

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

**State of Nevada  
Department of Health and Human Services  
Division of Health Care Financing and Policy  
1100 East William Street, Suite 101  
Carson City, Nevada 89701**

**DSH Year Ended June 30, 2013**

**Prepared by:**



**MYERS AND  
STAUFFER<sup>LC</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

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



**MYERS AND  
STAUFFER** LC  
CERTIFIED PUBLIC ACCOUNTANTS

Division of Health Care Financing and Policy  
Department of Health and Human Services  
1100 East William Street, Suite 101  
Carson City, Nevada 89701

### Independent Accountant's Report

We have examined the state of Nevada'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 June 30, 2013. The state of Nevada is responsible for compliance with federal Medicaid DSH program requirements. Our responsibility is to express an opinion on the state of Nevada'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 Nevada'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 Nevada's compliance with federal Medicaid DSH requirements.

Our examination was conducted for the purpose of forming an opinion on the state of Nevada'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 Nevada's compliance with federal Medicaid DSH program requirements addressed by the DSH verifications for the year ending June 30, 2013.

This report is intended solely for the information and use of the Nevada Division of Health Care Financing and Policy, 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.

Myers and Stauffer LC

July 28, 2016  
Glen Allen, Virginia

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

As required by 42 CFR §455.304(d) the state of Nevada must provide an annual independent certified examination report verifying the following items with respect to its disproportionate share hospital (DSH) program.

Verification 1: Each hospital that qualifies for a DSH payment in the State was allowed to retain that payment so that the payment is available to offset its uncompensated care costs for furnishing inpatient hospital and outpatient hospital services during the Medicaid State plan rate year to Medicaid eligible individuals and individuals with no source of third party coverage for the services in order to reflect the total amount of claimed DSH expenditures.

Findings: The results of testing performed related to this verification are summarized in the Report on DSH Verifications (table) included with this report.

Verification 2: DSH payments made to each qualifying hospital comply with the hospital-specific DSH payment limit. The DSH payments made in the Medicaid State plan rate year must be measured against the actual uncompensated care cost in that same Medicaid State plan rate year. The actual uncompensated care costs for the Medicaid State plan rate year have been calculated and compared to the DSH payments made. Uncompensated care costs for the Medicaid State plan rate year were calculated in accordance with Federal Register/Vol. 73, No. 245, December 19, 2008 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 Nevada Disproportionate Share Hospital (DSH)  
Report on DSH Verifications  
For the Year Ended June 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 Nevada 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 Nevada  
 Report on DSH Verifications (table)  
 For the Medicaid State Plan Rate Year Ended June 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)	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 an claim 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?
University Medical Center	Yes	72,336,599	122,180,656	49,844,057	Yes	Yes	Yes	Yes
Boulder City Hospital	Yes	10,000	908,374	898,374	Yes	Yes	Yes	Yes
Centennial Hills Medical Center	Yes	10,000	11,041,928	11,031,928	Yes	Yes	Yes	Yes
Mountain View Hospital	Yes	12,600	22,924,041	22,911,441	Yes	Yes	Yes	Yes
North Vista Hospital	Yes	1,003,005	11,040,911	10,037,906	Yes	Yes	Yes	Yes
Southern Hills Hospital	Yes	10,000	10,212,233	10,202,233	Yes	Yes	Yes	Yes
Spring Valley Medical Center	Yes	10,000	14,175,224	14,165,224	Yes	Yes	Yes	Yes
St Rose De Lima	Yes	10,000	35,006,191	34,996,191	Yes	Yes	Yes	Yes
St. Rose San Martin	Yes	10,000	16,672,485	16,662,485	Yes	Yes	Yes	Yes
St Rose Siena Campus	Yes	10,000	25,003,189	24,993,189	Yes	Yes	Yes	Yes
Summerlin Hospital	Yes	10,000	11,035,996	11,025,996	Yes	Yes	Yes	Yes
Sunrise Hospital	Yes	235,997	68,237,629	68,001,632	Yes	Yes	Yes	Yes
Valley Hospital Medical Center	Yes	26,359	29,753,391	29,727,032	Yes	Yes	Yes	Yes
Renown Regional Medical Center	Yes	4,957,961	16,085,824	11,127,863	Yes	Yes	Yes	Yes
Humboldt General Hospital	Yes	10,000	1,759,670	1,749,670	Yes	Yes	Yes	Yes
Mt Grant General Hospital	Yes	214,630	302,184	87,554	Yes	Yes	Yes	Yes
South Lyon Health Center	Yes	115,476	326,104	210,628	Yes	Yes	Yes	Yes
William Bee Ririe Hospital	Yes	717,856	1,193,888	476,032	Yes	Yes	Yes	Yes
Banner Churchill Hospital	Yes	1,285,627	4,179,275	2,893,648	Yes	Yes	Yes	Yes
Carson Tahoe Regional	Yes	1,088,537	15,928,269	14,839,732	Yes	Yes	Yes	Yes
Desert View Regional	Yes	115,378	2,604,977	2,489,599	Yes	Yes	Yes	Yes
Northeastern Nevada	Yes	118,420	3,370,699	3,252,279	Yes	Yes	Yes	Yes

State of Nevada Disproportionate Share Hospital (DSH)  
Schedule of Data Caveats Relating to the DSH Verifications  
For the Year Ended June 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) Uninsured Cost Component**

One hospital, Boulder City Hospital, did not provide data for the Uninsured cost component. Had this data been included it may have increased the uncompensated care cost for this hospital.

One hospital, Renown Regional Medical Center, was unable to supply complete data for the Uninsured cost component including patient and insurance information. This hospital requested we use the self pay payment detail which did include complete information needed. As such the Uninsured cost for this hospital represents patients with both discharge dates and self pay payments made within the year as opposed to patients with discharge dates within the year regardless of self pay payments made. Had complete data for the Uninsured cost component been included it may have increased the uncompensated care cost for this hospital.

**(2) Uncompensated Care Cost Components**

Eight hospitals were unable to provide data for the other Medicaid eligible cost component, patients with commercial insurance primary and Medicaid secondary. Had this data been included it may have reduced the uncompensated care cost for these hospitals. These hospitals were Boulder City Hospital, Centennial Hills Medical Center, Desert View Regional, South Lyon Health Center, Spring Valley Medical Center, Summerlin Hospital, Valley Hospital Medical Center, and William Bee Ririe Hospital. Two of these hospitals, Boulder City Hospital and Desert View Regional, were also unable to provide data for the out-of-state Medicaid cost component.



## **Schedule of Annual Reporting Requirements**

State of Nevada  
 Schedule of Annual Reporting Requirements (table)  
 For the Medicaid State Plan Rate Year Ended June 30, 2013

**Definition of Uncompensated Care:** The definition of uncompensated care was based on guidance published by CMS in the 73 Fed. Reg. 77904 dated December 19, 2008 and the 79 Fed. Reg. 71679 dated December 3, 2014. The calculated uncompensated care costs (UCC) represent the net uncompensated costs of providing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no source of third party coverage for the inpatient and outpatient hospital services received. The UCC for these patient groups was calculated using Medicare cost reporting methods, and utilized the Medicare cost report, Medicaid Paid Claims Summaries, and Hospital-Provided Data. Total uncompensated care costs represents the net uncompensated care costs of providing inpatient and outpatient hospital services to patients that fall into one of the following Medicaid in-State and out-of-State payment categories: Fee-for-Service Medicaid primary, Fee-for-Service Crossovers, Managed Care Medicaid primary, Managed Care Medicaid Crossover, and Uninsured individuals with no source of third party coverage for the inpatient and outpatient hospital services received. The cost of services for each of these payment categories was calculated using the appropriate per diems or cost-to-charge ratios from each hospital's Medicare Cost Report. These costs were then reduced by the total payments received for the services provided, including any supplemental Medicaid payments and Section 1011 payments where applicable.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
Hospital Name	State Estimated Hospital-Specific DSH Limit	Medicaid I/P Utilization Rate	Low-Income Utilization Rate	State-Defined Eligibility Statistic	Regular IP/OP Medicaid FFS Rate Payments	IP/OP Medicaid MCO Payments	Supplemental / Enhanced IP/OP Medicaid Payments	Total Medicaid IP/OP Medicaid Payments (F+G+H)	Total Cost of Care - Medicaid IP/OP Services	Total Medicaid Uncompensated Care Costs (J-I)	Total IP/OP Indigent Care/Self-Pay Revenues	Total Applicable Section 1011 Payments	Total IP/OP Uninsured Cost of Care	Total Uninsured Uncompensated Care Costs (N-M-L)	Total Eligible Uncompensated Care Costs (K+O)	Total In-State DSH Payments Received	Total Out-of-State DSH Payments Received	Medicaid Provider Number	Medicare Provider Number	Total Hospital Cost
University Medical Center	156,302,083	39.28%	36.00%	Note 1	64,955,198	13,500,647	84,700,032	163,155,877	151,124,876	(12,031,001)	14,648,192	0	148,859,849	134,211,657	122,180,656	72,336,599	0	1548393127	290007	519,938,352
Boulder City Hospital	1,244,803	12.02%	2.30%	Note 2	1,265,092	46,626	0	1,311,718	1,677,113	365,395	8,725	0	551,704	542,979	908,374	10,000	0	1881739613	291309	11,439,343
Centennial Hills Medical Center	14,356,356	17.99%	6.93%	Note 2	8,375,395	2,632,281	100,503	11,108,179	16,425,654	5,317,475	1,348,591	0	7,073,044	5,724,453	11,041,928	10,000	0	1487771812	290054	116,082,259
Mountain View Hospital	24,417,763	21.39%	7.48%	Note 2	27,854,767	4,538,851	170,969	32,564,587	42,884,099	10,319,512	1,215,410	0	13,819,939	12,604,529	22,924,041	12,600	0	1124090659	290039	229,188,776
North Vista Hospital	33,030,918	41.30%	9.35%	Note 2	24,768,094	1,580,711	224,347	26,573,152	31,878,199	5,305,047	858,495	0	6,594,359	5,735,864	11,040,911	1,003,005	0	1720037799	290005	85,715,652
Southern Hills Hospital	10,620,405	18.10%	5.05%	Note 2	7,661,797	1,901,617	74,331	9,637,745	14,525,330	4,887,585	688,291	0	6,012,939	5,324,648	10,212,233	10,000	0	1457306359	290047	100,030,644
Spring Valley Medical Center	18,789,481	21.62%	9.33%	Note 2	19,418,943	5,068,333	131,559	24,618,835	29,992,705	5,373,870	3,584,806	0	12,386,160	8,801,354	14,175,224	10,000	0	1346230323	290046	168,897,627
St Rose De Lima	12,371,464	14.87%	6.37%	Note 2	8,881,858	805,490	86,598	9,773,946	16,943,691	7,169,745	1,234,002	0	29,070,448	27,836,446	35,006,191	10,000	0	1447393152	290012	114,871,652
St. Rose San Martin	11,875,437	17.61%	3.70%	Note 2	8,364,891	889,797	83,123	9,337,811	17,278,886	7,941,075	975,144	0	9,706,554	8,731,410	16,672,485	10,000	0	1528101284	290053	149,106,917
St Rose - Siena Campus	24,340,735	25.99%	5.26%	Note 2	29,070,200	4,438,555	170,448	33,679,203	44,560,497	10,881,294	2,063,582	0	16,185,477	14,121,895	25,003,189	10,000	0	1770626426	290045	290,490,305
Summerlin Hospital	18,752,606	17.21%	8.50%	Note 2	20,616,603	6,367,389	131,300	27,115,292	32,387,373	5,272,081	1,760,617	0	7,524,532	5,763,915	11,035,996	10,000	0	1831189638	290041	232,820,365
Sunrise Hospital	86,879,227	37.02%	15.92%	Note 2	78,871,590	31,080,643	606,969	110,559,202	136,647,037	26,087,835	4,616,356	0	46,766,150	42,149,794	68,237,629	235,997	0	1861439952	290003	444,729,100
Valley Hospital Medical Center	33,854,272	33.84%	12.75%	Note 2	36,876,953	6,273,978	236,979	43,387,910	59,754,316	16,366,406	1,405,437	0	14,792,422	13,386,985	29,753,391	26,359	0	1417947490	290021	214,004,255
Renown Regional Medical Center	87,434,754	26.05%	12.22%	Note 3	56,254,776	8,168,884	449,550	64,873,210	76,396,455	11,523,245	3,848,777	0	8,411,356	4,562,579	16,085,824	4,957,961	0	1124098421	290001	407,665,050
Humboldt General Hospital	552,183	13.80%	9.00%	Note 1	1,607,585	10,750	1,364,625	2,982,960	2,127,584	(855,376)	484,913	0	3,099,959	2,615,046	1,759,670	10,000	0	1750498010	291308	20,306,129
Mt Grant General Hospital	395,292	11.53%	8.69%	Note 1	508,925	0	277,559	786,484	668,675	(117,809)	94,524	0	514,517	419,993	302,184	214,630	0	1801844527	291300	5,235,518
South Lyon Health Center	301,591	9.96%	7.33%	Note 1	298,887	307	113,651	412,845	507,973	95,128	126,007	0	356,983	230,976	326,104	115,476	0	1407815194	290002	4,731,109
William Bee ririe Hospital	1,169,936	17.04%	9.37%	Note 1	1,648,772	0	1,026,329	2,675,101	2,714,265	39,164	300,596	0	1,455,320	1,154,724	1,193,888	717,856	0	1487648804	291302	16,503,532
Banner Churchill Hospital	4,941,389	21.34%	11.02%	Note 3	4,786,958	7,124	0	4,794,082	6,114,436	1,320,354	375,471	0	3,234,392	2,858,921	4,179,275	1,285,627	0	1023113115	290006	30,965,532
Carson Tahoe Regional	15,453,593	15.74%	8.01%	Note 3	13,515,817	13,207	0	13,529,024	20,395,677	6,866,653	2,069,639	0	11,131,255	9,061,616	15,928,269	1,088,537	0	1255360160	290019	168,267,360
Desert View Regional	2,226,246	9.65%	5.44%	Note 3	2,091,821	6,437	0	2,098,258	2,688,060	589,802	253,442	0	2,268,617	2,015,175	2,604,977	115,378	0	1073530168	291311	18,277,491
Northeastern Nevada	5,501,473	16.19%	2.69%	Note 3	4,837,486	6,512	25,419	4,869,417	5,604,038	734,621	855,043	0	3,491,121	2,636,078	3,370,699	118,420	0	1770674350	290008	40,235,141

**Institute for Mental Disease**  
 NONE

**Out-of-State DSH Hospitals**  
 NONE

Note 1: Public Hospital with a Medicaid Inpatient Utilization Rate (MIUR) of at least one percent.  
 Note 2: Private Hospital in a county with a public hospital that has a MIUR above the State average.  
 Note 3: Private Hospital that has the highest number of Medicaid days in a county with no public hospital.

## **Independence Declaration**



**MYERS AND  
STAUFFER** LC  
CERTIFIED PUBLIC ACCOUNTANTS

July 28, 2016

Ms. Bonnie Long, CFO  
Division of Health Care Financing and Policy  
State of Nevada  
1100 East William Street, Suite 101  
Carson City, Nevada 89701

Dear Ms. Long,

We are submitting this letter in connection with our Independent Accountant's Report submitted to the Nevada Division of Health Care Financing and Policy on the Disproportionate Share Hospital (DSH) Program for Medicaid State Plan Rate (MSP) Year 2013. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA).

CMS indicated in the discussion accompanying the Disproportionate Share Hospital Payments Final Rule (Rule) that an independent auditor must operate independently from the Medicaid agency and the subject hospitals. Furthermore, CMS has issued guidance that the DSH auditor must submit a signed statement declaring independence of the respective Medicaid agency and hospitals for MSP years 2007 and later. This statement is to be included with the audit report submitted to CMS on an annual basis. In order for you to comply with this CMS guidance, we are furnishing you this letter to accompany the report that you will be submitting to CMS.

Myers and Stauffer LC is independent of the Nevada Division of Health Care Financing and Policy and the Nevada DSH hospitals. In addition, I, Mark Hilton, acting as the engagement member-in-charge of the engagement to perform procedures on the Nevada DSH program under the Rule, am independent of the Nevada Division of Health Care Financing and Policy and the DSH hospitals.

Sincerely,

Myers and Stauffer LC

A handwritten signature in black ink that reads 'Mark K. Hilton'. The signature is written in a cursive, slightly slanted style.

Mark K. Hilton, CPA

Member