



Prospective Data Review 2004 Hospital Care Assurance Program Final Summary Report

NOTE: For HCAP 2004, as a transition year from the prior complete internal departmental review to the external auditor review, the department randomly reviewed a limited number of hospitals. The reviews were limited to a review of the Independent Third Party Validation of Schedule F Data submissions. In the future, it is expected that the number and scope of the reviews will increase. A copy of this report may be found on the ODJFS website at <http://jfs.ohio.gov/ohp/bhpp/hcap/index.stm>.

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Hospital Care Assurance Program Data Reviews-2004 Program Year

As required by OAC 5101:3-2-23(A)(5), effective for Medicaid Cost Reports filed for cost reporting periods ending in State Fiscal Year 2003 and each hospital cost reporting year thereafter, each hospital is required to have an independent party, external to the hospital, verify the uncompensated care data reported on Schedule F of the ODJFS 2930 Medicaid Cost Report. Prior to the implementation of the external auditor review requirement, Hospital Care Assurance Program (HCAP) uncompensated care Schedule F data was reviewed internally by ODJFS staff, who select a sample of 20 to 40 hospitals for review.

For Program Year 2004, twelve hospitals were randomly selected by ODJFS staff for the HCAP 2004 data review. The department limited this review to only include the external auditor reports. The external auditor reviews were based on the ODJFS 2930 Schedule F "Independent Third Party Validation of Schedule F Data" instructions.

Review Findings

While the external auditor review reports in the HCAP 2004 review appeared to adhere to the cost report instructions, five external auditor review reports were exemplary and were commended. Of the six external auditor review reports with quality issues, three were severe enough to warrant notice in our review letters to the hospitals.¹

Five external independent data reviews reported no findings. Six external independent data reviews reported findings of the hospital data reviewed.

Of the three independent reports with quality issues, two reports stated the use of estimation techniques to determine non-allowable charges. OAC 5101:3-2-07.17 requires that each hospital shall collect and report to the department information on the number and categorical identity of persons served under the provisions of the rule. The use of estimation techniques is not allowed, and both independent reviewers did not recommend a corrective action.

One external auditor report which was submitted was completed for an entire hospital system. We were thus uncertain if the agreed-upon-procedures were applied system-wide. Since a separate Medicaid Cost Report was submitted by each of the hospitals in the system, a separate external review and report must be completed and should have been submitted for each hospital.

The quality of one external review report without findings of the hospital data reviewed led us to question if a review of the Schedule F data elements, as required by the instructions for the external review, was completed. The external reviewer simply restated the agreed upon procedures, as listed in the cost report instructions, and did not specify that the data elements were actually verified. This external reviewer also failed to issue a report to the hospital including any corrective action as required by the Medicaid Cost Report Instructions. Of the eleven independent data reviews which we reviewed, four of independent data reviews did not issue a review report to the hospital including any required corrective action as required by Medicaid Cost Report Instructions.

¹ One small specialty hospital reported that, since it was not cost effective for them to have an external independent review of their Schedule F data completed based on their amount of uncompensated care, they did not do so for Program Year 2004, and opted to remove their small write-off amounts.