

**AN EXAMINATION OF
THE IOWA MEDICAL ASSISTANCE DISPROPORTIONATE
SHARE HOSPITAL PAYMENTS PROGRAM
ADMINISTERED BY THE IOWA
DEPARTMENT OF HEALTH AND HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2020**



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004
Telephone (515) 281-5834 Facsimile (515) 281-6518

December 19, 2023

Iowa Department of Health and Human Services
Des Moines, Iowa

To the Members of the Iowa Department of Health and Human Services:

I am pleased to submit to you the examination report for the Iowa Department of Health and Human Services for the year ended June 30, 2020. The examination was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Department of Health and Human Services throughout the examination. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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Auditor of State's Independent Report

To Kelly K. Garcia, Director
of the Iowa Department of Health and Human Services:

We have examined the Iowa Medical Assistance Disproportionate Share Hospital Payments Program (the Program) and the accompanying schedule identified as Schedule 1 for the Iowa Department of Health and Human Services (Department) for the year ended June 30, 2020. The Department's management is responsible for complying with the six verifications required by the Code of Federal Regulations – 42 CFR, Parts 447 and 455. Our responsibility is to express an opinion on the Program's six verifications based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require we plan and perform the examination to obtain reasonable assurance about whether the Department is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Program. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance with the criteria, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Iowa Department of Health and Human Services and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Iowa Medical Assistance Disproportionate Share Hospital Payments Program and the accompanying schedule referred to above are in compliance, in all material respects, with the six verifications required by the Code of Federal Regulations – 42 CFR, Parts 447 and 455, for the year ended June 30, 2020.

This report, a public record by law, is intended solely for the information and use of the Iowa Department of Health and Human Services and other parties to whom the Iowa Department of Health and Human Services may report. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Ernest H. Ruben, Jr.", is written over a light blue background.

Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

December 19, 2023

**Iowa Medical Assistance Disproportionate
Share Hospital Payments Program**

Required Verifications

We evaluated the Iowa Medical Assistance Disproportionate Share Hospital (DSH) Payments Program to determine compliance with each of the following verifications:

- (1) Each hospital qualifying for a DSH payment in the State is allowed to retain the payment, so it is available to offset the hospital's 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.
- (2) DSH payments made to each qualifying hospital comply with the hospital specific DSH payment limit and are measured against actual uncompensated care cost in the same audited Medicaid State plan rate year.
- (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 hospital and outpatient hospital services they received are eligible for inclusion in the calculation of the hospital specific DSH payment limit.
- (4) For purposes of the hospital specific DSH payment limit calculation, any Medicaid payments made to a disproportionate share hospital 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.
- (5) Information and records of all of its inpatient hospital and outpatient hospital service costs under the Medicaid program, claimed expenditures under the Medicaid program, uninsured inpatient hospital and outpatient hospital service costs in determining payment adjustments and any payments made on behalf of the uninsured from payment adjustments have been separately documented and retained by the State.
- (6) The information in (5) above includes a description of the methodology for calculating each hospital's DSH payment limit. The disproportionate share data shown in the accompanying schedule describes how the Iowa Department of Health and Human Services 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 hospital services they received.

**Iowa Medical Assistance Disproportionate
Share Hospital Payments Program**

Medicaid State Plan Rate Year Ended June 30, 2020

Definition of Uncompensated Care: The Iowa Department of Health and Human Services, for the purpose of the Medical Assistance Disproportionate Share Hospital Payments Program, defines Medicaid uncompensated care as the cost of services to Medicaid patients, less the amount paid by the State under the non-disproportionate share hospital payment provisions of the State Plan. Uninsured uncompensated care is defined as the cost of services to uninsured patients (those who have no health insurance or source of third party payments) less the amount of payments made by these patients.

A	B	C	D	E	F	G	H	I
Hospital Name	State Estimated Hospital-Specific DSH Limit	Medicaid IP Utilization Rate	Low-Income Utilization Rate	State-Defined DSH Eligibility Statistic	Regular IP/OP Medicaid FFS Rate Payments	IP/OP Medicaid MCO Payments	Supplemental/Enhanced IP/OP Medicaid Payments	Total Medicaid IP/OP Payments
MercyOne Newton Medical Center	\$ 2,927,550	29.45%	16.77%	N/A	\$ 194,526	4,384,325	-	4,578,851
UnityPoint Health - St. Luke's Regional Medical Center	2,869,554	40.22%	25.11%	N/A	5,561,838	30,812,280	443,297	36,817,415
UnityPoint Health - Trinity Muscatine	2,810,320	27.77%	18.95%	N/A	524,981	6,680,102	-	7,205,083
CHI Health-Mercy Council Bluffs	17,825,272	44.60%	23.03%	N/A	1,214,756	15,202,849	-	16,417,605
UnityPoint Health - St. Luke's Hospital	3,284,979	44.16%	19.85%	N/A	3,886,150	58,558,567	303,167	62,747,884
Methodist Jennie Edmundson	3,758,942	29.47%	20.57%	N/A	1,503,716	16,791,751	12,480	18,307,947
Great River Health System	11,331,957	33.43%	12.69%	N/A	2,347,146	18,627,651	-	20,974,797
University of Iowa Hospitals and Clinics	69,200,420	43.66%	14.97%	EDSH	19,798,816	231,413,060	61,775,361	312,987,237
MercyOne Waterloo Medical Center	5,191,112	52.00%	18.67%	N/A	3,892,196	45,432,476	341,204	49,665,876
UnityPoint Health - Iowa Methodist Medical Center - Blank Children's Hospital	18,722,550	35.33%	17.15%	Children's Hospital	8,768,900	113,455,861	2,568,541	124,793,302
Mercy Medical Center	12,368,199	31.18%	22.21%	Children's Hospital	10,154,829	102,875,208	1,592,361	114,622,398
Broadlawns Medical Center	15,067,930	67.59%	66.36%	EDSH	3,285,341	46,028,729	954,966	50,269,036
UnityPoint Health - Allen Hospital	1,509,387	37.28%	15.90%	N/A	3,783,572	34,311,354	274,334	38,369,260
Spencer Hospital	2,208,762	45.23%	10.18%	N/A	680,459	7,994,127	-	8,674,586
UnityPoint Health - Finley Hospital	3,534,971	32.53%	15.84%	N/A	1,096,855	14,637,600	-	15,734,455
UnityPoint Health - Trinity Bettendorf	2,587,899	27.24%	18.04%	N/A	1,431,315	11,736,178	56,454	13,223,947

N/A - not applicable

IP - Inpatient

OP - Outpatient

EDSH - Hospital qualifies for Enhanced Disproportionate Share payments. To qualify, a hospital must meet one of the following:

- an Iowa state-owned hospital with more than 500 beds having 8 or more separate and distinct residency specialty or subspecialty programs recognized by the American College of Graduate Medical Education.
- a non-state government-owned acute care teaching hospital located in a county with a population over 350,000.
- an Iowa state-owned hospital for persons with mental illness.

See accompanying Auditor of State's independent report.

J	K	L	M	N	O	P	Q	R	S	T
Total Cost of Care-Medicaid IP/OP Services	Total Medicaid Uncompensated Care Cost	Total IP/OP Indigent Care/Self-Pay Revenues	Total Applicable Section 1011 Payments	Total IP/OP Uninsured Cost of Care	Total Uninsured Uncompensated Care Cost	Total Eligible Uncompensated Care Costs	Total DSH Payments Received	Medicaid Provider Number	Medicare Provider Number	Total Hospital Cost
6,942,815	2,363,964	94,796	-	658,382	563,586	2,927,550	10,611	600081	160032	\$ 33,080,695
37,193,463	376,048	530,992	-	3,024,498	2,493,506	2,869,554	139,396	600114	160146	131,819,311
9,369,338	2,164,255	140,436	-	786,501	646,065	2,810,320	51,893	600155	160013	37,044,094
30,476,540	14,058,935	197,610	-	3,963,947	3,766,337	17,825,272	186,899	600288	160028	89,936,124
65,276,692	2,528,808	808,099	-	1,564,270	756,171	3,284,979	188,962	600452	160045	270,731,718
20,733,055	2,425,108	615,204	-	1,949,038	1,333,834	3,758,942	142,401	600478	160047	96,989,370
30,819,669	9,844,872	514,080	-	2,001,165	1,487,085	11,331,957	69,828	600577	160057	195,358,394
377,789,571	64,802,334	4,124,550	-	8,522,636	4,398,086	69,200,420	62,019,541	600585	160058	1,376,418,378
54,825,685	5,159,809	325,429	-	356,732	31,303	5,191,112	191,899	600676	160067	229,469,824
140,446,427	15,653,125	2,087,034	-	5,156,459	3,069,425	18,722,550	1,536,711	600825	160082	575,250,760
122,156,504	7,534,106	2,055,561	-	6,889,654	4,834,093	12,368,199	1,149,676	600833	160083	547,522,840
59,367,367	9,098,331	971,583	-	6,941,182	5,969,599	15,067,930	8,996,951	601013	160101	107,464,070
38,809,079	439,819	355,600	-	1,425,168	1,069,568	1,509,387	115,063	601104	160110	187,755,569
10,807,441	2,132,855	449,568	-	525,475	75,907	2,208,762	17,029	601120	160112	79,329,683
18,170,569	2,436,114	36,463	-	1,135,320	1,098,857	3,534,971	45,804	601179	160117	92,395,572
15,029,699	1,805,752	261,766	-	1,043,913	782,147	2,587,899	52,960	601286	160104	67,480,044