



**State of Delaware Department of  
Health and Social Services  
Division of Medicaid and  
Medical Assistance  
Independent Accountants' Report  
on Delaware Psychiatric Center's  
Assertions on Compliance with  
Specified Requirements Applicable  
to the Disproportionate Share  
Hospital Payments Program**

For the period July 1, 2008 to June 30, 2009

Issued: October 2, 2012

The report accompanying these financial statements was issued  
By BDO USA, LLP, a Delaware limited liability partnership and  
the U.S. member of BDO International Limited, a UK company  
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## Independent Accountants' Report

State of Delaware Department of Health  
and Social Services  
Division of Medicaid and  
Medical Assistance  
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1901 N. DuPont Highway  
New Castle, DE 19720

We have examined management's assertion that the State of Delaware, Department of Health and Social Services, Division of Medicaid and Medical Assistance, Disproportionate Share Hospital Payments Program (the Program) of Delaware Psychiatric Center ("DPC") for the period from July 1, 2008 to June 30, 2009, complies with the six verifications required by the Code of Federal Regulations - 42 CFR, Parts 447 and 455 and met the requirements of the State of Delaware's Medicaid State Plan Section 4.19A (the "Requirements"). The Requirements are as follows:

- If applicable, DPC has at least two obstetricians who have staff privileges at the hospital and who have agreed to provide obstetric services to individuals who are entitled to medical assistance for such services under such State plan. In addition, DPC has a Medicaid inpatient utilization rate (as defined under Social Security Act Section 1923(b)) of not less than 1 percent.
- The Disproportionate Share Hospital (DSH) Payments made to DPC comply with the hospital-specific DSH payment limit.
- Only uncompensated care costs of furnishing inpatient and outpatient hospital services to Medicaid eligible individuals, less the amount paid by the State under the non-disproportionate share hospital payment provisions of the State Plan, and individuals with no third party coverage, less the amount of payments made by these patients, have been included in the calculation of the hospital-specific disproportionate share payment limit, as described in Section 1923(g)(1)(A) of the Social Security Act.
- For purposes of the 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) received by DPC for furnishing inpatient hospital and outpatient hospital services to Medicaid eligible individuals, which are in excess of the Medicaid incurred costs for such services, have been 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.



- Any information and records of all of its inpatient and outpatient hospital specific costs under the Medicaid program; claimed expenditures under the Medicaid program; uninsured inpatient 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.
- The estimate of the hospital-specific DSH limit has been calculated in accordance with Section 1923(d)(5) of the Social Security Act.

Management of the Program is responsible for complying with these Requirements. Our responsibility is to express an opinion on management's assertions about DPC's compliance based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and with *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and accordingly, included examining, on a test basis, evidence supporting compliance with the Requirements and performing such other procedures as 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 on DPC's compliance with specified Requirements.

In our opinion, the State of Delaware, Department of Health and Social Services, Division of Medicaid and Medical Assistance, Disproportionate Share Hospital Payments Program of Delaware Psychiatric Center referred to above is in compliance with the Requirements in all material respects for the period July 1, 2008 to June 30, 2009.

The Disproportionate Share Report for the year ended June 30, 2009 on page 5 is presented for purposes of additional analysis and is not a required part of the audit report. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

This report is intended solely for the information and use of the Office of Auditor of Accounts of the State of Delaware, the Department of Health and Social Services of the State of Delaware and the Board of Directors and management of the Delaware Psychiatric Center, Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Office of the State Treasurer, and the Department of Finance. However, under 29 Del. C. Section 10002, this report is public record and its distribution is not limited.

BDO USA, LLP

Wilmington, Delaware  
September 26, 2012

## Supplemental Material

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State of Delaware Department of Health and Social Services  
 Division of Medicaid and Medical Assistance  
 Disproportionate Share Hospital Payments Program  
 of Delaware Psychiatric Center  
 Disproportionate Share Report

Year Ended June 30, 2009

Data Element	Description	Submission
1.	Hospital Name	Delaware Psychiatric Center
1a.	Type of Hospital	IMD
2.	Estimate of hospital-specific DSH limit	\$ 27,565,896
3.	Medicaid inpatient utilization rate	56.90%
4.	Low-income utilization rate	93.97%
5.	State defined DSH qualification criteria	(1)
6.	IP/OP Medicaid fee-for-service basic rate payments	\$ -
7.	IP/OP Medicaid managed care organization payments	\$ -
8.	Supplemental/enhanced Medicaid IP/OP payments	\$ -
9.	Total Medicaid IP/OP payments	\$ -
10.	Total cost of care for Medicaid IP/OP services	\$ 18,543,358
11.	Total Medicaid uncompensated care	\$ 18,543,358
12.	Uninsured IP/OP revenue	\$ 863,769
13.	Total applicable Section 1011 payments	\$ -
14.	Total cost of care for the uninsured	\$ 12,949,185
15.	Total uninsured IP/OP uncompensated care costs	\$ 12,085,416
16.	Total annual uncompensated care costs	\$ 30,628,774
17.	Disproportionate share hospital payments	\$ 2,926,599
18.	Total State disproportionate share payments to all hospitals	\$ 2,926,599

(1) State defined DSH criteria:

- Comply with requirements of Social Security Act Section 1923 (d) and (b)
- Sixty percent or more of service revenue is attributable to public funds (excluding Medicare and Medicaid), bad debts, or free care.