

**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, 2011

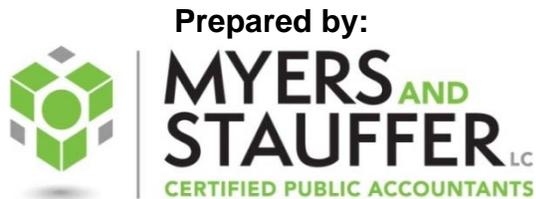


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Independent Accountant's Report
and
Report on DSH Verifications



**MYERS AND
STAUFFER** LC
CERTIFIED PUBLIC ACCOUNTANTS

Division of Health Care Financing and Policy
Department of Health and Human Services
110 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, 2011. 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 Report 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 the state of Nevada's compliance with federal Medicaid DSH program requirements addressed by the DSH verifications for the year ending June 30, 2011.

Myers and Stauffer LC

September 25, 2014
Glen Allen, Virginia

State of Nevada Disproportionate Share Hospital (DSH)

Report on DSH Verifications

For the Year Ended June 30, 2011

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: 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.

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.

State of Nevada Disproportionate Share Hospital (DSH)

Report on DSH Verifications

For the Year Ended June 30, 2011

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, 2011

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 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	80,178,461	135,096,399	54,917,938	Yes	Yes	Yes	Yes
Centennial Hills Medical Center	Yes	11,593	7,931,604	7,920,011	Yes	Yes	Yes	Yes
Spring Valley Medical Center	Yes	10,000	8,476,873	8,466,873	Yes	Yes	Yes	Yes
Summerlin Hospital	Yes	10,000	9,747,685	9,737,685	Yes	Yes	Yes	Yes
Valley Hospital Medical Center	Yes	10,000	22,810,486	22,800,486	Yes	Yes	Yes	Yes
Mesa View Hospital	Yes	10,000	754,381	744,381	Yes	Yes	Yes	Yes
Mountain View Hospital	Yes	10,000	19,214,806	19,204,806	Yes	Yes	Yes	Yes
Southern Hills Hospital	Yes	20,438	9,566,206	9,545,768	Yes	Yes	Yes	Yes
Sunrise Hospital	Yes	1,044,229	63,243,341	62,199,112	Yes	Yes	Yes	Yes
North Vista Hospital	Yes	219,189	9,412,611	9,193,422	Yes	Yes	Yes	Yes
St Rose De Lima	Yes	189,631	17,096,420	16,906,789	Yes	Yes	Yes	Yes
St. Rose San Martin	Yes	30,711	12,710,858	12,680,147	Yes	Yes	Yes	Yes
St Rose Siena Campus	Yes	10,000	22,504,349	22,494,349	Yes	Yes	Yes	Yes
Renown Regional Medical Center	Yes	5,175,791	58,608,113	53,432,322	Yes	Yes	Yes	Yes
Humboldt General Hospital	Yes	65,983	(789,493)	(65,983)	Yes	Yes	Yes	Yes
Mt Grant General Hospital	Yes	172,657	370,751	198,094	Yes	Yes	Yes	Yes
South Lyon Health Center	Yes	333,953	282,580	(51,373)	Yes	Yes	Yes	Yes
William Bee Ririe Hospital	Yes	703,197	1,341,966	638,769	Yes	Yes	Yes	Yes
Banner Churchill Hospital	Yes	1,349,861	4,732,444	3,382,583	Yes	Yes	Yes	Yes
Carson Tahoe Regional	Yes	734,366	14,677,007	13,942,641	Yes	Yes	Yes	Yes
Desert View Regional	Yes	723,531	2,187,160	1,463,629	Yes	Yes	Yes	Yes
Northeastern Nevada	Yes	18,033	4,071,143	4,053,110	Yes	Yes	Yes	Yes

State of Nevada's Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended June 30, 2011

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) **Uncompensated Care Cost Definitions**

Uncompensated care costs for patients with no third party coverage were calculated based on the definitions from the Federal Register / Vol. 77, No. 11, Wednesday, January 18, 2012 / Proposed Rules.

(2) **Uninsured Patient Payments**

Five hospitals were unable to capture the payment date field in supplying detail for self-pay payments. These hospitals were Centennial Hills Medical Center, Spring Valley Medical Center, Summerlin Hospital, Valley Hospital Medical Center, and University Medical Center. One hospital, Banner Churchill Hospital, reported self-pay payments on an accrual basis rather than a cash basis.

(3) **Uninsured Patient Cost**

Four hospitals were unable to provide uninsured days and charges by revenue code and also did not file charges on their uncompensated care cost calculation worksheet. Uninsured days were spread over survey reported days if possible, otherwise they were spread over cost report values. Uninsured charges were spread over cost report values. These hospitals were Centennial Hills Medical Center, Spring Valley Medical Center, Summerlin Hospital, and Valley Hospital Medical Center.

(4) **Data Reporting Issues at Hospital**

One hospital, Desert View Hospital, only submitted data for uninsured charges and self-pay payments. This data was submitted late and uncompensated care cost calculation worksheets were never submitted. The worksheets were completed using the cost report, state supplied information for Medicaid FFS, Medicaid MCO, and Medicare Crossover, and provider detail for uninsured.

Schedule of Annual Reporting Requirements

State of Nevada
 Schedule of Annual Reporting Requirements
 For the Medicaid State Plan Rate Year Ended June 30, 2011

Definition of Uncompensated Care: The definition of uncompensated care was based on guidance published by CMS in the final rule (73 Fed. Reg. 77904, December 19, 2008) and the proposed rule (77 Fed. Reg. 2500, January 18, 2012). 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. 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. 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 I/P/OP Medicaid FFS Rate Payments	I/P/OP Medicaid MCO Payments	Supplemental / Medicaid Payments	Total Medicaid I/P/OP Services (F+G+H)	Total Cost of Care - Medicaid I/P/OP Services (J-I)	Total Uncompensated Care Costs	Total I/P/OP Indigent Care/Self-Pay Revenues	Total Applicable Section 1011 Payments	Total I/P/OP Uninsured Cost of Care	Total Uninsured Care Costs (N-M-L)	Total Eligible 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	167,425,464	43.45%	35.62%	Note 1	69,917,696	13,803,026	50,548,495	134,269,217	151,551,973	17,282,756	8,828,814	-	126,642,457	117,813,643	135,096,399	80,178,461	-	1548593127	290007	503,516,401
Centennial Hills Medical Center	9,585,058	16.38%	7.69%	Note 2	7,676,260	2,287,383	-	9,963,643	14,783,942	4,820,299	728,875	-	3,840,180	3,111,305	7,931,604	11,593	-	148771812	290054	110,533,702
Spring Valley Medical Center	11,498,344	18.25%	9.19%	Note 2	13,929,981	4,953,749	-	18,883,730	23,180,697	4,296,967	2,190,500	-	6,370,406	4,179,906	8,476,873	10,000	-	1346230323	290046	155,171,405
Summerlin Hospital	9,977,214	15.29%	7.66%	Note 2	17,518,191	7,285,491	-	24,803,682	31,203,079	6,399,397	894,402	-	4,242,690	3,348,288	9,747,685	10,000	-	1831189638	290041	225,534,810
Valley Hospital Medical Center	19,682,869	32.76%	14.63%	Note 2	36,741,576	8,439,505	-	45,181,081	59,145,177	13,964,096	853,637	-	9,700,027	8,846,390	22,810,486	10,000	-	1417947490	290021	218,223,636
Mesa View Hospital	1,391,806	14.03%	7.44%	Note 2	1,024,397	6,091	-	1,030,488	1,352,274	321,786	101,596	-	534,191	432,595	754,381	10,000	-	1275588782	291307	11,783,152
Mountain View Hospital	14,843,738	23.25%	7.50%	Note 2	23,608,032	4,456,726	-	28,064,758	35,954,179	7,889,421	1,167,976	-	12,493,361	11,325,385	19,214,806	10,000	-	1124090659	290039	189,633,102
Southern Hills Hospital	8,840,792	21.64%	5.48%	Note 2	6,963,405	2,158,493	-	9,121,898	13,901,959	4,780,061	538,102	-	5,324,247	4,786,145	9,566,206	20,438	-	1457306359	290047	84,808,663
Sunrise Hospital	71,871,994	34.45%	15.52%	Note 2	65,236,118	36,662,428	-	101,898,546	122,861,979	20,963,433	3,745,559	-	46,025,467	42,279,908	63,243,341	1,044,229	-	1861439952	290033	427,049,965
North Vista Hospital	12,903,795	35.02%	7.80%	Note 2	19,091,529	1,134,062	-	20,225,591	23,945,854	3,720,263	1,189,824	-	6,882,172	5,692,348	9,412,611	219,189	-	1720037799	290055	75,455,925
St Rose De Lima	16,942,695	14.06%	7.73%	Note 2	8,536,278	1,048,786	-	9,585,064	15,204,493	5,619,429	1,438,556	-	12,915,547	11,476,991	17,096,420	189,631	-	1447393152	290012	110,914,385
St. Rose San Martin	12,777,203	15.77%	4.03%	Note 2	9,344,079	634,667	-	9,978,746	15,428,893	5,450,147	738,098	-	7,998,809	7,260,711	12,710,858	30,711	-	1528101284	290053	150,110,621
St Rose Siena Campus	17,039,959	24.10%	6.12%	Note 2	30,106,676	4,593,159	-	34,699,835	44,402,158	9,702,323	1,659,970	-	14,461,996	12,802,026	22,504,349	10,000	-	1770626426	290045	263,014,152
Renown Regional Medical Center	65,665,808	26.49%	11.30%	Note 2	45,422,388	9,205,762	-	54,628,150	79,362,062	24,733,912	1,655,282	-	35,529,483	33,874,201	58,608,113	5,175,791	-	1124098421	290001	387,583,282
Humboldt General Hospital	856,496	19.60%	9.56%	Note 1	1,826,289	3,898	1,146,044	2,976,231	2,197,101	(779,130)	230,135	-	219,772	(10,363)	(789,493)	65,983	-	1750498010	291308	17,178,173
Mt Grant General Hospital	390,389	12.14%	7.30%	Note 1	504,158	585	117,226	621,969	648,403	26,434	109,411	-	453,728	344,317	370,751	172,657	-	1801844527	291300	7,345,286
South Lyon Health Center	387,277	12.32%	7.48%	Note 1	384,296	-	139,759	524,055	570,256	46,201	102,827	-	339,206	236,379	282,580	333,953	-	1407815194	290002	5,045,387
William Bee Ririe Hospital	1,058,450	17.55%	9.91%	Note 1	1,429,788	-	987,677	2,417,465	2,639,505	222,040	192,625	-	1,312,551	1,119,926	1,341,966	703,197	-	1487648804	291302	24,483,806
Banner Churchill Hospital	6,032,073	21.06%	10.54%	Note 3	3,695,849	4,321	-	3,700,170	5,835,038	2,134,868	49,005	-	2,646,581	2,597,576	4,732,444	1,349,861	-	1023113115	290006	34,487,927
Carson Tahoe Regional	12,780,132	18.67%	8.77%	Note 3	13,719,917	80,140	-	13,800,057	20,303,857	6,503,800	1,665,299	-	9,838,506	8,173,207	14,677,007	734,366	-	1255260160	290019	146,946,867
Desert View Regional	2,660,094	9.75%	5.49%	Note 3	2,006,260	2,217	-	2,008,477	2,453,015	441,538	154,611	-	1,897,233	1,742,622	2,187,160	723,531	-	1073530168	291311	19,142,831
Northeastern Nevada	2,805,223	18.90%	2.88%	Note 3	3,738,100	36,323	-	3,774,423	5,636,956	1,862,533	968,570	-	3,177,180	2,208,610	4,071,143	18,033	-	1770674350	290008	37,293,692

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

September 25, 2014

Ms. Leah Lamborn, CFO
Division of Health Care Financing and Policy
State of Nevada
1100 E. William Street, Suite 101
Carson City, Nevada 89701

Dear Ms. Lamborn,

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 2011. 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