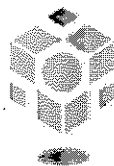


**Report on Disproportionate Share Hospital Verifications
(With Independent Accountant's Report Thereon)**

**State of New Jersey
Department of Human Services
Division of Medical Assistance and Health Services
7 Quakerbridge Plaza
Trenton, New Jersey 08619**

DSH Year Ended June 30, 2011



Prepared by:

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

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



New Jersey Department of Human Services
Trenton, New Jersey

Independent Accountant's Report

We have examined the state of New Jersey'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 New Jersey is responsible for compliance with federal Medicaid DSH program requirements. Our responsibility is to express an opinion on the state of New Jersey'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 New Jersey'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 New Jersey's compliance with federal Medicaid DSH requirements.

Our examination was conducted for the purpose of forming an opinion on the state of New Jersey'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 New Jersey's compliance with federal Medicaid DSH program requirements addressed by the DSH verifications for the year ending June 30, 2011.

Myers and Stauffer LC

Myers and Stauffer LC

March 24, 2015

State of New Jersey 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 New Jersey 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 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 New Jersey 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, 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 New Jersey 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 New Jersey
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 Uninsured been documented and retained?	Does the retained documentation include a description of the methodology used to calculate the UCC?				
Ancora Psychiatric Hospital	Yes	112,955,711	131,754,530	18,798,819	Yes	Yes	Yes	Yes				
Atlantic City Medical Center	Yes	28,372,422	68,172,573	39,800,151	Yes	Yes	Yes	Yes				
Bayonne Hospital	Yes	3,115,764	14,574,511	11,458,747	Yes	Yes	Yes	Yes				
Bayshore Community Hospital	Yes	269,194	4,152,213	3,883,019	Yes	Yes	Yes	Yes				
Bergen Regional Medical Center	Yes	46,360,603	46,360,604	1	Yes	Yes	Yes	Yes				
Betty Bacharach Rehabilitation Hospital	Yes	67,835	753,954	686,119	Yes	Yes	Yes	Yes				
Buttwood Burlington County	Yes	3,738,093	5,304,560	1,566,467	Yes	Yes	Yes	Yes				
Camden County Health Services Center	Yes	24,015,450	30,888,086	6,872,636	Yes	Yes	Yes	Yes				
Cape Regional Medical Center	Yes	1,001,318	8,370,535	7,369,217	Yes	Yes	Yes	Yes				
Capital Health System at Fuld	Yes	24,915,990	33,102,325	8,186,335	Yes	Yes	Yes	Yes				
Capital Health System at Mercer	Yes	9,384,324	28,150,908	18,766,584	Yes	Yes	Yes	Yes				
Carrier Foundation	Yes	382,085	382,085	0	Yes	Yes	Yes	Yes				
CentraState Medical Center	Yes	2,864,795	14,811,359	11,946,564	Yes	Yes	Yes	Yes				
Children's Specialized Hospital	N/A	0	(3,726,746)	0	Yes	Yes	Yes	Yes				
Chilton Memorial Hospital	Yes	732,274	8,683,365	7,951,091	Yes	Yes	Yes	Yes				
Christ Hospital	Yes	18,229,102	18,229,102	0	Yes	Yes	Yes	Yes				
Clara Maass Medical Center	Yes	5,979,328	13,581,150	7,601,822	Yes	Yes	Yes	Yes				
Community Medical Center	Yes	2,736,783	16,513,006	13,776,223	Yes	Yes	Yes	Yes				
Cooper Hospital / University Medical Center	Yes	66,590,856	75,044,345	8,453,489	Yes	Yes	Yes	Yes				
Deborah Heart and Lung Center	Yes	6,701,295	13,950,002	7,248,707	Yes	Yes	Yes	Yes				
East Mountain Hospital, Inc.	N/A	0	(16,626)	0	Yes	Yes	Yes	Yes				
East Orange Medical Center	Yes	15,421,346	15,421,346	0	Yes	Yes	Yes	Yes				
Englewood Hospital and Medical Center	Yes	1,568,114	16,326,996	14,758,882	Yes	Yes	Yes	Yes				
Essex County Hospital Center	Yes	33,331,927	42,158,744	8,826,817	Yes	Yes	Yes	Yes				
Greystone Psychiatric Hospital	Yes	68,954,436	121,226,039	52,271,603	Yes	Yes	Yes	Yes				
Hackensack University Medical Center	Yes	11,638,074	56,990,166	45,352,092	Yes	Yes	Yes	Yes				
Hackettstown Community Hospital	Yes	187,514	6,336,909	6,149,395	Yes	Yes	Yes	Yes				
Hagedorn Psychiatric Hospital	Yes	35,299,422	35,408,253	108,831	Yes	Yes	Yes	Yes				
Hampton Hospital	N/A	0	(231,185)	0	Yes	Yes	Yes	Yes				
HealthSouth Garden State	N/A	0	(249,725)	0	Yes	Yes	Yes	Yes				
HealthSouth Rehab Hospital of Vineland	N/A	0	(293,421)	0	Yes	Yes	Yes	Yes				
Hoboken University Medical Center	Yes	29,249,706	29,249,706	0	Yes	Yes	Yes	Yes				
Holy Name Medical Center	Yes	1,105,665	16,007,678	14,902,013	Yes	Yes	Yes	Yes				
Hudson County Psychiatric Hospital	Yes	13,906,779	18,449,811	4,543,032	Yes	Yes	Yes	Yes				
Hunterdon Medical Center	Yes	4,625,734	11,279,196	6,653,462	Yes	Yes	Yes	Yes				

State of New Jersey
 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)	Total Uncompensated Care Costs for Medicaid State Plan Rate Year	DSH Payment Under or <Over> Total Uncompensated Care Costs (UCC)	Were only IP and OP 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?
Jersey City Medical Center	Yes	62,054,653	66,767,092	4,712,439	Yes	Yes	Yes	Yes
Jersey Shore University Medical Center	Yes	7,032,218	46,608,995	39,576,777	Yes	Yes	Yes	Yes
JFK at Edison / Anthony Yelencsics	Yes	4,525,726	27,870,503	23,344,777	Yes	Yes	Yes	Yes
Kennedy University Hospital	Yes	13,299,321	31,990,237	18,690,916	Yes	Yes	Yes	Yes
Kessler Institute For Rehabilitation	N/A	0	(215,199)	0	Yes	Yes	Yes	Yes
Kimball Medical Center	Yes	15,930,622	17,813,031	1,882,409	Yes	Yes	Yes	Yes
Lourdes Medical Center at Burlington County	Yes	3,513,197	9,992,968	6,479,771	Yes	Yes	Yes	Yes
Marlton Rehab Hospital	N/A	0	(177,156)	0	Yes	Yes	Yes	Yes
Matheny School & Hospital	N/A	0	(1,234,013)	0	Yes	Yes	Yes	Yes
Meadowlands Hospital	Yes	572,763	6,406,356	5,833,593	Yes	Yes	Yes	Yes
Memorial Hospital of Salem County	Yes	268,133	4,326,843	4,058,710	Yes	Yes	Yes	Yes
Monmouth Medical Center	Yes	13,588,756	15,234,579	1,645,823	Yes	Yes	Yes	Yes
Morristown Memorial Hospital	Yes	6,441,864	34,010,639	27,568,775	Yes	Yes	Yes	Yes
Mountainside Hospital	Yes	1,625,591	8,996,831	7,371,240	Yes	Yes	Yes	Yes
Newark Beth Israel Medical Center	Yes	41,915,819	45,287,860	3,372,041	Yes	Yes	Yes	Yes
Newton Memorial Hospital	Yes	5,546,809	11,414,477	5,867,668	Yes	Yes	Yes	Yes
Ocean Medical Center	Yes	1,497,401	7,562,640	6,065,239	Yes	Yes	Yes	Yes
Our Lady of Lourdes Medical Center	Yes	3,907,700	21,645,177	17,737,477	Yes	Yes	Yes	Yes
Overlook Hospital	Yes	1,790,114	24,156,863	22,366,749	Yes	Yes	Yes	Yes
Palisades General Hospital	Yes	7,781,292	17,455,311	9,674,019	Yes	Yes	Yes	Yes
Ramapo Ridge Psychiatric Hospital (Short Term)	Yes	300,281	629,711	329,430	Yes	Yes	Yes	Yes
Raritan Bay Medical Center	Yes	16,651,921	25,770,986	9,119,065	Yes	Yes	Yes	Yes
Rehab Hospital of Tinton Falls (HealthSouth)	N/A	0	(292,772)	0	Yes	Yes	Yes	Yes
Riverview Medical Center	Yes	4,773,258	13,528,828	8,755,570	Yes	Yes	Yes	Yes
Runnells Specialized Hospital	Yes	4,486,118	11,280,014	6,793,896	Yes	Yes	Yes	Yes
RWJ at Hamilton	Yes	769,849	11,758,967	10,989,118	Yes	Yes	Yes	Yes
RWJ at Rahway	Yes	1,791,982	7,812,588	6,020,606	Yes	Yes	Yes	Yes
RWJ University Hospital	Yes	26,905,642	58,251,334	31,345,692	Yes	Yes	Yes	Yes
Saint Barnabas Behavioral Health Center	N/A	0	(16,587)	0	Yes	Yes	Yes	Yes
Saint Barnabas Medical Center	Yes	1,513,878	19,695,264	18,181,386	Yes	Yes	Yes	Yes
Saint Clare's - Sussex	Yes	348,772	1,860,596	1,511,824	Yes	Yes	Yes	Yes
Saint Clare's Hospital - Denville	Yes	26,050,054	28,120,725	2,070,671	Yes	Yes	Yes	Yes
Saint Francis Medical Center	Yes	15,988,383	16,365,615	377,232	Yes	Yes	Yes	Yes
Saint Joseph's Hospital	Yes	84,413,043	87,125,668	2,712,625	Yes	Yes	Yes	Yes
Saint Lawrence Rehabilitation Hospital	Yes	71	2,310	2,239	Yes	Yes	Yes	Yes

State of New Jersey
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?				
Saint Mary's Hospital	Yes	16,482,084	16,482,084	0	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Saint Michael's Medical Center	Yes	26,507,283	30,943,658	4,436,375	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Saint Peter's Medical Center	Yes	9,170,100	38,270,398	29,100,298	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Shore Memorial Hospital	Yes	1,307,172	13,821,649	12,514,477	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Somerset Medical Center	Yes	3,476,881	16,723,620	13,246,739	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
South Jersey / Elmer	Yes	171,674	3,528,065	3,356,391	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
South Jersey Hospital System	Yes	5,753,711	30,258,982	24,505,271	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Southern Ocean Medical Center	Yes	338,699	4,345,402	4,006,703	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Summit Hospital	N/A	0	(195,773)	0	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Trenton Psychiatric Hospital	Yes	61,736,147	88,439,193	26,703,046	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Trinitas Hospital	Yes	49,365,858	49,365,858	0	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
UMDNJ- CMH @ Piscataway	Yes	27,684,909	27,684,909	0	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Underwood Memorial Hospital	Yes	2,336,253	12,378,580	10,042,327	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
University (UMDNJ)	Yes	155,516,255	155,516,255	0	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
University Medical Center at Princeton Valley Hospital	Yes	2,962,949	20,943,291	17,980,342	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Valley Hospital	Yes	825,288	17,026,131	16,200,843	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Virtua - Memorial Hospital of Burlington County	Yes	2,253,321	15,743,619	13,490,298	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Virtua Health - West Jersey Hospital	Yes	4,532,838	36,133,782	31,600,944	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Warren Hospital	Yes	1,351,558	11,880,949	10,529,391	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Weisman Children's Rehabilitation Hospital	Yes	57,808	743,866	686,058	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

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

State of New Jersey 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) **Uninsured Patient Payments**

The following hospitals were unable to satisfactorily document uninsured patient payments received during the DSH year. Hudson County Psychiatric Hospital and Saint Michael's Medical Center only provided a partial year of payments. South Jersey Elmer and South Jersey Hospital System reported the payments on an accrual basis instead of the required cash basis. These payment issues may result in a misstated uncompensated care cost calculation (UCC). These difficulties were most often related to the time period between the patient service dates and/or cash receipt dates (DSH year 2011) and the timing of the DSH examination (calendar year 2014) and not necessarily due to inaction or lack of cooperation by the hospitals listed.

Hudson County Psychiatric Hospital	South Jersey / Elmer
Saint Michael's Medical Center	South Jersey Hospital System

(2) **Uninsured Patient Cost**

The following hospital was unable to satisfactorily document all of the services they provided to uninsured patients during the DSH year. We were unable to fully test the reasonableness of the hospitals' data and the impact of any potential misstatement on their UCC calculations. These difficulties were most often related to the time period between the patient service dates and/or cash receipt dates (DSH year 2011) and the timing of the DSH examination (calendar year 2014) and not necessarily due to inaction or lack of cooperation by the hospital listed.

Ramapo Ridge Psychiatric Hospital (Short Term)
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(3) **Dual Eligible (Patients With Both Medicare and Medicaid)**

Dual-eligible patient data (patients with both Medicare and Medicaid eligibility) provided by the State's fiscal agent did not include all Medicare payments. Total Medicare payments were estimated for the dual-eligible services using cost report data or hospital internal records.

(4) **New Jersey Medicaid Paid Claims Data**

The "General DSH Audit and Reporting Protocol" published by the Centers for Medicare and Medicaid Services (CMS) allows for hospital records to be used to supplement state data as it relates to Medicaid managed care and dual eligible Medicaid/Medicare paid claims. In the UCC calculations included in this report, some hospitals utilized their own internal paid claims data to supplement or replace the State's Medicaid managed care and dual eligible Medicaid/Medicare paid claims data. In these instances, no third party verification of the hospital internal paid claims data was available.

State of New Jersey Disproportionate Share Hospital (DSH)

Schedule of Data Caveats Relating to the DSH Verifications

For the Year Ended June 30, 2011

(5) **Out-of-State (Non-New Jersey) Medicaid**

The majority of hospitals were unable to obtain Medicaid out-of-state paid claims reports to satisfactorily document the out-of-state services provided and payments received. Out-of-state (non-New Jersey) Medicaid services are included in the UCC calculation for hospitals that were able to provide their own internal data. Several hospitals did not report any out-of-state Medicaid services. These difficulties were predominately due to lack of response from out-of-state Medicaid agencies, and are not due to inaction, or a lack of cooperation, by the hospitals.

(6) **Court-Ordered Patients**

In accordance with CMS guidance, prisoners were excluded from the UCC as presented in this report. However, the following state-owned and operated psychiatric hospitals included court-ordered patients in the UCC calculation. Federal guidance with respect to a patient's insurance status is unclear when patients have been involuntarily hospitalized under a 72-hour hold, found not-guilty by reason of insanity, admitted to determine their mental competency to stand trial, or previously served a court-ordered sentence but have not been discharged. These individuals were left in the UCC calculations presented in this report.

Ancora Psychiatric Hospital	Hagedorn Psychiatric Hospital
Buttonwood Burlington County	Hudson County Psychiatric Hospital
Camden County Health Services Center	Runnells Specialized Hospital
Essex County Hospital Center	Trenton Psychiatric Hospital
Greystone Psychiatric Hospital	

(7) **New Jersey DSH State Plan**

New Jersey hospitals were not required to report UCC for DSH payment purposes in 2011 under the same requirements as required by the DSH examination in accordance with the Federal Register/Vol. 73, No. 245, December 19, 2008 and Federal Register/Vol. 79, No. 232, December 3, 2014. The hospitals were paid DSH under a Centers for Medicare & Medicaid Services (CMS)-approved state plan that did not include the same calculations for UCC as required under the DSH examination. The State of New Jersey and several DSH hospitals believe their UCC would have been significantly higher had they been allowed to report them in accordance with the CMS approved New Jersey state plan for the 2011 DSH year.

(8) **Medicaid Cost Report Settlements**

New Jersey calculates cost report settlements for most hospitals in the state. As of the date of this report, the final cost report settlements overlapping the 2011 DSH year had not been fully completed for the hospitals. The state was able to provide preliminary settlement amounts based on as-filed data for those not finalized. When completed in future years, the final cost report settlements may result in additional Medicaid payments or recoupments. The impact to the 2011 DSH examination is unknown at this time.

State of New Jersey Disproportionate Share Hospital (DSH)

Schedule of Data Caveats Relating to the DSH Verifications

For the Year Ended June 30, 2011

(9) **Physician Costs**

New Jersey includes physician costs as part of its Medicaid hospital inpatient (non-DRG) and outpatient reimbursement (all-inclusive rates) based on historical physician data. The state retroactively determines physician cost qualifying for all-inclusive rate reimbursement. For cost report years overlapping DSH state plan rate year 2011, not all Medicaid cost report settlements have been completed; therefore, physician cost estimates based on the most recently audited year available were included in the UCC calculation. Physician costs for dental and outpatient psychiatric services, paid as a hospital service, have also been included in the UCC calculation.

(10) **Attestation Statements**

Hospitals were requested to sign attestation statements related to the data they provided to us during our examination. The following hospitals did not sign the requested attestation statements.

Christ Hospital	Summit Hospital
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(11) **Addendum to Attestation Statement**

The following hospital was requested to sign attestation statements related to their calendar year 2010 cost report data they provided to us during our examination. Based on the submitted addendum to the attestation statement regarding the investigation being conducted by the New Jersey Medicaid Fraud Division and the Department of Health and Human Services, Office of Inspector General, the calendar year 2010 paid claims data, hospital logs, and cost report used to calculate the UCC limit could be misstated. The impact is unknown.

Jersey City Medical Center

(12) **Delinquent Hospitals**

The following hospitals did not submit uninsured data for at least one cost report period overlapping the DSH year. The impact is unknown but may result in an understated UCC limit.

Saint Barnabas Behavioral Health Center	Saint Lawrence Rehabilitation Hospital
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State of New Jersey Disproportionate Share Hospital (DSH)

Schedule of Data Caveats Relating to the DSH Verifications

For the Year Ended June 30, 2011

(13) **Obstetrician Eligibility Requirements**

Based on the most stringent reading of the April 7, 2014, CMS DSH guidance related to OB requirements for DSH eligibility, the following hospitals may not meet the OB requirements in Section 1923(d) of the Social Security Act when reviewing eligibility retroactively based on the state year. This determination is based solely on self-reported OB data for DSH state plan rate year 2011.

RWJ at Rahway reported they currently have two OBs with medical staff privileges that have agreed to provide OB services to Medicaid-eligible individuals. In many of the periods prior to DSH year 2011, RWJ at Rahway also maintained two OBs with medical staff privileges. However, for DSH state plan rate year 2011, the hospital did not maintain two OBs with staff privileges but did ensure transfer agreements with other hospitals were in place. The hospital does not provide non-emergent OB services and only very rarely provides emergent services of this nature. In the case of emergency, an appropriate medical screening is performed to determine whether or not an emergency medical condition exists. It is the responsibility of the emergency department physicians, who are all trained to provide OB services, including deliveries, to make this determination. Obstetric patients needing observation or admission are transferred to an appropriate hospital so long as the risks of transfer to the patient and/or the unborn child are outweighed by the benefits to be obtained at the destination hospital. The DSH examination does not include a review of the OB data.

Received a DSH Payment for DSH Year 2011:	Received No DSH Payment for DSH Year 2011:
RWJ at Rahway	East Mountain Hospital, Inc.
	HealthSouth Rehab Hospital of Vineland
	Rehab Hospital of Tinton Falls (HealthSouth)

Schedule of Annual Reporting Requirements

Independence Declaration



**MYERS AND
STAUFFER**.LC
CERTIFIED PUBLIC ACCOUNTANTS

To Whom it May Concern:

Myers and Stauffer declares it is independent of the state of New Jersey and its DSH hospitals for the state plan rate year June 30, 2011.

Myers and Stauffer LC

March 24, 2015