WAC 182-550-4940 Disproportionate share hospital independent audit findings and recoupment process. (1) In order to comply with federal law and regulation (42 U.S.C. 1396r-4 (j)(2); 42 C.F.R. Part 455, Subpart D), the medicaid agency contracts with an independent auditor to conduct an annual, independent, certified audit of the agency's disproportionate share hospital (DSH) payments. Chapter 182-502A WAC is not applicable to the independent, certified audits described in this section.

(2) Under this section, a hospital may only dispute an overpayment, not an underpayment. Appeal rights and process follow WAC 182-502-0230.

(3) Hospitals must comply with the agency's or the auditor's requests for documentation. A hospital's failure to provide requested documentation will result in a finding that any or all of the DSH payments for the audited year are overpayments.

(4) Beginning in state fiscal year 2011, an audit finding that demonstrates DSH payments made to a hospital in that year exceeded the documented hospital-specific DSH cap (as defined in WAC 182-550-4900), is considered a discovery of an overpayment under 42 C.F.R. Part 433, Subpart F.

(5) Hospitals must return overpayments to the agency for redistribution to qualifying hospitals. A qualifying hospital is defined as a disproportionate share hospital that has a positive hospital-specific DSH cap.

(6) The additional DSH payment to be given to each of the other qualifying hospitals from the recouped amount is proportional to each hospital's share of the particular DSH program. Only the recouped payments are redistributed among those eligible DSH hospitals that have a remaining positive hospital-specific DSH cap.

(7) The independent auditor will provide preliminary audit results to each hospital that received DSH payments, including a statement as to whether the hospital's payments did or did not exceed the hospital's DSH cap. Hospitals identified as receiving DSH payments exceeding their hospital-specific DSH cap may request additional information on the preliminary audit results. The agency must receive the hospital's request for the additional information on the preliminary audit results no later than 10 days from the initial notification which is sent electronically to the hospital.

(8) In response to a hospital's timely request under subsection (7) of this section, the independent auditor will provide the hospital with at least the following information specific to the requesting hospital:

(a) Calculation of the medicaid inpatient utilization rate (MIUR);

(b) Regular inpatient and outpatient medicaid fee for service basic rate payments;

(c) Supplemental/enhanced inpatient and outpatient medicaid payments;

(d) Total medicaid payments;

(e) Total cost of care;

(f) Total cost of care of the uninsured; and

(g) A schedule of annual reporting requirements (SARR), required by 42 C.F.R. Sec. 447.299, Subpart E, upon request from the hospital.

[Statutory Authority: RCW 41.05.021 and 41.05.160. WSR 25-07-061, s 182-550-4940, filed 3/13/25, effective 4/13/25. Statutory Authority:

RCW 41.05.021 and 42 C.F.R. Part 455, Subpart F. WSR 15-01-037, § 182-550-4940, filed 12/8/14, effective 1/8/15.]