, or documents, or concealment of material fact may be prosecuted under applicable federal or state law. Declaration of preparer is based on all information of which the preparer has any knowledge.

Name of authorized person _____

Signature of authorized person _____

Title / Position _____ Date _____