

February 19, 2015

TO: ALL OFFERERS

FROM: Kathleen A. Davies  
Chief Administrative Auditor

SUBJECT: ADDENDUM TO INVITATION TO BID – RFP15-CPA-01, Department of Health and Social Services, Division of Medicaid and Medical Assistance, Disproportionate Share Hospital Payments Program Examination

**ADDENDUM #1**

Please note: The attached sheets hereby become a part of the above mentioned RFP.

To clarify the proposal submission process, firms must submit their proposals in **three, separate files**: Mandatory Criteria section, Proprietary section, and Cost section.

The Office of Auditor of Accounts (AOA) received the following questions for clarification in response to its RFP posted on February 6, 2015.

1. The DSH audit rule dated December 19, 2008 and #21 in the CMS “Additional Information on the DSH Reporting and Audit Requirements - Part 2” state that the independent certified audit must use the CMS Medicare 2552 cost report as the source for cost-to-charge ratios and per diem costs. The rules explain that the cost reports are not to be audited by the independent DSH auditor but are to be used as-is (either audited by the separate cost report auditors or as-filed, if that is the best available cost report). The hospitals included in the Delaware DSH examination appear to have June 30 and December 31 year ends so their Fiscal Year 2015 Medicare 2552 cost reports won’t be filed by the time the draft report is due to AOA on November 12, 2015 as noted in Section 6.5 of the RFP. How does DMMA intend to measure Fiscal Year 2015 actual uncompensated care costs for the Annual Disproportionate Share Hospital report based on these rules and the CMS audit protocol without reliance on Medicare 2552 cost reports?  
[The RFP is requesting an examination of the Annual Disproportionate Share Hospital Report, prepared on the State’s year end as of June 30. Any procedural questions are to be addressed by the Firm as a part of planning.](#)
2. The DSH audit rule dated December 19, 2008, explained that CMS chose to have the DSH examinations due to CMS by December 31 of the third year following the end of the state plan DSH year. They explained that this was done to allow states to have all claims properly adjusted and settled; cost reports audited and settled; and to account for uninsured patients that may end up with retroactive Medicaid eligibility. Since AOA is requesting examinations be done earlier than the DSH audit rule, is it safe to assume that these issues are not relevant in Delaware?  
[AOA does not recommend a firm assume any facts or circumstances. The firm should address appropriate issues during the planning of the engagement.](#)

3. In providing the complete draft of the Annual Disproportionate Share Hospital reports for examination, does DMMA have a data collection tool that collects uninsured and other data needed to perform the examination in accordance with CMS DSH audit rules (e.g., uninsured definition is the same as the most current DSH audit rule)? If not, is it the responsibility of the independent DSH examiner to collect this data from the hospitals?  
It is the responsibility of the firm to obtain the appropriate evidence necessary to render their opinion. In the past, the firm has been on site at the facilities; however, the nature and source of the documentation should be established during the planning of the engagement.
4. In providing the complete draft of the Annual Disproportionate Share Hospital reports, will DMMA provide patient-level detail related to uninsured so that their uninsured status can be tested as part of the examination or is it up to the independent DSH examiners to collect this data?  
See response to question 3 above.
5. Section 9.2.c requires firms to include a Delaware firm professional license, or permit to practice. Per our discussion with the State of Delaware's *Title 24, Professions and Occupations, Chapter 1. Board of Accountancy*, it appears that our firm falls outside of this requirement. *Section § 108.c. Substantial equivalency* states that "Practice within this State by individuals who qualify for the practice privilege under this section shall not obligate a firm that does not maintain an office in this State to obtain a firm permit under § 111 of this title." Further, *Section § 111.h. Requirements for permits to practice by firms*, states "A firm that does not maintain an office in this State may engage in the practice of certified public accountancy in this State through an individual practicing pursuant to the practice privilege afforded by § 108 of this title without obtaining a permit under this section or otherwise notifying the Board." Is our understanding correct that because our firm does not have an office located in Delaware, this permit is not necessary?  
It is up to the firm to determine if they are in a substantially equivalent jurisdiction as defined by the Uniform Accountancy Act. If the firm is uncertain about the licenses and permits required to practice in the State of Delaware, they are encouraged to contact the Board of Accountancy to ensure the proper protocol is followed.
6. The prior year report references State of Delaware Medicaid State Plan Section 4.19A requirements. Can a copy of this plan be provided for consideration in developing our technical proposals?  
To AOA's knowledge, this is not a public document. The selected firm should obtain this document as part of their planning procedures.