TO: Thomas Scully  
Administrator  
Centers for Medicare and Medicaid Services

FROM: Dennis J. Duquette  
Acting Principal Deputy Inspector General

SUBJECT: Review of the Commonwealth of Pennsylvania’s Medicaid Disproportionate Share Hospital Payments for State Fiscal Year Ending June 30, 2001 (A-03-01-00221)

We are transmitting for your information the final audit report entitled, “REVIEW OF THE COMMONWEALTH OF PENNSYLVANIA’S MEDICAID DISPROPORTIONATE SHARE HOSPITAL PAYMENTS FOR STATE FISCAL YEAR ENDING JUNE 30, 2001.” The review was conducted at the request of the Centers for Medicare and Medicaid Services (CMS) as part of a multi-state initiative focusing on Medicaid disproportionate share hospital (DSH) payments made under section 1923 of the Social Security Act (the Act). The draft report was provided to the state of Pennsylvania as well as CMS, Region III for review. Comments were received from both the state and CMS Region III and those comments have been incorporated into the body of the report where appropriate.

The objectives of our review were to determine if DSH payments made by Pennsylvania’s Department of Public Welfare (DPW) for state fiscal years (SFY) 2000-2001 (1) were calculated in accordance with the approved Medicaid state plan (state plan) and (2) did not exceed the hospital’s uncompensated care costs (UCC) as imposed by the Omnibus Budget Reconciliation Act (OBRA) of 1993.

Our audit found that DPW made $671 million in DSH payments in SFY 2000-2001. Although these payments generally conformed to the state plan, most DSH payments were for services that were not otherwise eligible for federal Medicaid matching funds. Of the $671 million in reported DSH payments, $138 million represented additional payments to hospitals. The remaining DSH payments, totaling $533 million, were for services that would not otherwise qualify for federal Medicaid matching funds including:

- Institute for mental disease (IMD) costs totaling $315 million for individuals aged 21 to 64,

- Hospital costs totaling $215 million incurred under the state’s general assistance (GA) medical program, and

- Medical costs totaling $3 million for inmates of state correctional institutions.
The approved state plan allowed Pennsylvania to report IMD and GA costs as DSH payments. The state plan, however, did not address inmate medical costs. By reporting IMD, GA, and inmate medical expenditures as DSH payments, the state was able to shift $287 million (54 percent of $533 million) of state costs to the Federal Government. We were unable to determine whether the DSH payments exceeded hospital-specific limits because the state did not provide a complete accounting of DSH payments made to each hospital nor did the state require hospitals to report their UCC. As a result, we could not compare DSH payments to hospitals’ UCC to determine compliance with OBRA of 1993.

In August 2002, CMS issued a letter to State Medicaid Directors that addressed some aspects of CMS’s DSH payment policy. In one section, CMS clarified that states could not use DSH payments to cover the cost of medical care provided to inmates. We recommended that CMS ensure that Pennsylvania complied with CMS’s policy regarding the costs of medical care provided to inmates of correctional facilities.

In its response, the CMS regional office concurred with our recommendation and noted that DPW last claimed prisoner medical costs in the quarter ending June 30, 2002. The DPW responded that federal DSH funds were earned appropriately in accordance with its federally approved state plan. The DPW objected to the Office of Inspector General’s (OIG) categorization that DPW earned DSH funds for other than Medicaid eligible clients. The DPW agreed that private hospitals did not provide a complete accounting of hospital-specific DSH payments. It also acknowledged that there was no clear audit trail to reconcile DSH payments made to individual hospitals. To address this issue, DPW stated that it had amended the medical assistance hospital cost report form to capture more detailed information to enhance its ability to determine hospital-specific DSH payment limits.

We will incorporate the findings from this report into a comprehensive report of all OIG DSH reviews. That report to you will recommend policy changes to the DSH program.

Any questions or comments on any aspect of this memorandum are welcome. Please address them to George M. Reeb, Assistant Inspector General for the Centers for Medicare and Medicaid Audits at (410) 786-7104 or Stephen Virbitsky, Regional Inspector General for Audit Services, Region III, at (215) 861-4470.

Attachment
Memorandum

Date

From

Regional Inspector General for Audit Services

Subject

Review of the Commonwealth of Pennsylvania’s Medicaid Disproportionate Share Hospital Payments for State Fiscal Year Ending June 30, 2001 (A-03-01-00221)

To

Sonia A. Madison
Regional Administrator


In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231) OIG, OAS reports issued to the Department’s grantees and contractors are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise (see 45 CFR part 5). To facilitate identification please refer to report number A-03-01-00221 in any correspondence relating to this report.

Stephen Virbitsky

Attachment – as stated
Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

REVIEW OF THE COMMONWEALTH OF PENNSYLVANIA’S MEDICAID DISPROPORTIONATE SHARE HOSPITAL PAYMENTS FOR STATE FISCAL YEAR ENDING JUNE 30, 2001
THIS REPORT IS AVAILABLE TO THE PUBLIC
at http://oig.hhs.gov

In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent the information is not subject to exemptions in the act. (See 45 CFR Part 5.)

OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.
EXECUTIVE SUMMARY

Background

In 1965, Medicaid was established as a jointly funded federal and state program providing medical assistance to qualified low-income people. At the federal level, the program is administered by the Centers for Medicare and Medicaid Services (CMS), an agency within the Department of Health and Human Services. Within a broad legal framework, each state designs and administers its own Medicaid program. Each state prepares a state plan that defines how a state will operate its Medicaid program and is required to submit the plan for CMS approval.

The disproportionate share hospital (DSH) program, which originated with the Omnibus Budget Reconciliation Act (OBRA) of 1981, required state Medicaid agencies to make additional payments to hospitals serving disproportionate numbers of low-income patients with special needs. States had considerable flexibility to define DSH under sections 1923(a) and (b) of the Social Security Act (the Act).

Section 13621 of OBRA of 1993 amended section 1923 of the Act to limit DSH payments to the amount of a hospital’s incurred uncompensated care costs (UCC). The UCC was limited to the costs of medical services provided to Medicaid and uninsured patients less payments received for those patients excluding Medicaid DSH payments.

The OBRA of 1993 provided for a transition period during which public hospitals deemed high DSH could receive payments up to 200 percent of uncompensated cost but limited payments to all hospitals to 100 percent of UCC for state fiscal years (SFY) beginning on or after January 1, 1995.

The Pennsylvania Department of Public Welfare (DPW) administers the Medicaid program in Pennsylvania in accordance with an approved state plan and is responsible for DSH payments. The federal medical assistance percentage for these payments in Pennsylvania is approximately 54 percent.

Objectives

The objectives of our review were to determine if DSH payments (1) were calculated in accordance with the approved state plan and (2) did not exceed the hospital-specific limits imposed by OBRA of 1993.

Summary of Findings

We found that DSH payments generally conformed to the state plan, however, most DSH payments were for services that were not otherwise eligible for federal Medicaid matching funds. Of the $671 million in reported DSH payments for the year ending June 30, 2001 (SFY 2000-2001), $138 million represented additional payments to hospitals. The remaining DSH payments, totaling $533 million, were for services that would not otherwise qualify for federal Medicaid matching funds including:
- Institute for mental disease (IMD) costs totaling $315 million for individuals aged 21 to 64,
- Hospital costs totaling $215 million incurred under the state’s general assistance (GA) medical program, and
- Medical costs totaling $3 million for inmates of state correctional institutions.

The approved state plan allowed Pennsylvania to report IMD and GA costs as DSH payments. The state plan, however, did not address inmate medical costs. By reporting IMD, GA, and inmate medical expenditures as DSH payments, the state was able to shift $287 million (54 percent of $533 million) of state costs to the Federal Government.

We were unable to determine whether the DSH payments exceeded hospital-specific limits because the state did not provide a complete accounting of DSH payments made to each hospital nor did the state require hospitals to report their UCC. As a result, we could not compare DSH payments to hospitals’ UCC to determine compliance with OBRA of 1993.

In August 2002, CMS issued a letter to State Medicaid Directors that addressed some aspects of CMS’s DSH payment policy. In one section, CMS clarified that states could not use DSH payments to cover the cost of medical care provided to inmates. Therefore, we recommended that CMS ensure that DPW comply with CMS’s policy regarding the costs of medical care provided to inmates of correctional facilities and cease making DSH payments for such costs.

**CMS and DPW Comments and Office of Inspector General Response**

In its response, the CMS regional office concurred with our recommendation and noted that DPW last claimed prisoner medical costs in the quarter ending June 30, 2002. The DPW responded that federal DSH funds were earned appropriately in accordance with its federally approved state plan. The DPW objected to the Office of Inspector General’s (OIG) categorization that DPW earned DSH funds for other than Medicaid eligible clients. The DPW agreed that private hospitals did not provide a complete accounting of hospital-specific DSH payments. It also acknowledged that there was no clear audit trail to reconcile DSH payments made to individual hospitals. To address this issue, DPW stated that it had amended the medical assistance hospital cost report form to capture more detailed information to enhance its ability to determine hospital-specific DSH payment limits.

We are pleased that CMS concurred with our recommendation and has determined that DPW is now in compliance with CMS’s directive concerning DSH payments for the medical cost of prisoners. We categorized DSH payments to Pennsylvania hospitals between those payments that represented additional revenue to the hospitals and those payments for services that would not otherwise qualify for federal Medicaid matching funds. This latter category of DSH payments did not result in additional medical care being provided; but instead represented a shifting of the funding source for these services from the state to the Federal Government. We are encouraged that DPW stated that it has begun to take some action to account for hospital-
specific DSH payments to private hospitals. We continue to believe that without a hospital-specific reporting of UCC and a process to reconcile DSH payments with reported UCC, DPW cannot provide a reasonable assurance that it is meeting the hospital-specific limit requirement of the federal statute and the state plan.

Where appropriate, we made changes in the report to reflect the CMS and DPW comments. We included the comments, in their entirety, in APPENDIX B and APPENDIX C respectively. Their comments and OIG’s response are summarized in the report.
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INTRODUCTION

BACKGROUND

In 1965, Medicaid was established as a jointly funded federal and state program providing medical assistance to qualified low-income people. At the federal level, the program is administered by the Centers for Medicare and Medicaid Services (CMS), an agency within the Department of Health and Human Services. Within a broad legal framework, each state designs and administers its own Medicaid program. Each state prepares a state plan that defines how a state will operate its Medicaid program and is required to submit the plan for CMS approval.

The Omnibus Budget Reconciliation Act (OBRA) of 1981 established the DSH program by adding section 1923 to the Social Security Act (the Act). Section 1923 required state Medicaid agencies to make additional payments to hospitals serving disproportionate numbers of low-income patients with special needs. States had considerable flexibility to define disproportionate share hospitals under sections 1923(a) and (b) of the Act.

The OBRA of 1993 established additional disproportionate share hospital (DSH) parameters by amending section 1923 of the Act to limit DSH payments to a hospital’s incurred uncompensated care costs (UCC). Under section 1923(g) of the Act, the UCC was limited to costs of medical services provided to Medicaid and uninsured patients less payments received for those patients excluding Medicaid DSH payments.

States receive allotments of DSH funds as set forth by federal statute. The Federal Government cost-shares Medicaid DSH expenditures based upon the applicable federal medical assistance percentage (FMAP). This share ranges from 50 percent to 83 percent, depending upon each state’s relative per capita income. States report DSH expenditures on Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program. Additionally, section 4721 of the Balanced Budget Act of 1997 amended the Act to require states to report to CMS the annual DSH payments made to each facility.

The Department of Public Welfare (DPW) administers the Medicaid program in Pennsylvania in accordance with an approved state plan and is responsible for DSH payments. The FMAP for these payments in Pennsylvania is approximately 54 percent.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to determine if DSH payments (1) were calculated in accordance with the approved state plan and (2) did not exceed the hospital-specific limits imposed by OBRA of 1993.

To accomplish our first objective, we reviewed the DSH provisions of the CMS approved state plan found under Attachment 4.19 Payments for Services, Methods and Standards

1 The terms “hospital-specific limit” and “UCC” are used interchangeably by the states and CMS.
for Establishing Payment Rates – Inpatient Hospital Care. Using accounting information provided by DPW, we classified DSH payments for state fiscal year (SFY) 2000-2001 by recipient and patient type.

We were unable to determine whether the payments exceeded hospital-specific limits because the state did not provide a complete accounting of DSH payments made to each hospital nor did the state require hospitals to report their UCC. Therefore, we could not compare DSH payments to hospitals’ UCC to determine compliance with OBRA of 1993.

Our review of internal controls was limited to validating DPW’s methodology for computing DSH payments reported on Form CMS-64 for SFY 2000-2001. Our field work was performed at DPW in Harrisburg, Pennsylvania. We performed our review in accordance with generally accepted government auditing standards.

**FINDINGS**

**DSH PAYMENT METHODOLOGY COMPLIED WITH STATE PLAN**

In general, we found that DPW followed the DSH payment methodology in the state plan. The DPW reported inpatient hospital and mental health DSH payments totaling $671 million for SFY 2000-2001 (APPENDIX A). Inpatient hospital DSH payments totaled $311 million and included payments to acute care general hospitals and freestanding rehabilitation hospitals and to Pennsylvania’s Department of Corrections. Mental health DSH payments totaled $361 million and represented payments to state-owned institute for mental diseases (IMD), private psychiatric hospitals, psychiatric medical rehabilitation and drug and alcohol units of acute care hospitals, and inpatient acute psychiatric care residential treatment facilities. The DPW’s approved state plan allowed for all the preceding DSH payments except for payments to Pennsylvania’s correctional institutions for services to inmates. The state plan did not address DSH payments for the costs of providing medical services to state prisoners.

**MOST DSH EXPENDITURES WERE FOR SERVICES NOT OTHERWISE ELIGIBLE FOR FEDERAL MATCHING FUNDS**

Of the $671 million in reported DSH payments, $138 million represented additional payments to hospitals. The remaining $533 million in DSH payments were for services that would not otherwise qualify for federal Medicaid matching funds including:

- IMD costs totaling $315 million for individuals aged 21 to 64,
- Hospital costs totaling $215 million incurred under the state’s general assistance (GA) medical program, and
- Medical costs totaling $3 million for inmates of state correctional institutions.
As a result, DPW through its DSH program was able to shift $287 million (54 percent of $533 million) in former state funded medical services to the Federal Government.

**IMD Payments for Patients Ages 21 to 64 - $315 Million**

The DPW reported $315 million in DSH payments related to IMD services provided to individuals between ages 21 to 64. Federal regulations prohibit federal Medicaid matching funds for services to IMD residents under the age of 65, except for inpatient psychiatric services provided to individuals under the age of 21 and, in some cases, for individuals under age 22. The state plan, however, allowed for DSH payments for patients aged 21 to 64 residing in IMDs. This provision allowed DPW to shift $169 million (54 percent of $315 million) of former state costs to the Federal Government.

**General Assistance Payments - $215 million**

The DPW reported $215 million in DSH payments related to hospital costs incurred under Pennsylvania’s GA program. The GA program provides state funding for medical services to individuals with certain medical, social, or other circumstance that prevents them from working. These individuals do not qualify for services under the federally funded Medicaid program. The state plan, however, allowed DPW to report payments to hospitals for services to GA patients as DSH payments. This provision allowed DPW to shift $116 million (54 percent of $215 million) of former state costs to the Federal Government.

**Payments for Inmates of State Correctional Institutions - $3 Million**

The DPW reported $3 million in DSH payments related to reimbursement to Pennsylvania’s Department of Corrections for the costs of providing hospital services to state prisoners. Federal regulations prohibit the use of federal Medicaid funds for services provided to inmates of public institutions. Further, the state plan did not have provisions for DSH payments for services to state prisoners. Nonetheless, reporting prisoner health costs as DSH expenditures allowed DPW to shift almost $2 million (54 percent of $3 million) in former state costs to the Federal Government.

In August 2002, CMS issued a State Medicaid Director’s Letter providing policy clarification on several aspects of the DSH program. One aspect was the inclusion of medical services provided to inmates in DSH calculations. The letter states:

> “Inmates of correctional facilities are wards of the State. As such, the State is obligated to cover their basic economic needs (food, housing, and medical care) because failure to do so would be in violation of the eighth amendment of the Constitution. Therefore, because

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2 Pennsylvania’s DSH payments for state inmate services for the previous two SFYs totaled $8.3 million and $6.3 million.
these individuals have a source of third party coverage, they are not uninsured, and the State cannot make DSH payments to cover the costs of their care.”

Although CMS did not distribute this policy clarification to every state until August 2002, we believe CMS never intended to approve state plan amendments that allowed payments that were properly the obligation of the state or a subdivision of government (i.e., counties). Pennsylvania’s state plan was silent on the inclusion of costs for services provided to inmates.

**DPW DID NOT PROVIDE A COMPLETE ACCOUNTING OF HOSPITAL-SPECIFIC DSH PAYMENTS OR REQUIRE HOSPITALS TO REPORT UCC**

The second objective of our review was to determine if DSH payments exceeded the hospital-specific limits imposed by OBRA of 1993. We could not achieve this objective except for state-owned IMDs, because DPW did not provide a complete accounting of hospital-specific DSH payments and did not require hospitals to report their UCC. For state-owned IMDs, DPW used net costs (total costs less third-party payments) as the limit for reported DSH payments. For the remaining DSH hospitals there was no reconciliation mechanism to compare actual UCC for each facility to the DSH payments they received. Therefore, we could not compare DSH payments to hospitals’ UCC to determine compliance with OBRA of 1993.

**CONCLUSION AND RECOMMENDATION**

We found that DPW’s DSH payment methodology complied with the state plan, however, most DSH payments were for services that were not otherwise eligible for federal Medicaid matching funds. Also, we were unable to determine whether DSH payments exceeded hospital-specific limits because DPW did not provide a complete accounting of DSH payments made to each hospital nor did the state require hospitals to report their UCC. As a result, we could not compare DSH payments to hospitals’ UCC to determine compliance with OBRA of 1993.

In August 2002, CMS issued a letter to State Medicaid Directors that addressed some aspects of CMS’s DSH payment policy. In one section, CMS clarified that states could not use DSH payments to cover the cost of medical care provided to inmates. We recommended that CMS ensure that Pennsylvania complied with CMS’s policy regarding the costs of medical care provided to inmates of correctional facilities.

**CMS AND DPW COMMENTS AND OIG RESPONSE**

In its response (APPENDIX B), the CMS regional office concurred with our recommendation and noted that DPW last claimed prisoner medical costs in the quarter ending June 30, 2002. The DPW (APPENDIX C) responded that federal DSH funds were earned appropriately in accordance with its federally approved state plan. The DPW objected to OIG’s categorization that DPW earned DSH funds for other than Medicaid eligible clients. The DPW agreed that private hospitals did not provide a complete accounting of hospital-specific DSH payments. It also
acknowledged that there was no clear audit trail to reconcile DSH payments made to individual hospitals. To address this issue, DPW stated that it had amended the medical assistance hospital cost report form to capture more detailed information to enhance its ability to determine hospital-specific DSH payment limits. The DPW also noted that hospitals report UCC to Pennsylvania’s Health Care Cost Containment Council. Lastly, DPW stated that its state plan technically allowed payments for inmates of correctional facilities as low-income individuals who met the income and resource standards of the state’s GA program.

We are pleased that CMS concurred with our recommendation and has determined that DPW is now in compliance with CMS’s directive concerning DSH payments for the medical cost of prisoners. We categorized DSH payments to Pennsylvania hospitals between those payments that represented additional revenue to the hospitals and those payments for services that would not otherwise qualify for federal Medicaid matching funds. This latter category of DSH payments did not result in additional medical care being provided; but instead represented a shifting of the funding source for these services from the state to the Federal Government. We are encouraged that DPW stated that it has begun to take some action to account for hospital-specific DSH payments to private hospitals. During our review, we were told that hospitals were providing UCC data to Pennsylvania’s Health Care Cost Containment Council. We were advised, however, that hospitals had no such reporting requirement to DPW. We continue to believe that without a hospital-specific reporting of UCC and a process to reconcile DSH payments with reported UCC, DPW cannot provide a reasonable assurance that it is meeting the hospital-specific limit requirement of the federal statute and the state plan.
APPENDICES
### SFY 2000 DSH Payments – Total Computable

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<th>DSH Recipient</th>
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Date: JAN 13 2003

To: Regional Inspector General for Audit Services

From: Regional Administrator

Subject: Review of Pennsylvania Medicaid Disproportionate Share Hospital (DSH) Payments (A-03-01-00221)

We reviewed the subject report and agree with the one recommendation contained in the report. No corrective action is necessary since Pennsylvania has stopped claiming DSH for inmates. Their last claim was made in the quarter ending June 30, 2002. As you know, CMS issued a State Medicaid Directors letter in August 2002 informing states that they could no longer make such claims. Pennsylvania is complying with this directive.

If you should have any questions regarding this matter, contact Thomas Zlakowski of my staff at (215) 861-4242.

[Signature]

Sonja A. Madison
Dear Mr. Virbitsky:

Thank you for your December 17, 2002, letter in which you transmitted the draft report entitled "Review of the Commonwealth of Pennsylvania’s Medicaid Disproportionate Share Hospital Payments" (CIN A-03-01-00221). Following is the Department of Public Welfare’s (DPW) comments regarding the contents of the draft report.

The DPW is pleased with the acknowledgement that the DPW followed the DSH payment methodology as outlined in our federally approved Title XIX State Plan. The DPW has, and continues to, work hard and in close cooperation with the federal Centers for Medicare and Medicaid Services (CMS) to prepare and execute a Medicaid program that addresses the healthcare needs of Pennsylvania’s poorest residents. The DPW’s efforts reflect a series of complex program and political choices in the use of both state and federal resources. In this context, the DPW believes the reference regarding the use of appropriately earned federal funds for what you categorize as “other than Medicaid eligible clients” is inappropriate. The DPW recommends deletion of these types of references in the final report.

The report is accurate when it states that, for private hospitals, the DPW did not provide a complete accounting of hospital-specific DSH payments, and that the auditors from the Office of Inspector General (OIG) could not determine whether DSH payments to private hospitals exceeded hospital-specific DSH payment limits. The auditors noted that the DPW does not require private hospitals to report uncompensated care costs (UCC) in the Medical Assistance Hospital Cost Report (MA 336). The DPW would like to add the following points as clarification for what is reported in the draft report.

- The OIG attempted to reconcile DSH payments from the Medical Assistance Management Information System (MAMIS) to the CMS Quarterly Expenditure Report (CMS 84). DSH payments to private hospitals are processed along with
regular claims payments during the MAMIS weekly payment cycle. Credit adjustments can also process during the weekly cycle. Consequently, there is no clear audit trail through MAMIS to the CMS 64 report. The current MAMIS has been certified by the CMS. The DPW is currently in the process of migrating to a new MAMIS system (PROMISE), which should provide improved reporting capability.

- Discussions with the OIG auditors regarding the MA 336 indicated that the auditors were expecting to see all Medical Assistance (MA) payments and costs reported along with the UCC. This would facilitate the above-referenced determination of whether hospitals exceeded their hospital-specific DSH payment limit. The primary purpose of the MA 336 is to identify the hospital costs of providing inpatient services to MA Fee-for-Service Program patients. The MA 336 meets the HIM 15 (Medicare Cost Reimbursement Principles) reporting standards. For state fiscal year 2001-2002, the DPW has amended the MA 336 to capture more detailed information to enhance its ability to determine hospital-specific DSH payment limits.

- In addition, in reference to the issue of hospitals not being required to report UCC costs, it should be noted that hospitals are required to report this information to the Pennsylvania Health Care Cost Containment Council.

In regard to the payments for inmates of state correctional institutions, the OIG's assertion that the State Plan does not address this claiming methodology is technically incorrect. When this claiming was initially discussed with staff from the then Health Care Financing Administration, the DPW indicated this claim would follow the provisions of the "Additional Disproportionate Share Payment" section found on pages 25 and 26 of Attachment 4.19A of the State Plan. This section provides for DSH claiming for low-income individuals who meet the income and resource standards of the state's General Assistance program. The basis for claiming Department of Corrections' DSH was that the inmate population was categorized as low-income.

Thank you for the opportunity to respond to this draft report. Please contact Andrew Johnson, Bureau of Financial Operations, Audit Resolution Section, at 783-6329 if you have any questions.

Sincerely,

Michael Stauffer
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