

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

**State of Michigan
Department of Health and Human Services
Lansing, Michigan**

DSH Year Ended September 30, 2018

Prepared by:



**MYERS AND
STAUFFER^{LC}**
CERTIFIED PUBLIC ACCOUNTANTS

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



Michigan Department of Health and Human Services
Lansing, Michigan

Independent Accountant's Report

We have examined the state of Michigan'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 ended September 30, 2018. The state of Michigan is responsible for compliance with federal Medicaid DSH program requirements. Our responsibility is to express an opinion on the state of Michigan's compliance with federal Medicaid DSH program requirements based on our examination.

Our examination was conducted 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). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the state of Michigan complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the state of Michigan complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination was conducted for the purpose of forming an opinion on the state of Michigan'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.

Our examination does not provide a legal determination on the state of Michigan's compliance with federal Medicaid DSH requirements.

Title 42 of the Code of Federal Regulations, section 447.299, requires that Medicaid uncompensated care cost be reported net of third-party payments, including those received from Medicare and private insurance. However, on December 31, 2018, the Centers for Medicare and Medicaid Services (CMS) issued additional guidance indicating that the regulation and additional guidance related to including Medicare and private insurance payments does not apply to hospital services prior to June 2, 2017. As such, Medicare and private insurance payments for services prior to June 2, 2017 are not included in the calculation of total uncompensated care costs presented in the Report on DSH Verifications.

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 Michigan's compliance with federal Medicaid DSH program requirements addressed by the DSH verifications for the year ending September 30, 2018.

This report is intended solely for the information and use of the Michigan Department of Health and Human Services, the State Legislature, hospitals participating in the State DSH program, and 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
December 15, 2021

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State of Michigan Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended September 30, 2018

As required by 42 CFR §455.304(d) the state of Michigan 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, Federal Register/Vol. 79, No. 232, December 3, 2014, and Federal Register/Vol. 82, No. 62, April 3, 2017.

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 Michigan Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended September 30, 2018

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 Michigan 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 Michigan
Report on DSH Verifications (table)
For the Medicaid State Plan Rate Year Ended September 30, 2018

Hospital	Verification #1	Verification #2			Verification #3	Verification #4	Verification #5	Verification #6	
	Was Hospital Allowed to Retain DSH Payment? ¹	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 ¹	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?
Allegan General Hospital	Yes	\$ 762,255	\$ 2,648,622	\$ 1,886,367	Yes	Yes	Yes	Yes	Yes
Ascension Crittenton Hospital	Yes	\$ 1,140,196	\$ 2,375,418	\$ 1,235,222	Yes	Yes	Yes	Yes	Yes
Aspirus Iron River Hospital & Clinics	Yes	\$ 645,735	\$ 1,894,259	\$ 1,248,524	Yes	Yes	Yes	Yes	Yes
Aspirus Ironwood Hospital	Yes	\$ 1,301,533	\$ 2,238,320	\$ 936,787	Yes	Yes	Yes	Yes	Yes
Aspirus Keweenaw Hospital	Yes	\$ 336,417	\$ 1,165,842	\$ 829,425	Yes	Yes	Yes	Yes	Yes
Aspirus Ontonagon Hospital	Yes	\$ 207,090	\$ 832,944	\$ 625,854	Yes	Yes	Yes	Yes	Yes
Barbara Ann Karmanos Cancer Hospital	Yes	\$ 4,034,615	\$ 7,126,588	\$ 3,091,973	Yes	Yes	Yes	Yes	Yes
Beaumont Hospital - Dearborn	Yes	\$ 5,013,433	\$ 5,833,098	\$ 819,665	Yes	Yes	Yes	Yes	Yes
Beaumont Hospital - Farmington Hills	Yes	\$ 1,427,232	\$ 5,018,086	\$ 3,590,854	Yes	Yes	Yes	Yes	Yes
Beaumont Hospital - Grosse Pointe	Yes	\$ 1,786,151	\$ 7,574,811	\$ 5,788,660	Yes	Yes	Yes	Yes	Yes
Beaumont Hospital - Royal Oak	Yes	\$ 3,424,683	\$ 12,104,108	\$ 8,679,425	Yes	Yes	Yes	Yes	Yes
Beaumont Hospital - Taylor	Yes	\$ 3,234,292	\$ 5,742,843	\$ 2,508,551	Yes	Yes	Yes	Yes	Yes
Beaumont Hospital - Trenton	Yes	\$ 875,224	\$ 1,178,410	\$ 303,186	Yes	Yes	Yes	Yes	Yes
Beaumont Hospital - Troy	Yes	\$ 1,805,218	\$ 7,647,632	\$ 5,842,414	Yes	Yes	Yes	Yes	Yes
Beaumont Hospital - Wayne	Yes	\$ 2,324,556	\$ 10,709,115	\$ 8,384,559	Yes	Yes	Yes	Yes	Yes
Bell Memorial Hospital	Yes	\$ 277,103	\$ 1,327,751	\$ 1,050,648	Yes	Yes	Yes	Yes	Yes
Borgess Hospital	Yes	\$ 2,287,312	\$ (2,502,269)	\$ (2,287,312)	No	Yes	Yes	Yes	Yes
Borgess Pipp Hospital	Yes	\$ -	\$ 8,041	\$ 8,041	N/A	Yes	Yes	Yes	Yes
Borgess-Lee Memorial Hospital	Yes	\$ 2,562,746	\$ 2,637,785	\$ 75,039	Yes	Yes	Yes	Yes	Yes
Bronson Battle Creek Hospital	Yes	\$ 4,019,774	\$ 9,284,503	\$ 5,264,729	Yes	Yes	Yes	Yes	Yes
Bronson Lake View Hospital	Yes	\$ 1,667,321	\$ 1,406,169	\$ (261,152)	No	Yes	Yes	Yes	Yes
Bronson Methodist Hospital	Yes	\$ 11,070,869	\$ 18,618,374	\$ 7,547,505	Yes	Yes	Yes	Yes	Yes
Caro Community Hospital	Yes	\$ 566,152	\$ 1,411,037	\$ 844,885	Yes	Yes	Yes	Yes	Yes
Caro Regional Mental Health Center	Yes	\$ 42,478,909	\$ 47,305,663	\$ 4,826,754	Yes	Yes	Yes	Yes	Yes
Center for Forensic Psychiatry	Yes	\$ 1,816,197	\$ 94,348,781	\$ 92,532,584	Yes	Yes	Yes	Yes	Yes
Children's Hospital of Michigan	Yes	\$ -	\$ (21,391,923)	\$ -	N/A	Yes	Yes	Yes	Yes
Chippewa War Memorial Hospital	Yes	\$ 525,675	\$ 755,858	\$ 230,183	Yes	Yes	Yes	Yes	Yes
Clinton Memorial Hospital	Yes	\$ 441,913	\$ 1,066,121	\$ 624,208	Yes	Yes	Yes	Yes	Yes
Community Health Center of Branch County	Yes	\$ 1,175,446	\$ 1,316,687	\$ 141,241	Yes	Yes	Yes	Yes	Yes
Covenant Medical Center, Inc.	Yes	\$ -	\$ (10,073,367)	\$ -	N/A	Yes	Yes	Yes	Yes
Deckerville Community Hospital	Yes	\$ 197,769	\$ 813,650	\$ 615,881	Yes	Yes	Yes	Yes	Yes
Detroit Receiving Hospital	Yes	\$ 11,282,682	\$ 11,452,607	\$ 169,925	Yes	Yes	Yes	Yes	Yes
Dickinson County Memorial Hospital	Yes	\$ 2,867,853	\$ 3,462,124	\$ 594,271	Yes	Yes	Yes	Yes	Yes
Eaton Rapids Medical Center	Yes	\$ 995,935	\$ 761,707	\$ (234,228)	No	Yes	Yes	Yes	Yes
Edward W. Sparrow Hospital	Yes	\$ 3,174,731	\$ 22,972,064	\$ 19,797,333	Yes	Yes	Yes	Yes	Yes
Garden City Hospital	Yes	\$ -	\$ (10,134,779)	\$ -	N/A	Yes	Yes	Yes	Yes
Genesys Regional Medical Center	Yes	\$ 1,853,405	\$ 7,095,389	\$ 5,241,984	Yes	Yes	Yes	Yes	Yes
Harper University Hospital	Yes	\$ 11,764,909	\$ 19,650,483	\$ 7,885,574	Yes	Yes	Yes	Yes	Yes
Hawthorn Center	Yes	\$ -	\$ 28,715,573	\$ 28,715,573	N/A	Yes	Yes	Yes	Yes
Hayes Green Beach Memorial Hospital	Yes	\$ 1,813,152	\$ 1,242,779	\$ (570,373)	No	Yes	Yes	Yes	Yes
Helen Newberry Joy Hospital	Yes	\$ 1,749,387	\$ 1,713,041	\$ (36,346)	No	Yes	Yes	Yes	Yes
Henry Ford Allegiance Health	Yes	\$ 4,174,214	\$ 19,816,043	\$ 15,641,829	Yes	Yes	Yes	Yes	Yes
Henry Ford Hospital	Yes	\$ 11,188,514	\$ 89,868,572	\$ 78,680,058	Yes	Yes	Yes	Yes	Yes
Henry Ford Macomb Hospital	Yes	\$ 2,702,766	\$ 7,907,468	\$ 5,204,702	Yes	Yes	Yes	Yes	Yes
Henry Ford West Bloomfield Hospital	Yes	\$ 1,271,826	\$ 11,389,512	\$ 10,117,686	Yes	Yes	Yes	Yes	Yes
Henry Ford Wyandotte Hospital	Yes	\$ 2,924,567	\$ 4,188,580	\$ 1,264,013	Yes	Yes	Yes	Yes	Yes
Hills & Dales General Hospital	Yes	\$ 355,073	\$ 1,123,165	\$ 768,092	Yes	Yes	Yes	Yes	Yes
Hillsdale Hospital	Yes	\$ 1,909,017	\$ 47,399	\$ (1,861,618)	No	Yes	Yes	Yes	Yes
Holland Community Hospital	Yes	\$ 3,012,222	\$ 5,905,095	\$ 2,892,873	Yes	Yes	Yes	Yes	Yes
Huron Medical Center	Yes	\$ 232,426	\$ 693,628	\$ 461,202	Yes	Yes	Yes	Yes	Yes
Huron Valley - Sinai Hospital	Yes	\$ 647,838	\$ 446,760	\$ (201,078)	No	Yes	Yes	Yes	Yes
Ionia County Memorial Hospital	Yes	\$ 862,579	\$ 1,397,656	\$ 535,077	Yes	Yes	Yes	Yes	Yes
Kalamazoo Regional Psychiatric Hospital	Yes	\$ 52,667,167	\$ 62,580,534	\$ 9,913,367	Yes	Yes	Yes	Yes	Yes
Kalkaska Memorial Health Center	Yes	\$ 937,116	\$ 602,655	\$ (334,461)	No	Yes	Yes	Yes	Yes
Kingswood Psychiatric Hospital	Yes	\$ 1,009,957	\$ 3,793,467	\$ 2,783,510	Yes	Yes	Yes	Yes	Yes

State of Michigan
Report on DSH Verifications (table)
For the Medicaid State Plan Rate Year Ended September 30, 2018

Hospital	Verification #1	Verification #2		Verification #3		Verification #4	Verification #5	Verification #6	
	Was Hospital Allowed to Retain DSH Payment? ¹	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 ¹	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?
Lake Huron Medical Center	Yes	\$ -	\$ (1,731,834)	\$ -	N/A	Yes	Yes	Yes	Yes
Lakeland Hospital - St. Joseph	Yes	\$ 4,014,754	\$ 4,344,028	\$ 329,274	Yes	Yes	Yes	Yes	Yes
Lakeland Hospital Watervliet	Yes	\$ 813,872	\$ 920,188	\$ 106,316	Yes	Yes	Yes	Yes	Yes
Mackinac Straits Hospital	Yes	\$ 1,059,539	\$ 1,011,320	\$ (48,219)	No	Yes	Yes	Yes	Yes
Marlette Regional Hospital	Yes	\$ 524,093	\$ 571,792	\$ 47,699	Yes	Yes	Yes	Yes	Yes
Marquette General Hospital	Yes	\$ 426,049	\$ (1,996,096)	\$ (426,049)	No	Yes	Yes	Yes	Yes
McLaren Bay Regional	Yes	\$ -	\$ (3,060,822)	\$ -	N/A	Yes	Yes	Yes	Yes
McLaren Central Michigan	Yes	\$ 1,466,193	\$ 1,375,152	\$ (91,041)	No	Yes	Yes	Yes	Yes
McLaren Flint	Yes	\$ -	\$ (7,712,843)	\$ -	N/A	Yes	Yes	Yes	Yes
McLaren Greater Lansing	Yes	\$ 1,134,257	\$ 2,538,538	\$ 1,404,281	Yes	Yes	Yes	Yes	Yes
McLaren Lapeer Region	Yes	\$ -	\$ (2,763,025)	\$ -	N/A	Yes	Yes	Yes	Yes
McLaren Macomb	Yes	\$ 3,815,423	\$ (3,516,033)	\$ (3,815,423)	No	Yes	Yes	Yes	Yes
McLaren Northern Michigan	Yes	\$ 2,445,551	\$ (1,313,543)	\$ (2,445,551)	No	Yes	Yes	Yes	Yes
McLaren Oakland	Yes	\$ 2,312,561	\$ 3,942,070	\$ 1,629,509	Yes	Yes	Yes	Yes	Yes
McLaren Port Huron	Yes	\$ 2,920,465	\$ 1,311,508	\$ (1,608,957)	No	Yes	Yes	Yes	Yes
Memorial Healthcare	Yes	\$ 1,876,166	\$ 6,923,433	\$ 5,047,267	Yes	Yes	Yes	Yes	Yes
Mercy Health Muskegon	Yes	\$ 5,975,828	\$ 14,466,237	\$ 8,490,409	Yes	Yes	Yes	Yes	Yes
Mercy Health Partners - Lakeshore Campus	Yes	\$ 917,607	\$ 692,041	\$ (225,566)	No	Yes	Yes	Yes	Yes
Metro Health Hospital	Yes	\$ 3,324,577	\$ 17,620,968	\$ 14,296,391	Yes	Yes	Yes	Yes	Yes
Mid Michigan Medical Center - Gladwin	Yes	\$ 519,650	\$ 254,548	\$ (265,102)	No	Yes	Yes	Yes	Yes
MidMichigan Medical Center - Alpena	Yes	\$ 717,033	\$ 6,709,711	\$ 5,992,678	Yes	Yes	Yes	Yes	Yes
MidMichigan Medical Center - Gratiot	Yes	\$ -	\$ (618,207)	\$ -	N/A	Yes	Yes	Yes	Yes
MidMichigan Medical Center - Midland	Yes	\$ 2,127,213	\$ (5,175,124)	\$ (2,127,213)	No	Yes	Yes	Yes	Yes
Munson Healthcare Cadillac Hospital	Yes	\$ -	\$ (1,060,272)	\$ -	N/A	Yes	Yes	Yes	Yes
Munson Healthcare Charlevoix Hospital	Yes	\$ 876,507	\$ 931,889	\$ 55,382	Yes	Yes	Yes	Yes	Yes
Munson Healthcare Grayling Hospital	Yes	\$ -	\$ (1,685,289)	\$ -	N/A	Yes	Yes	Yes	Yes
Munson Healthcare Manistee Hospital	Yes	\$ 1,221,334	\$ 1,992,852	\$ 771,518	Yes	Yes	Yes	Yes	Yes
Munson Medical Center	Yes	\$ -	\$ (3,077,823)	\$ -	N/A	Yes	Yes	Yes	Yes
North Ottawa Community Hospital	Yes	\$ 1,335,982	\$ 3,072,476	\$ 1,736,494	Yes	Yes	Yes	Yes	Yes
Oaklawn Hospital	Yes	\$ 1,500,503	\$ 2,578,291	\$ 1,077,788	Yes	Yes	Yes	Yes	Yes
Otsego County Memorial Hospital	Yes	\$ -	\$ (78,491)	\$ -	N/A	Yes	Yes	Yes	Yes
Pine Rest Christian Hospital	Yes	\$ 115,575	\$ (2,757,488)	\$ (115,575)	No	Yes	Yes	Yes	Yes
Pontiac General Hospital	Yes	\$ -	\$ (2,350,960)	\$ -	N/A	Yes	Yes	Yes	Yes
Promedica Bixby Hospital	Yes	\$ 1,798,062	\$ 2,628,558	\$ 830,496	Yes	Yes	Yes	Yes	Yes
ProMedica Herrick Hospital	Yes	\$ 580,266	\$ 1,319,156	\$ 738,890	Yes	Yes	Yes	Yes	Yes
ProMedica Monroe Regional Hospital	Yes	\$ 2,010,323	\$ 10,021,237	\$ 8,010,914	Yes	Yes	Yes	Yes	Yes
Providence-Providence Park Hospital	Yes	\$ 5,045,948	\$ 686,184	\$ (4,359,764)	No	Yes	Yes	Yes	Yes
Rehabilitation Institute	Yes	\$ 624,548	\$ 3,344,840	\$ 2,720,292	Yes	Yes	Yes	Yes	Yes
Saint Mary's Standish Community Hospital	Yes	\$ 439,732	\$ 248,625	\$ (191,107)	No	Yes	Yes	Yes	Yes
Scheurer Hospital	Yes	\$ 295,673	\$ 1,143,788	\$ 848,115	Yes	Yes	Yes	Yes	Yes
Sheridan Community Hospital	Yes	\$ 195,935	\$ 1,234,323	\$ 1,038,388	Yes	Yes	Yes	Yes	Yes
Sinai-Grace Hospital	Yes	\$ -	\$ (2,570,327)	\$ -	N/A	Yes	Yes	Yes	Yes
Sparrow Carson Hospital	Yes	\$ 573,878	\$ 2,280,959	\$ 1,707,081	Yes	Yes	Yes	Yes	Yes
Spectrum Health Big Rapids	Yes	\$ 1,734,039	\$ 1,259,225	\$ (474,814)	No	Yes	Yes	Yes	Yes
Spectrum Health Gerber Memorial	Yes	\$ 2,209,535	\$ 4,362,784	\$ 2,153,249	Yes	Yes	Yes	Yes	Yes
Spectrum Health Ludington Hospital	Yes	\$ 1,484,232	\$ 2,719,979	\$ 1,235,747	Yes	Yes	Yes	Yes	Yes
Spectrum Health Pennox	Yes	\$ 1,847,206	\$ 2,972,836	\$ 1,125,630	Yes	Yes	Yes	Yes	Yes
Spectrum Health Reed City Campus	Yes	\$ 1,544,900	\$ 1,305,603	\$ (239,297)	No	Yes	Yes	Yes	Yes
Spectrum Health United Hospital	Yes	\$ -	\$ (953,553)	\$ -	N/A	Yes	Yes	Yes	Yes
Spectrum Health United Memorial - Kelsey Campus	Yes	\$ 599,624	\$ 1,219,651	\$ 620,027	Yes	Yes	Yes	Yes	Yes
Spectrum Health Zeeland Community Hospital	Yes	\$ 1,173,780	\$ 1,803,235	\$ 629,455	Yes	Yes	Yes	Yes	Yes
St. Francis Hospital & Medical Group	Yes	\$ 1,498,067	\$ 3,618,662	\$ 2,120,595	Yes	Yes	Yes	Yes	Yes
St. John Hospital and Medical Center	Yes	\$ 11,198,953	\$ 762,162	\$ (10,436,791)	No	Yes	Yes	Yes	Yes
St. John Macomb-Oakland Hospital-Macomb Center	Yes	\$ 4,216,857	\$ (2,875,160)	\$ (4,216,857)	No	Yes	Yes	Yes	Yes
St. John River District Hospital	Yes	\$ 780,501	\$ 3,955,364	\$ 3,174,863	Yes	Yes	Yes	Yes	Yes
St. Joseph Mercy Chelsea	Yes	\$ 1,176,699	\$ 787,555	\$ (389,144)	No	Yes	Yes	Yes	Yes
St. Joseph Mercy Hospital - Ann Arbor	Yes	\$ 3,350,688	\$ 3,968,505	\$ 617,817	Yes	Yes	Yes	Yes	Yes
St. Joseph Mercy Livingston Hospital	Yes	\$ 1,523,567	\$ 4,966,201	\$ 3,442,634	Yes	Yes	Yes	Yes	Yes
St. Joseph Mercy Oakland	Yes	\$ 2,718,395	\$ 3,505,393	\$ 786,998	Yes	Yes	Yes	Yes	Yes
St. Mary Mercy Hospital	Yes	\$ 1,991,053	\$ 307,369	\$ (1,683,684)	No	Yes	Yes	Yes	Yes

State of Michigan
 Report on DSH Verifications (table)
 For the Medicaid State Plan Rate Year Ended September 30, 2018

Hospital	Verification #1	Verification #2			Verification #3	Verification #4	Verification #5	Verification #6
	Was Hospital Allowed to Retain DSH Payment? ¹	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 ¹	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?
St. Mary's Health Care (Grand Rapids)	Yes	\$ 5,096,620	\$ 9,893,086	\$ 4,796,466	Yes	Yes	Yes	Yes
St. Mary's of Michigan Medical Center	Yes	\$ 2,203,446	\$ 4,464,944	\$ 2,261,498	Yes	Yes	Yes	Yes
Straith Memorial Hospital	Yes	\$ 6,294	\$ (170,823)	\$ (6,294)	No	Yes	Yes	Yes
Sturgis Memorial Hospital	Yes	\$ 122,568	\$ 448,013	\$ 325,445	Yes	Yes	Yes	Yes
Tawas St. Joseph Hospital	Yes	\$ 1,376,368	\$ (1,123,020)	\$ (1,376,368)	No	Yes	Yes	Yes
Three Rivers Health	Yes	\$ 457,609	\$ 892,122	\$ 434,513	Yes	Yes	Yes	Yes
University of Michigan Health System	Yes	\$ 86,727,305	\$ 67,749,755	\$ (18,977,550)	No	Yes	Yes	Yes
UP Health System - Portage	Yes	\$ 403,456	\$ 2,424,929	\$ 2,021,473	Yes	Yes	Yes	Yes
Walter P. Reuther Psychiatric Hospital	Yes	\$ 53,201,043	\$ 59,659,350	\$ 6,458,307	Yes	Yes	Yes	Yes

Footnote1: Facilities marked "N/A" did not have a DSH payment to retain, but were included in the DSH examination at the request of the state in order to be eligible to receive any potential redistribution of DSH payments.

This report is intended solely for the information and use of the Michigan Department of Health and Human Services, 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 Michigan Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended September 30, 2018

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) **Treatment of Third Party Payers (TPP) in Calculating Uncompensated Care Costs (UCC)**

On April 3, 2017, CMS published a final rule clarifying that the total cost of uncompensated care is the costs remaining for all uninsured and Medicaid eligible individuals after accounting for payments made to hospitals by or on behalf of uninsured and Medicaid eligible individuals, including Medicare and other third party payments. This rule became effective June 2, 2017.

Per the CMS bulletin released on August 18, 2020, the DSH examination has been completed based on recommended Method #2 in combination with the CMS "*Additional Information of the DSH Reporting and Audit Requirements – Part 2*", #21 methodology for pro-rating cost report periods to the state fiscal year. Each hospital's applicable TPP payments have been determined by pro-rating the TPP payments for the entire cost report period overlapping the state plan rate year (SPRY) to reflect the partial cost report period on or after June 2, 2017. This percentage of the cost report period occurring on or after June 2, 2017 was computed based on the number of days within the cost report period that occur on or after June 2, 2017, divided by the total number of days within the entire cost report year. The resulting fraction was then applied to the total cost report period TPP payments. The cost report period UCC was then prorated to the SPRY. The hospital's Medicaid and uninsured costs for the entire SPRY have only been offset by the portion of the TPP payments attributed to the percentage of the overlapping cost report period on or after June 2, 2017.

(2) **Medicaid Cost Report Settlements**

Michigan calculated upper payment limit (UPL) recoveries and final settlements for all hospitals in the state. As of the date of this report, adjustments overlapping the 2018 DSH year had not been fully completed for all hospitals. When completed in future years, additional adjustments may result in additional Medicaid payments or recoupments, but the impact of those settlements may be minimized by changes in allowable costs that would also need to be recognized in the uncompensated care cost.

(3) **DSH Survey Not Submitted**

Pine Rest Christian Hospital (234006) did not submit all data requested for the 2018 DSH year. The uncompensated care cost was calculated using cost report data and supplemental payment data provided by the state. Medicaid data received from the state MMIS did not contain any claims data. The hospital's uncompensated care cost may be misstated as a result. The impact is unknown.

State of Michigan Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended September 30, 2018

(4) **Medicaid Uncompensated Care Cost**

Hospitals were requested to report other Medicaid eligible claims where Medicaid did not pay and where private insurance or Medicare may or may not have paid on the claim. Medicaid eligible patient services for which Medicaid was not billed and did not have any cost-sharing are likely not included in the state's MMIS data. Straith Memorial Hospital (230071) was unable to satisfactorily document hospital services it provided to Medicaid-eligible patients during the DSH year. These difficulties are related to the time period between the patient service dates (DSH year 2018) and the timing of the DSH examination (calendar year 2021) and not necessarily due to the inaction or lack of cooperation by the hospital listed.

Schedule of Annual Reporting Requirements

Independence Declaration



**MYERS AND
STAUFFER_{LC}**
CERTIFIED PUBLIC ACCOUNTANTS

To Whom it May Concern:

Myers and Stauffer LC declares it is independent of the state of Michigan and its DSH hospitals for the Medicaid State plan rate year ending September 30, 2018.

Myers and Stauffer LC
December 15, 2021