

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

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

**DSH Year Ended June 30, 2014**

**Prepared by:**



**MYERS AND  
STAUFFER<sub>L.C.</sub>**  
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, 2014. 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, 2014

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

August 16, 2017  
Glen Allen, Virginia

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.

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, 2014

Hospital	Verification #1	Verification #2				Verification #3	Verification #4	Verification #5	Verification #6
	Was Hospital Allowed to Retain DSH Payment?	DSH Payment for Medicaid State Plan Rate Year (In-State and Out-of-State)	Total Uncompensated Care Costs for Medicaid State Plan Rate Year	DSH Payment Under or <Over> Total Uncompensated Care Costs (UCC)	DSH Payment Complies with the Hospital-Specific DSH Limit	Were only I/P and O/P Hospital Costs to Medicaid eligible and Uninsured Included in UCC?	If Medicaid Payments were in excess of Medicaid cost was the Total UCC reduced by this amount?	Have all claimed expenditures and payments for Medicaid and Uninsured been documented and retained?	Does the retained documentation include a description of the methodology used to calculate the UCC?
University Medical Center	Yes	69,515,597	120,826,296	51,310,699	Yes	Yes	Yes	Yes	Yes
Boulder City Hospital	Yes	45,202	343,276	298,074	Yes	Yes	Yes	Yes	Yes
Centennial Hills Medical Center	Yes	94,005	13,157,874	13,063,869	Yes	Yes	Yes	Yes	Yes
Mountain View Hospital	Yes	102,139	22,726,487	22,624,348	Yes	Yes	Yes	Yes	Yes
North Vista Hospital	Yes	70,221	9,941,388	9,871,167	Yes	Yes	Yes	Yes	Yes
Southern Hills Hospital	Yes	92,780	9,183,802	9,091,022	Yes	Yes	Yes	Yes	Yes
Spring Valley Medical Center	Yes	74,646	13,932,685	13,858,039	Yes	Yes	Yes	Yes	Yes
St Rose De Lima	Yes	127,221	19,500,539	19,373,318	Yes	Yes	Yes	Yes	Yes
St. Rose San Martin	Yes	99,760	16,967,230	16,867,470	Yes	Yes	Yes	Yes	Yes
St Rose Siena Campus	Yes	143,888	27,980,814	27,836,926	Yes	Yes	Yes	Yes	Yes
Summerlin Hospital	Yes	50,881	11,117,175	11,066,294	Yes	Yes	Yes	Yes	Yes
Sunrise Hospital	Yes	286,113	58,438,196	58,152,083	Yes	Yes	Yes	Yes	Yes
Valley Hospital Medical Center	Yes	148,615	23,243,999	23,095,384	Yes	Yes	Yes	Yes	Yes
Renown Regional Medical Center	Yes	4,630,685	41,693,498	37,062,813	Yes	Yes	Yes	Yes	Yes
Humboldt General Hospital	Yes	382,532	1,328,804	946,272	Yes	Yes	Yes	Yes	Yes
Mt Grant General Hospital	Yes	193,908	497,398	303,490	Yes	Yes	Yes	Yes	Yes
South Lyon Health Center	Yes	207,734	297,995	90,261	Yes	Yes	Yes	Yes	Yes
William Bee ririe Hospital	Yes	274,721	1,182,565	907,844	Yes	Yes	Yes	Yes	Yes
Banner Churchill Hospital	Yes	758,870	4,048,205	3,289,335	Yes	Yes	Yes	Yes	Yes
Carson Tahoe Regional Healthcare	Yes	839,510	13,248,444	12,408,934	Yes	Yes	Yes	Yes	Yes
Desert View Regional	Yes	572,762	1,973,834	1,401,072	Yes	Yes	Yes	Yes	Yes
Northeastern Nevada	Yes	310,147	2,689,873	2,379,726	Yes	Yes	Yes	Yes	Yes

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.

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

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.

**(2) Uncompensated Care Cost Components**

Six 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, South Lyon Health Center, Spring Valley Medical Center, Summerlin Hospital, and Valley Hospital Medical Center. 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, 2014**

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 most recent CMS 2552 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 most recent CMS 2552 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 Uncompensated Care Costs (I-J)	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	116,237,646	46.40%	42.57%	Note 1	77,382,291	40,922,273	66,500,882	184,805,446	194,516,837	9,711,391	11,287,145	0	122,402,050	111,114,905	120,826,296	69,515,597	0	001102877	290007	536,330,155
Boulder City Hospital	1,136,736	12.16%	3.55%	Note 2	1,665,259	123,402	0	1,788,661	2,131,937	343,276	0	0	0	0	343,276	45,202	0	001102839	291309	14,219,345
Centennial Hills Medical Center	14,329,037	23.27%	7.14%	Note 2	11,878,350	4,989,109	730,055	17,597,514	25,958,055	8,360,541	1,252,287	0	6,049,620	4,797,333	13,157,874	94,005	0	100515058	290054	125,412,931
Mountain View Hospital	20,142,691	24.88%	9.65%	Note 2	33,481,223	8,639,459	2,231,120	44,351,802	56,808,621	12,456,819	1,053,525	0	11,323,193	10,269,668	22,726,487	102,139	0	001102006	290039	257,562,417
North Vista Hospital	9,312,327	43.87%	14.38%	Note 2	25,898,221	3,441,103	2,296,888	31,636,212	37,385,079	5,748,867	1,173,239	0	5,365,760	4,192,521	9,941,388	70,221	0	100502299	290005	91,029,463
Southern Hills Hospital	10,699,570	18.21%	6.07%	Note 2	8,232,877	3,078,679	533,951	11,845,507	16,743,083	4,897,576	650,701	0	4,936,927	4,286,226	9,183,802	92,780	0	100502481	290047	108,160,222
Spring Valley Medical Center	14,736,156	27.00%	9.77%	Note 2	24,061,061	8,801,960	1,100,358	33,963,379	40,589,927	6,622,548	3,328,167	0	10,638,304	7,310,137	13,932,685	76,446	0	100501835	290046	182,488,994
St Rose De Lima	16,113,641	20.67%	7.91%	Note 2	12,443,721	1,382,070	652,659	14,478,450	24,993,944	10,515,494	740,044	0	9,725,089	8,985,045	19,500,539	127,221	0	001102873	290012	118,521,604
St Rose San Martin	14,914,077	18.29%	4.54%	Note 2	10,412,247	1,226,452	453,818	12,092,517	22,306,528	10,214,011	850,533	0	7,603,752	6,753,219	16,967,230	99,760	0	100511423	290053	116,787,165
St Rose Siena Campus	31,275,452	18.77%	4.92%	Note 2	21,205,077	4,653,336	939,118	26,797,531	43,420,998	16,623,467	1,828,505	0	13,185,852	11,357,347	27,980,814	143,888	0	001102300	290045	235,423,334
Summerlin Hospital	11,169,128	23.50%	10.13%	Note 2	29,373,595	11,172,264	1,195,283	41,741,142	47,481,723	5,740,581	1,746,208	0	7,122,802	5,376,594	11,117,175	50,881	0	001102008	290041	248,042,512
Sunrise Hospital	73,361,653	42.05%	18.94%	Note 2	93,001,283	41,316,525	5,397,217	139,715,025	166,982,659	27,267,634	3,610,152	0	34,780,714	31,170,562	58,438,196	286,113	0	001102878	290003	470,141,094
Valley Hospital Medical Center	30,561,181	36.74%	13.51%	Note 2	41,578,559	7,938,458	2,601,765	52,118,782	65,683,882	13,565,100	1,934,786	0	11,613,685	9,678,899	23,243,999	148,615	0	001102881	290021	209,904,567
Renown Regional Medical Center	58,543,354	28.43%	13.02%	Note 3	60,055,277	11,845,330	4,769,372	76,669,979	90,740,083	14,070,104	2,838,433	0	30,461,827	27,623,394	41,693,498	4,630,685	0	001116885	290001	416,818,101
Humboldt General Hospital	2,064,430	15.30%	10.89%	Note 1	1,783,744	8,935	1,269,186	3,056,865	2,590,093	(466,772)	376,642	0	2,172,218	1,795,576	3,328,804	382,532	0	100510385	291308	20,473,230
Mt Grant General Hospital	464,600	16.22%	10.02%	Note 1	645,280	0	171,049	816,329	852,441	36,112	95,771	0	557,057	461,286	497,398	193,908	0	001118865	291300	5,463,461
South Lyon Health Center	412,303	9.87%	11.21%	Note 1	289,151	359	176,771	466,281	577,726	111,445	87,085	0	273,635	186,550	297,995	207,734	0	001110863	290002	4,418,514
William Bee ririe Hospital	1,057,633	16.80%	8.75%	Note 1	1,655,181	2,211	910,661	2,568,053	2,741,366	173,313	196,974	0	1,206,226	1,009,252	1,182,565	274,721	0	001118887	291302	15,175,644
Banner Churchill Hospital	5,609,696	24.86%	12.58%	Note 3	5,589,988	24,809	180,768	5,795,565	7,988,393	2,192,828	367,171	0	2,222,548	1,855,377	4,048,205	758,870	0	001101845	290006	30,641,534
Carson Tahoe Regional Healthcare	11,691,326	19.40%	8.13%	Note 3	18,340,807	39,574	921,013	19,301,394	26,214,840	6,913,446	1,841,554	0	8,176,552	6,334,998	13,248,444	839,510	0	001118843	290019	173,789,573
Desert View Regional	3,243,478	16.83%	10.10%	Note 3	2,527,836	11,873	0	2,539,709	2,929,607	389,898	101,737	0	442,485	340,745	730,646	572,762	0	100511518	291311	10,759,105
Northeastern Nevada	3,140,317	16.42%	2.91%	Note 3	5,641,480	7,549	125,522	5,774,551	5,840,572	66,021	613,975	0	3,237,827	2,623,852	2,689,873	310,147	0	001104851	290008	40,383,825

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.

**Institute for Mental Disease**  
 NONE

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

## **Independence Declaration**



**MYERS AND  
STAUFFER** LC  
CERTIFIED PUBLIC ACCOUNTANTS

August 16, 2017

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

Dear Ms. Salm,

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 2014. 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 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