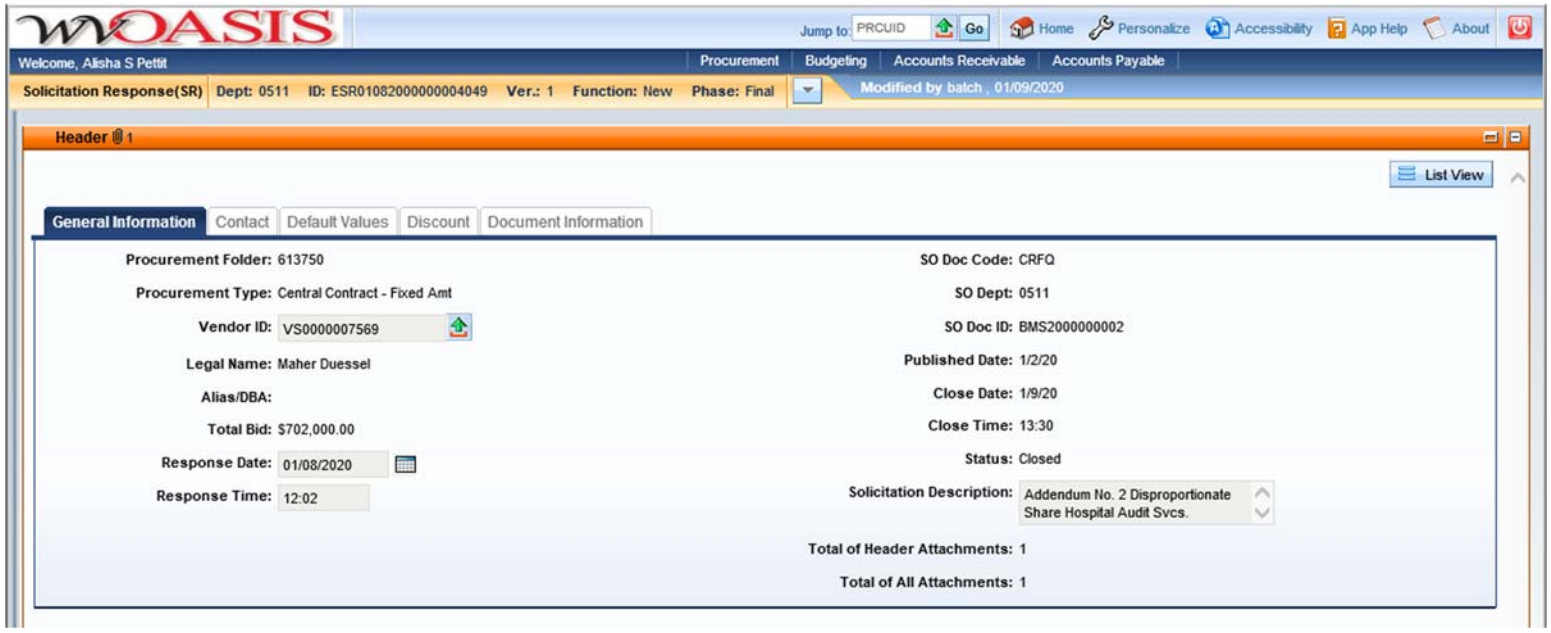
The following documentation is an electronically-submitted vendor response to an advertised solicitation from the *West Virginia Purchasing Bulletin* within the Vendor Self-Service portal at ***wvOASIS.gov***. As part of the State of West Virginia's procurement process, and to maintain the transparency of the bid-opening process, this documentation submitted online is publicly posted by the West Virginia Purchasing Division at ***WVPurchasing.gov*** with any other vendor responses to this solicitation submitted to the Purchasing Division in hard copy format.


wvOASIS
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About
Welcome, Alisha S Pettit
Procurement
Budgeting
Accounts Receivable
Accounts Payable
Solicitation Response(SR) Dept: 0511 ID: ESR01082000000004049 Ver.: 1 Function: New Phase: Final
Modified by batch , 01/09/2020
Header 1
List View
General Information
Contact
Default Values
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Document Information
Procurement Folder: 613750
Procurement Type: Central Contract - Fixed Amt
Vendor ID: VS0000007569
Legal Name: Maher Duessel
Alias/DBA:
Total Bid: $702,000.00
Response Date: 01/08/2020
Response Time: 12:02
SO Doc Code: CRFQ
SO Dept: 0511
SO Doc ID: BMS2000000002
Published Date: 1/2/20
Close Date: 1/9/20
Close Time: 13:30
Status: Closed
Solicitation Description: Addendum No. 2 Disproportionate Share Hospital Audit Svcs.
Total of Header Attachments: 1
Total of All Attachments: 1

Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia
Solicitation Response

Proc Folder : 613750

Solicitation Description : Addendum No. 2 Disproportionate Share Hospital Audit Svcs.

Proc Type : Central Contract - Fixed Amt

Date issued	Solicitation Closes	Solicitation Response	Version
	2020-01-09 13:30:00	SR 0511 ESR01082000000004049	1

VENDOR

VS0000007569

Maher Duessel

Solicitation Number: CRFQ 0511 BMS2000000002

Total Bid : $702,000.00 **Response Date:** 2020-01-08 **Response Time:** 12:02:41

Comments:

FOR INFORMATION CONTACT THE BUYER

Brittany E Ingraham

(304) 558-2157
brittany.e.ingraham@wv.gov

Signature on File **FEIN #** **DATE**

All offers subject to all terms and conditions contained in this solicitation

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	Audit for SFY2017				$175,500.00

Comm Code	Manufacturer	Specification	Model #
84111600			

Extended Description : Audit Services SFY2017 (07/01/2016-06/30/2017)

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
2	Audit for SFY2018				$175,500.00

Comm Code	Manufacturer	Specification	Model #
84111600			

Extended Description : Audit Services SFY2018 (07/01/2017-06/30/2018)

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
3	Audit for SFY2019				$175,500.00

Comm Code	Manufacturer	Specification	Model #
84111600			

Extended Description : Audit Services SFY2019 (07/01/2018-06/30/2019)

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
4	Audit for SFY2020				$175,500.00

Comm Code	Manufacturer	Specification	Model #
84111600			

Extended Description : Audit Services SFY2020 (07/01/2019-06/30/2020)

West Virginia Bureau for Medical Services

A Proposal to Provide Disproportionate Share Hospital Program Audit Services

Proposal Contact:
Ms. Lisa A. Ritter, CPA, CFE, CITP
Partner
Maher Duessel
3003 North Front Street
Suite 101
Harrisburg, PA 17110
717.232.1230
lritter@md-cpas.com

Submittal Date:
January 8, 2020

Recipient:
Ms. Brittany Ingraham
Bid Clerk
Department of Administration
Purchasing Division
2019 Washington Street East
Charleston, WV 25305

MaherDuessel

Pursuing the profession while promoting the public good©
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MaherDuessel

January 8, 2020

Ms. Brittany Ingraham
Bid Clerk
Department of Administration
Purchasing Division
2019 Washington Street East
Charleston, WV 25305

Dear Ms. Ingraham,

Thank you for the opportunity to present Maher Duessel's proposal to provide Disproportionate Share Hospital (DSH) program audit services to the West Virginia Bureau for Medical Services (the Bureau). We look forward to developing a long relationship with the Bureau. Our experience providing DSH audit and other consulting services to the Pennsylvania Department of Human Services (DHS), the performance of various HealthChoices examinations, and overall experience working with entities involved in health care will ensure an efficient transition in independent auditors.

Firm Overview. Maher Duessel, a certified Women's Business Enterprise, was founded to serve governments and non-profits in 1989, and these entities remain at the core of our practice. We currently serve more than 300 governmental clients, and governmental clients account for approximately 60% of our service profile, with non-profits making up the majority of our remaining clients. With more than 100 employees, **all of our staff are dedicated solely to governmental, non-profit, and Single Audit issues.** Maher Duessel has grown to six office locations in Pennsylvania: Pittsburgh (our corporate headquarters), Harrisburg, Butler, State College, Erie, and Lancaster. **From our Pittsburgh office, we served multiple West Virginia entities.**

Relevant Experience. We have successfully completed a number of engagements for the Pennsylvania DHS and our service to this agency dates back to 2012, when we were began assisting DHS with an MA-366 Hospital Cost Report Review, the first such engagement awarded to a public accounting firm by DHS. DHS is an agency serving more than 2.3 million Pennsylvania residents, and the organization's DSH payments exceed $700 million. With our experience conducting DSH audits since 2015 for an entity as complex as DHS, we are well prepared to provide an efficient and timely engagement for the Bureau. **We were the first accounting firm in Pennsylvania contracted to complete the DSH audit, and we developed the audit approach for DHS**. In addition to our DSH audit experience, we also provide other consulting services to DHS (as we will further detail in this proposal). We also have been involved in Pennsylvania Behavioral Health Program Examinations ("HealthChoices Examinations") across the Commonwealth since the inception of the HealthChoices Program. Through our HealthChoices audits, we handle large and complex data systems and have extensive knowledge in the proper procedures for Health Insurance Portability and Accountability Act (HIPPA) compliance. Unlike other firms, we utilize our IT staff and data analytics capabilities to be as efficient as possible with our audit engagements.

IT Capabilities. The firm has an IT Audit Practice Unit that your proposed Engagement Partner, Lisa A. Ritter, CPA, CFE, CITP, oversees as Partner In Charge. This Practice Unit keeps our firm up to date on significant changes in Information Technology impacting our clients and audits. Ms. Ritter has the AICPA's CITP (Certified Information Technology Professional) credential which assures that she possesses additional training and experience in IT assurance, risk, security and privacy, analytics and technology. Ms. Ritter also has the SOC for Cybersecurity certificate. This certificate provides Ms. Ritter with the tools needed to assist her clients with navigating cybersecurity threats and the ability to use the AICPA's new cybersecurity risk management reporting framework.

Commitment to West Virginia. Working with the Bureau will reflect our commitment to expanding our service in West Virginia, as we are a licensed West Virginia CPA firm. **We have been providing consulting services to assist the West Virginia Department of Administration in meeting its financial reporting requirements since 2016.** Other West Virginia entities we serve include the West Virginia Division of Highways, the School Building Authority of West Virginia, Wheeling Housing Authority, and the Region VI Workforce Development Board.

Engagement Team Credentials. Your proposed Engagement Partner, Lisa A. Ritter, CPA, CFE, CITP serves as Engagement Partner of our PA DSH audit and has over 30 years of experience, with a concentrated focus on serving state entities and health care/human service agencies. **Your proposed Primary Audit Team Lead for this engagement, Levi D. Zielinski, CPA, is experienced in serving West Virginia entities and has a comprehensive understanding of the State's reporting requirements and operating procedures.** Mr. Zielinski is the Manager of our PA DHS DSH engagement and will be on site throughout the audit. The Secondary Audit Team Lead will be Shawn M. Strauss, CPA, CITP, CISA. Mr. Strauss is a Certified Information System Auditor, and he also has the AICPA's Certified Information Technology Professional credential. Mr. Strauss was a Senior Financial Auditor at Penn Medicine Lancaster General Health for 3 years. Through this position, he has comprehensive knowledge of hospital operations and financial reporting requirements.

Women's Business Enterprise. Maher Duessel is certified as a Women's Business Enterprise (WBE) by the Women's Business Enterprise Council PA-DE-sNJ. Our firm serves as a model for other CPA firms with respect to women in leadership roles. Our president, 6 of our 10 partners/principals, and approximately 60% of our management group are women. We are proud to have created an environment in which all of our professionals have the opportunity to advance to management level (and above) positions.

For 30 years, we have proudly served our government clients with integrity and excellence, and we would be pleased to serve the Bureau. Please contact me at 717.232.1230 or at litter@md-cpas.com at your convenience to discuss any aspects of this proposal.

Sincerely,

Lisa A. Ritter, CPA, CFE, CITP
Partner

MaherDuessel

1. FIRM LICENSE

Maher Duessel is a licensed CPA firm in the State of West Virginia and Commonwealth of Pennsylvania. **Please refer to Appendix A for a copy of the firm's license documentation.**

2. INDEPENENCE

Maher Duessel affirms that we meet the independence standards of Governmental Auditing Standards as defined by the Comptroller General of the United States. We affirm that Maher Duessel applies the Generally Accepted Government Auditing Standards (GAGAS) Conceptual Framework Approach to Independence. **Attached in Appendix B is a copy of our firm's independence policy.**

We also affirm that Maher Duessel is independent from the West Virginia DSH program, the Medicaid Agency, and the hospitals to be audited under this engagement.

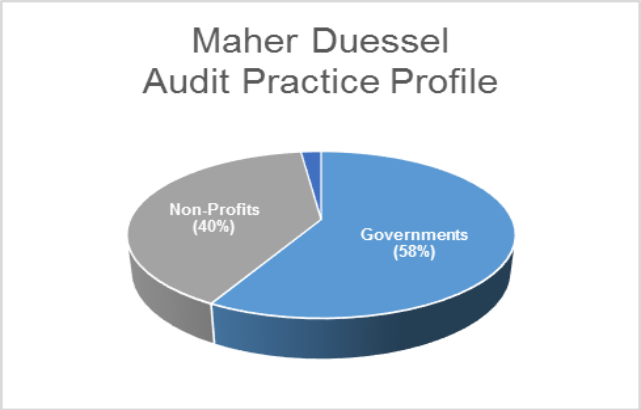
3. PRIMARY AUDIT FIRM

Maher Duessel affirms that we will be the primary audit firm for this engagement and that no sub-contractors will be utilized to perform these services. We also affirm that Maher Duessel has a minimum of three years prior Federal DSH audit engagement experience. **Please refer to Section 5 of this proposal for details on our DSH audit experience.**

4. FIRM OVERVIEW

A. Firm Profile

The founding partners of Maher Duessel had a vision: to focus on providing integrated auditing and tax services for the unique needs of governmental and non-profit organizations. Since 1989, our commitment to this vision has led Maher Duessel, a certified Women's Business Enterprise, to become one of Pennsylvania's leading certified public accounting firms. Our mission statement, *Pursuing the Profession While Promoting the Public Good®*, reflects our philosophy of providing expert technical services that help our clients create a better community. We offer the personalized service of a regional accounting firm with the added value of national technical expertise on the latest regulatory changes and compliance issues in public sector accounting. In other firms, key decisions and judgments with significant client impact often fall to junior level staff. Maher Duessel embraces leveraging our experienced personnel on every engagement. Our clients benefit from experienced and timely guidance of CPAs who understand their specific operations and challenges. The chart below demonstrates our firm's commitment to serving entities within the governmental sector.



Maher Duessel is unique among Pennsylvania auditing firms in that virtually every hour of our practice is devoted to serving the governmental and non-profit sectors.

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B. Government Service Profile

Maher Duessel serves over 300 local governments and performs more than 400 governmental audits annually. The following is a breakdown of the client types we serve:

Maher Duessel Governmental Client Breakdown

- State Agencies (18)
- Authorities (114)
- Boroughs, Townships, Municipalities, and Cities (95)
- Counties (10)
- School Districts (12)
- Various State and Local Governments (70)

C. Experience With State Agencies

Maher Duessel serves several State entities, including agencies in West Virginia, Pennsylvania and Maryland. Listed below are the state agencies we serve that we provide audit and/or consulting services to.

- West Virginia Department of Administration
- West Virginia Division of Highways
- School Building Authority of West Virginia
- Pennsylvania Department of Human Services
- Maryland Department of Housing and Community Development
- Maryland Motor Vehicle Administration/Department of Transportation
- Maryland Public Service Commission
- Maryland State Department of Education
- Maryland State Highway Administration
- Port of Pittsburgh Commission – Component Unit of the Commonwealth
- Pennsylvania Health Care Cost Containment Council – Component Unit of the Commonwealth
- State Public School Building Authority – Component Unit of the Commonwealth
- Pennsylvania Higher Educational Facilities Authority – Component Unit of the Commonwealth
- Pennsylvania Emergency Management Agency
- Pennsylvania Industrial Development Authority
- Pennsylvania Intergovernmental Cooperation Authority
- Pennsylvania Horsemen's Associations
- Pennsylvania Interest on Lawyers' Trust Accounts Board

D. Government Services

Maher Duessel's expertise allows us to offer a wide range of services focused on governments. Those services include the following:

- Disproportionate Share Hospitalization Audits
- HealthChoices Examinations
- Financial Statement Audits
- Single Audits
- Audits in Accordance with *Government Auditing Standards*
- Governmental Accounting Standards Board Statement (GASB) Implementation
- Grant Audits
- Assistance with Government Finance Officer Association (GFOA) Award Program Reports
- Agreed Upon Procedures Attestation Reports
- Forensic Auditing
- Pension Audits
- Arbitrage Rebate Calculations
- Debt Refunding Verification Reporting
- Borrowing Base and Debt Statement Preparation
- Internal Control Examinations

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E. National and State Appointments

Maher Duessel has had several prestigious national and state appointments of our partners and senior managers over the years to committees of organizations such as the AICPA, GFOA, and Pennsylvania Institute of Certified Public Accountants (PICPA). With appointments at the highest levels of committees devoted to the integrity and advancement of the accounting profession in the government sector, the Bureau can be assured that we will keep you informed of the latest developments that will impact your financial reporting.

AICPA

- Peer Review Board Government and Compliance Audits Practice Monitoring Task Force
  Diane Edelstein, Member
- Executive Committee Governmental Audit Quality Center
  Diane Edelstein, Past Member
- Auditing Standards Board
  Lisa Ritter, Past Member

PICPA

- Local Government Committee and GASB Sub-Committee
  Brian McCall, Member
- PICPA Board of Directors
  Betsy Krisher, Current Member
- PICPA Diversity Committee
  Betsy Krisher, Current Member
- Accounting and Auditing Procedures Committee
  Lisa Ritter, Past Chair and Current Member
- PICPA Employee Benefit Plan Committee - Member, Technical Issues Subcommittee Member
  Janet Feick
- PICPA Professional Ethics Committee
  Janet Feick, Member

GFOA

- Special Review Committee for CAFR's - Technical Reviewers
  Jeff Kent
  Brian McCall
  Tim Morgus
  Beth Dittmer
  Samanatha Strejcek
- GFOA Pennsylvania State Board
  Jeff Kent, Member
- GFOA Pennsylvania Western Region State Board
  Jeff Kent, Treasurer
- GFOA Popular Report Review Committee
  Dave Duessel, Reviewer
  Katie Yates, Reviewer

F. Continuing Professional Education

All Maher Duessel professionals meet or exceed the continuing education requirements stipulated by the AICPA (American Institute of Certified Public Accountants) and the Commonwealth of Pennsylvania. All of our professionals participate in regular in-house training and seminars specific to our government practice. Our professionals gain additional Continuing Professional Education (CPE) through outside conferences and seminars that also focus on governments. We design up to **32 CPE credits annually for our professionals and clients to address the unique needs of our practice,** including a government seminar that we host in December of each year. **Clients are invited to attend at no additional cost.** In addition to our seminars, our firm has an internal Accounting & Auditing Committee, which helps keep our professionals up to date with new standards and developments as they arise through regular newsletters and e-blasts, which we then relay to our clients when appropriate. We rely heavily on the educational resources that we are able to tap into as members of the AICPA's Quality Centers along with

serving on committees of the AICPA, GFOA, and GASB. We have intricate knowledge of the regulations and accounting statements relevant to governmental entities. This expertise allows our professionals to frequently teach government audit topics to CPAs on the local, state, and national levels. **Please refer to the resumes in Appendix C for specific courses taught recently by the professionals slated to serve you.**

G. AICPA Quality Control Centers

Maher Duessel is a member of the American Institute of Certified Public Accountants (AICPA's) Governmental Audit Quality Center (GAQC) and Employee Benefit Plan Audit Quality Center (EBPAQC). Membership in these quality centers requires Maher Duessel to commit to higher standards than non-members and provides the firm with additional resources to facilitate the audit process. The firm was one of the first 50 firms to join the GAQC when it was established in late 2004. The GAQC promotes the importance of quality governmental audits and the value of these audits to government officials and staff. In addition, one of our partners, Diane E. Edelstein, CPA, served on the AICPA's Executive Committee for the Governmental Audit Quality Center from 2007-2011 and continues to serve as an instructor on AICPA webcasts.

H. Industry Insights

Maher Duessel also provides insights to our clients through an active blog we maintain on our website: http://www.md-cpas.com/blog. We also issue quarterly Government News Digests for our clients which contain relevant articles on accounting and auditing topics impacting governments.

I. Staff Continuity

Maher Duessel has a staff retention rate of over 85% during the past three years. The average tenure of a senior auditor on a typical engagement is approximately three to four years. This continuity allows our clients to develop excellent working relationships and relieves the disruption of having to retrain new auditors from year to year.

In the event that replacement of a team member does become necessary, we can assure you that you would receive a replacement professional with similar experience, as all of our professionals are trained and experienced in serving governments. A key factor in promoting employee continuity is the strength of Maher Duessel's core values: exceptional client service and technical expertise, life-long learners, work-life balance, team oriented philosophy, open door policy, support our clients' missions, welcoming and inclusive.

J. Peer Review

Maher Duessel is proud that our firm has once again received the top rating for peer reviews. The most recent peer review was conducted by Goff Backa Alfera & Company, LLC for the year ended May 31, 2019. The peer review, which was completed in September 2019, and included a review of specific government engagements, has received a "pass" opinion.

A CPA firm that is a member of the American Institute of Certified Public Accountants (AICPA) and conducts audits must be reviewed by another CPA firm every three years to ensure that the quality controls of the firm meet the standards of the AICPA. Firms can receive a peer review opinion of "pass," "pass with deficiency(ies)," or "fail."

Maher Duessel has passed all quality control reviews for every peer review undergone since inception, which is testimony to our commitment to the highest standards. A copy of our most recent Peer Review is attached in Appendix D.

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5. DSH AUDIT AND RELATED EXPERIENCE

Our comprehensive experience in providing DSH (Disproportionate Share Hospital) audit services and rate setting consultation to the Pennsylvania Department of Human Services (DHS) will ensure an efficient and timely engagement for the Bureau.

DSH Audit Experience

DHS is a complex agency serving more than 2.3 million Pennsylvania residents, and the organization's DSH payments are estimated to exceed $700 million. We currently serve DHS by conducting examinations of the DSH Report for Private and State-Owned Hospitals using information from Cost Reports submitted by the hospitals, claim information obtained from DHS's Medicaid Management Information System (MMIS), and DSH payment information obtained from the Commonwealth's accounting system. The Commonwealth has provided DSH and supplemental payments for 208 private hospitals and 6 state owned psychiatric hospitals. DHS made these payments under 23 separate DSH and supplemental payment programs as outlined in the Medicaid State Plan for Pennsylvania. **We were the first accounting firm in Pennsylvania contracted to complete the DSH audit, and we developed the audit approach for DHS. We have provided DSH audit services for DHS since 2015, and we have completed five DSH audit engagements (examinations for 2012, 2013, 2014, 2015, and 2016). Please refer to Appendix E for a copy of our 2016 DHS report.**

Additional DHS Related Experience

In addition to the DSH project referenced above, we have performed other consulting engagements for DHS as detailed below:

DHS FQHC/RHC (Federally Qualified Health Centers/Rural Health Centers) Independent Audit Services

Since the Spring of 2016, we have been providing independent audit services to DHS's Office of Medical Assistance Programs to assist DHS in the examination of rate-setting for 11 providers. This engagement also includes the auditing of cost reports.

DHS Provider Examination Engagement

This engagement included agreed-upon procedures and examinations of fifty providers to determine compliance with regulations considered high risk of noncompliance by DHS. Our procedures included: determination of accuracy of claims reporting, review of supporting documentation for claims, review of cost allocation plans and related party transactions. For each examination completed, we evaluated internal controls and completed a risk assessment to determine proper testing procedures.

Agreed Upon Procedures and MA-366 Hospital Cost Report Review

This engagement had never been contracted to a public accounting firm before we were awarded the contract in 2012. We worked with the Bureau of Rate Setting to refine procedures and develop reporting processes. Procedures were designed by us with the purpose of reviewing MA-366 Hospital Cost Reports for each in-patient hospital to assist the Bureau in its rate setting activities. We determined the accuracy of reports submitted by hospitals and compared the reports to information contained in the DHS database and proposed necessary adjustments to the MA-366 Report.

HealthChoices Examination Experience

Maher Duessel has also been involved in Pennsylvania Behavioral Health Program Examinations ("HealthChoices Examinations") across the Commonwealth since the inception of the HealthChoices Program. These Managed Care Programs provide recipients across the Commonwealth access to a variety of behavioral health services including mental health and/or drug and alcohol services.

We conduct HealthChoices examinations for 16 Pennsylvania counties. The scope of these audits includes the related MCO where we review computer controls and complete claim testing. Your proposed Engagement Partner, Lisa A. Ritter, CPA, CFE, CITP, was one of the main contributors for the Pennsylvania Institute of Certified Public Accountants (PICPA's) recommendations to the Pennsylvania Department of Human Services (DHS) proposed revisions to the HealthChoices Audit Guide. Through our HealthChoices audits, we handle large and complex data systems and have extensive knowledge in the proper procedures for Health Insurance Portability and Accountability Act (HIPPA) compliance.

Additional Health Care Experience

We serve approximately 160 organizations that provide a full range of health care/ human service programming including programs for senior citizens, residential services, autism support, vocational training, supportive employment, drug and alcohol treatment, early intervention, youth services, family behavioral health services, and childcare. We also have experience auditing all aspects of the Mental Health/Intellectual Disabilities (MH/ID) service system and related programs directed towards senior citizens, youth, and their families in Pennsylvania. We audit the health and human service programs of ten counties throughout the Commonwealth, which include Washington, Butler, Crawford, Mercer, Luzerne, Venango, Clarion, Dauphin, Snyder and Huntingdon.

Our commitment to the health and human services sector is reflected in the firm's participation in organizations that provide support and advocacy such as the Pennsylvania Advocacy and Resources for Autism and Intellectual Disability (PAR), the Rehabilitation & Community Providers Association (RCPA), and the Pennsylvania Provider Alliance. The firm has also recently joined the Healthcare Financial Management Association. We utilize these organizations to keep our professionals informed of changes in regulations that will affect them. RCPA is a Pennsylvania membership-based advocacy organization for providers of health and human services who are committed to effective, efficient, and high-quality care. RCPA provides technical training to its members in a wide range of policy and compliance areas. Through our attendance at annual conferences and informational meetings, we are able to gain an understanding of important developments impacting our health care clients including changes in timing of payments, legislation to end the behavioral carve out, and value-based purchasing.

Cost Reports and Hospital Experience

Your proposed engagement team includes Manager Nikki L. Walton, CPA, who has worked extensively in performing audit and cost report preparation services. Ms. Walton has many years of experience performing audits, reviews, and compilations for Pennsylvania health care facilities, including long-term care, hospitals, and home health and hospice agencies. She has also worked with the billing and finance departments of many organizations to review payor mix and increase third party reimbursement through review of Medicare bad debts and operational reviews, in conjunction with the preparation and review of Medicaid (MA-11) and Medicare (2540-10) cost

reports for skilled nursing facilities. She has participated in the completion of 5-8 cost reports of varying size and complexity per year. Ms. Walton additionally worked to prepare and complete Medicare cost reports for home health and hospice agencies. She also has extensive experience in the auditing and financial reporting related to items specific to continuing care retirement facilities (CCRC's), including refundable advance fees and related amortization, patient service revenue, allowances and adjustments, and Pennsylvania Department of Insurance requirements.

Your proposed Supervisor, James Contrella also has previous cost reporting preparation experience, as he was involved in preparing approximately 20 Medicaid (MA-11) and Medicare (2540-10) per year.

Your proposed Manager, Shawn M. Strauss, CPA, CITP, CISA, has extensive hospital financial reporting experience. In Mr. Strauss's position at Lancaster General Health, he performed performance audits of various departments in the hospital system to ensure appropriate charge capture of all aspects of the departments including private pay, Medicare, and Medicaid, and self-insured patients. Mr. Strauss made operational and billing suggestions to ensure appropriate charges were being made on the patients bill and that all charges that were available for the hospital to bill were being included.

6. CLIENT REFERENCES

As a testament to our ability to provide excellent service to the Bureau, we encourage you to contact the references below:

Pennsylvania Department of Human Services – DSH Audits

Contact Information:
Ms. Nicole Manyko, CPA
Pennsylvania Department of Human Services
625 Forster Street, Room 402
Harrisburg, PA 17120
nmanyko@pa.gov

Pennsylvania Department of Human Services – FQHC Audits for MA Providers

Contact Information:
Ms. Michelle Minter
Pennsylvania Department of Human Services
625 Forster Street
Room 402
Harrisburg, PA 17120
717.705.8215
mminter@pa.gov

Central Pennsylvania Behavioral Health Collaborative, Inc.

Contact Information:
Ms. Amy Marten-Shanafelt
Executive Director
Central Pennsylvania Behavioral Health Collaborative, Inc.
120 Holliday Hills Drive
Hollidaysburg, PA 16648
814.696.5680
amshanafelt@blairhealthchoices.org

West Virginia Department of Administration

Contact Information:
Sarah H. Long, CPA
Chief Financial Officer and Assistant Cabinet Secretary
Department of Administration
State of West Virginia
304.957.8218
Sarah.H.Long@wv.gov

Mr. David Mullins, Finance Director
West Virginia Department of Administration

MaherDuessel

Building 17
2101 Washington Street, East
Charleston, WV 25305
304.558.0076
dave.w.mullins@wv.gov

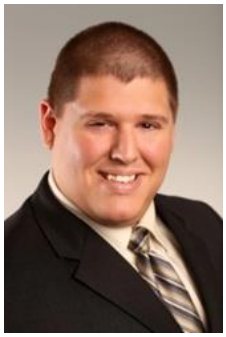
7. PROPOSED ENGAGEMENT TEAM

Several members of your proposed engagement team (Ms. Ritter, Mr. Zielinski, and Mr. Contrella) all have direct experience overseeing our DSH engagement with PA DHS. Ms. Ritter has over 5 years of DSH audit experience and Mr. Zielinski has over 3 years of DSH audit experience. **Ms. Ritter and Mr. Zielinski meet the required experience levels with DSH audits as stated in the RFP, and they will both be responsible for the overall supervision of the engagement. They will be the primary contacts for the Bureau**

Lisa A. Ritter, CPA, CFE, CITP will serve as **Engagement Partner**. Ms. Ritter will have overall responsibility for conducting your audits and will be involved in the field, relying on her 30+ years of governmental accounting experience to guide you through every audit phase.

Jeffrey W. Kent, CPA will serve as **Engagement Quality Control Review Partner**. Mr. Kent serves as Engagement Partner on our consulting engagement with the State of West Virginia Department of Administration (along with other state of West Virginia entities). Mr. Kent will work with Ms. Ritter to refine our approach and confer on any non-routine audit matters that arise.

Levi D. Zielinski, CPA will serve as **Primary Audit Team Lead**. Mr. Zielinski will be responsible for the direct oversight of the audit on-site during the audit process, including review of audit work and support to the **Manager, Supervisor, and Staff.**



Shawn M. Strauss, CPA, CITP, CISA will serve as **Secondary Audit Team Lead**. Mr. Strauss will assist Mr. Zielinski with the overall audit supervision including review of audit work and support to the **Manager, Supervisor, and Staff.**

Nikki L. Walton, CPA will serve as **Manager for the review of Cost Reports** under the supervision of Mr. Zielinski and Mr. Strauss.

James Contrella, CPA will serve as **Supervisor**. Mr. Contrella will direct the Staff Auditors and assist Mr. Zielinski and Mr. Strauss with the overall audit supervision.

Hayley Streit, CPA will serve as **Experienced Staff Auditor** and **Kyler Luchkiw** will serve as **Staff Auditor.** Both will perform audit tasks in the field under the direction of Mr. Contrella.

Attached in Appendix C are the resumes of these professionals along with a listing of CPE credits. Refer to Appendix E for the PA DSH audit report for a schedule of the hospitals that Ms. Ritter and several of the other engagement team members have audited. Attached in Appendix F is an organization chart of the proposed engagement team.

8. UNDERSTANDING OF SCOPE OF WORK

Maher Duessel will perform DSH audit services for the Bureau for the years ending June 30, 2017, 2018, 2019, and 2020. Our engagement will be in compliance with the requirements contained in 42 CFR Parts 447 and 455 Centers for Medicare and Medicaid Services (CMS). The audit will be performed in accordance with Generally Accepted Governmental Audit Standards and the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Attestation Engagements (SSAE). The audit report will comply with the reporting requirements as set forth in 42 CFR 447 and 455. Our scope of work will include the following tasks:

- **Preparation of Audit Program**: Our Audit Program will be in compliance with 42 U.S.C. Section 1923(j)(2). For the initial engagement (June 30, 2017) and optional contract renewal periods, we will submit the Audit Program to the Bureau for a minimum of 30 calendar days prior to the beginning of fieldwork.
- **Source Documents**: We understand the data necessary to complete the audit will come from the following source documents:
  -The approved Medicaid State Plan for the State Plan rate year under audit.
  -State Medicaid Enterprise Systems payment and utilization data (BMS provides this data in an electronic format)
  -The Medicare 2552-10 cost report or subsequent Medicare defined hospital cost report (available from each hospital); and
  -Hospital audited financial statements and hospital accounting records.
- **Independent Certified Audit Report:** We confirm that the independent certified audit report will address the six (6) verification items from 42 CFR §455.304 and satisfy all requirements as set forth in 42 CFR 447 and 455. We will issue a bound audit report upon request from BMS within 10 business days that expresses an opinion on the six (6) verifications established in the final rule. We will compile the eighteen (18) data elements specified in the regulations for each hospital for each year audited and present that data in a separate schedule accompanying the audit report. **The draft format of the schedule (a chart which lists each hospital included in the engagement and the eighteen (18) data elements for each hospital) is attached in Appendix E in the PA DSH audit report.** The final schedule will include the amounts for each hospital for each data element.
- **Exit Conference:** We will conduct an exit conference with Bureau representatives once a preliminary typed draft of the required engagement report has been accepted by BMS. We will include the Bureau responses in the final bound report when it is issued.
- **Management Letter and Comments:** We will afford the Bureau and applicable DSH hospitals an opportunity to provide Maher Duessel a written response to management letter comments. We will allow a minimum of three business days for the return of Bureau and hospital comments.
- **Training Plan:** Prior to beginning work, we will deliver a training plan within five (5) business

days to provide training and assistance regarding DSH audit and reporting compliance. The Training Plan will include the following:
-Specifies the methods and means that will be used to ensure that the objectives of the training are achieved.
-Will include sample training materials used in at least three similar prior trainings conducted by Maher Duessel.
-For the initial engagement, training will be conducted at least two weeks prior to the beginning of fieldwork via webinars.
-For Optional Renewal Periods, training will be conducted at least two weeks prior to the beginning of fieldwork.
-DSH hospital provider training will be conducted on-site for each year. Training will also be conducted within six weeks of any new regulations or CMS guidance/interpretations issued or regulation, guidance or interpretation changes for the initial engagement and any Optional Renewal Periods via webinars.

- **Regulatory Changes/Updates:** We will make all adjustments to audit procedures and reporting that impact the scope of the engagement upon future issuance of guidance by CMS, regardless of the timing of such issuance.
- **Additional Services Included In The Engagement:** Maher Duessel will supply all administrative, expert witness and other services necessary to represent the Bureau in the event of an audit, DSH hospital provider appeals or receipt of questions related to Maher Duessel's work product. These services will be supplied until all litigation, claims and/or audit findings are resolved with the Federal government up to a minimum of ten (10) years after the expiration of the contract. These services will be provided at no additional cost.

9. AUDIT PROCEDURES

Maher Duessel's extensive experience serving governments will allow us to approach the engagement in a way that is knowledgeable and efficient. Maher Duessel will complete the work associated with this contract in four phases:

- Phase 1: Kick-Off Meeting and Finalize the Audit Program and Training Plan
- Phase 2: Execution of the Final Audit Program Finalized in Phase I
- Phase 3: Draft Reports
- Phase 4: Final Reports and Summary Report

The expertise and knowledge of our professionals will ensure that this process is effective. We take pride in our responsive service and our communication with our clients throughout the process.

Phase 1: Kick-off Meeting and Finalize the Audit Program and Training Plan (Planning)

We will develop and submit within 30 days of the start of field work an Audit Program that will give a detailed description of the planned audit activities and a description of the audit approach/methodology for conducting reviews and for testing. The Audit Program will include the schedule of audits to be performed and estimate the task hours of effort. The Audit Program will be a living document which Maher Duessel will keep up-to-date. All requested changes will have prior approval in writing from the Bureau before their incorporation. We will organize with the Bureau an initial kick-off meeting to be held after contract award. We will provide the Draft Audit Program at the initial Kick-Off Meeting for discussion and input. The Final Audit Program will actually be a summary plan that is made up of individual components specific to the audit services work as required in the Scope of Work.

The Final Audit Program and its components will demonstrate the timeline, resources and effort for

completing each audit, the Draft Reports, Final Reports, and any presentations. The timeline and resources will acknowledge access to the Bureau's resources as well. The Final Audit Program will be submitted within 5 working days of the Kick-Off Meeting. As part of Phase 1, we will also submit the Training Plan.

Overall Planning Process:

The engagement team will (1) review current accounting and management information systems, (2) identify significant risks and significant audit areas, (3) validate current reporting requirements, and (4) analyze new regulations which may impact reporting. These tasks will assist to develop audit procedures included in the audit program.

Planning Procedures

We will obtain hospital cost reports from CMS and customize questionnaires and surveys to send to each hospital to collect data that is not contained on the cost report. We will need to meet with Bureau personnel and third-party personnel to discuss access to the State's MMIS system to obtain hospital charge information and DSH payments made. Upon receiving the data, we will prepare the DSH Report and submit it to appropriate Bureau employees for review. Based on the understanding obtained above, we will request supporting documents including MMIS data, the Medicaid State Plan, Medicare 2552-96 Hospital Cost Reports, and audited Hospital Financial Statements.

Documentation Needed:

The audit work plan will take into account a variety of source information including, but not limited to, financial statements, interim financial statements, organization charts, manuals, programs, and financial and other management information systems.

Phase 2: Execution of the Final Audit Program Finalized in Phase I

Scheduling:

We anticipate that fieldwork will begin within a week of contract award. Periodic meetings will be held with a Bureau designee in order to notify the Agency of any issues, concerns or problems encountered. The initial schedule of these meetings and timing/format of status reports will be established at the Initial Kick-Off Meeting. We anticipate that initial meetings between the Bureau and Maher Duessel will be approximately weekly.

Written Progress/Status Reports and Meeting Minutes

Maher Duessel will be responsible for preparing written progress/status reports. The format and content of the weekly reports will be established at the initial Kick-Off Meeting. Reports will be submitted on a monthly basis (by the 15th day of the month or more frequently as required) in a form acceptable to the Bureau. We will prepare minutes for meetings held and distribute them to the Bureau in a timely manner, not to exceed ten (10) working days after each meeting.

Fieldwork

The Engagement Partner (Ms. Ritter) and Audit Team Primary Lead (Mr. Zielinski) will facilitate the planning process, problem solving, and the review process. Daily fieldwork will consist of the Supervisor and up to two Staff Auditors.

The Engagement Partner and/or Audit Team Leads will directly complete the detailed review of these procedures and will attend meetings with the Bureau as necessary. We will request that information be provided to permit adequate time to test the data and complete required reports.

In addition to summarizing findings and identifying any overpayments/underpayments to particular hospitals, we expect to provide feedback to the Bureau that may be useful to you in evaluating your methodologies related to DSH and its audit protocol. Time will be scheduled to resolve discrepancies noted in hospital information and may require site visits to resolve.

The Engagement Partner and Primary Audit Team Lead will be the contract managers for this portion of the engagement with overall responsibility for the completion of all the contract requirements and for interfacing with the Bureau. The Engagement Partner and Primary Audit Team Lead will monitor the audit on a weekly basis by comparing time charged by all staff to the engagement to the estimated percent completed for the engagement. The reporting used for this monitoring process will be utilized to complete progress reports.

The Supervisor will be charged with monitoring state and federal laws and regulations for changes. Consultation between them and the Engagement Partner will determine the effect of the new laws and regulations and possible changes to the audit approach.

Phase 3: Draft Reports

We will prepare and present as requested a written Draft Report that includes as applicable, findings, conclusions, anomalies, and our recommendations. All reports will include recommendations concerning the detection and correction of all improper, unallowable, or unusual costs. We will provide recommendations that will improve the Bureau's records and internal controls for themselves and each applicable stakeholder.

Phase 4: Final Reports and Summary Report

The Draft Report(s) will reference and include all backup materials. The Draft Report(s) will be provided and presented to the Bureau. We will be responsible for making appropriate adjustments where necessary to ensure completion of draft reports. We will incorporate the Bureau's recommended edits into a Final Report. We will provide a Summary Report that summarizes the Final Report(s) in an Executive Summary that includes summaries for each category of: Findings, Conclusions, Anomalies, and Recommendations.

10. AUDIT TIMELINE

Our proposed timeline to complete the engagement is as follows:

Phase 1	•Kick Off Meeting and Finalize Audit Program and Training Plan (to be held after award/February 2020). The Audit Progam will be finalized no later than 30 days prior to the start of field work.
Phase 2	•Execution of Audit Program: March 2020-September 2020 - All fieldwork will be completed by Sepember 30th.
Phase 3	•Draft Report: The draft report will be completed by October 31, 2020.
Phase 4	•The Final Report will be completed by November 30, 2020.

11. USE OF TECHNOLOGY

Maher Duessel has the technology and support systems in place to utilize a paperless environment in meeting the needs of our clients. Maher Duessel uses Citrix's ShareFile product, which allows us to share and

exchange files with our clients easily and securely. We are able to send a secure link to our client, which allows for a large amount of data to be uploaded at once, and facilitates a more seamless engagement process.

Our professionals are also trained in specialized computer auditing programs. We recently implemented CaseWare Working Papers. Working Papers is a flexible project management software that provides a one-stop location for our clients' data – which allows for real time collaboration, direct scanning, online review, and efficient management of our clients' engagements. In 2018, the firm completed the implementation of the use of AMELIO, which helps our organization streamline, automate, and improve the way we manage compliance-related forms and checklists. Additionally, we have recently implemented the use of CompareDocs. This document comparison software uses artificial intelligence/technology to identify changes between documents with speed and accuracy and works across multiple document platforms. Our audit approach includes identifying and understanding key IT systems that are integral in the operations of the organization including:

• Assessing the controls over the client's Network Security including; password policy, administrative access, firewall access and configuration, remote access, wireless access and anti-virus.

• Evaluating our client's significant application systems such as the General Ledger package and other applications such as Client Management and Billing applications and considering security management controls, user account management controls, user access, application operating system security, and application database security.

• Testing IT controls for automated/paperless processes that support financial transactions for significant financial statement line items such as client management and billings applications and integrated timekeeping and payroll systems.

• Considering the security controls in place for the client's website if used for significant financial transactions and the client's email system specifically focusing on malware protection and spam filtering.

• Evaluating policies and procedures in place for the above as well as the client's Disaster Recovery Plan, Business Continuity Plan, Incident Response Plan, Employee IT Usage Policy, and procedures for maintaining an IT` inventory including software, hardware, and mobile devices.

These procedures are typically completed during the audit's planning and/or interim phase so that the audit team can assess adequacy of the design and implementation of key controls and properly plan our audit of significant financial statement areas considering the key controls tested as well as any identified deficiencies.

The firm has an IT Audit Practice Unit, in which your proposed Engagement Partner, Lisa A. Ritter, CPA, CFE, CITP, oversees. This Practice Unit keeps our firm up to date on significant changes in Information Technology impacting our clients and audits. Ms. Ritter also received the AICPA's CITP (Certified Information Technology Professional) credential which assures that she possesses additional training and experience in IT assurance, risk, security and privacy, analytics and technology.

Ms. Ritter also has the SOC for Cybersecurity certificate. This certificate provides Ms. Ritter with the tools needed to assist her clients with navigating cybersecurity threats and ability to use the AICPA's new cybersecurity risk management reporting framework. The firm also has an IT Audit Committee which focuses on IT trends and best practices.

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12. HIPPA COMPLIANCE

The Health Insurance Portability and Accountability Act (HIPAA) protects the privacy and security of health information which includes the protection of an individual's Protected Health Information (PHI). HIPAA requires safeguards and security for storage and maintenance, transmission, and access of individual health information. Maher Duessel does not disclose PHI without proper authorization or as permitted by law. We will request or use only the minimum necessary PHI. All PHI information is stored within Engagement, our paperless software. Listed below are descriptions and general examples of security procedures we have in place.

Physical Controls and Other

Maher Duessel has implemented physical safeguards to preserve data.

- Our offices require a fob for entry. Fobs are only provided to employees and building management. Computer servers that are maintained locally are secured in a locked room in our offices.

- Data and servers for all offices are backed up to the Pittsburgh Office. The Pittsburgh Office backups are securely replicated to encrypted cloud storage.

- In regard to the computers used by our staff, our employee manual includes the following to be followed by all staff:

- Staff must keep their passwords secure and unknown to all other persons and refrain from sharing network, e-mail, or internet accounts.

- Employees are responsible for the security of their passwords and accounts. Each employee is required to change their password every 6 months. Passwords should be at least eight alphanumeric characters in length and include at least three of the following: capital letter, lowercase letter, number, and symbol. Once a password is used it can never be used by that individual again.

- Employees using desktop computers in the Office are responsible for the security of the data that they save to the workstation or to the network and should take steps to prevent unauthorized access to their accounts by logging off or locking their work-stations when their computer will be unattended.

- Employees to whom specific portable computers are assigned are responsible for the security of the computers and all data contained thereon. In this regard, employees who use laptops outside of the office need to take extra precautions to protect both the equipment and any related files. This means the employee must take the time to properly secure equipment at client locations as well as when the portable computer is in their personal possession after normal work hours. Computers should not be left in cars for security reasons.

- All client and firm data are deemed to be confidential and should be treated accordingly.

Data Integrity Controls

Maher Duessel has implemented administrative procedures to guard data.

- Security awareness training is conducted annually.

- All data in our centralized data centers is backed up using Barracuda back up appliance. This data is then replicated in a secured manner to Barracuda's Encrypted Cloud Storage. Back up procedures are performed daily.

- Sophos End Point Protection (antivirus and malware protection software) is installed on all computers and servers. Updates are scheduled on a daily basis.

- Encrypted flash drives are the only approved drives recognized by the Firm. Staff is not permitted to copy

confidential information to portable media unless the portable media use is approved by the Firm's Information Technology Department. All data copied to firm-provided portable media must be properly deleted at the end of the data's use.

- The Firm uses Active@KillDisk for the sanitation of computer hard drives and other storage devices when equipment is rotated or disposed of.

- All information that leaves the Maher Duessel office or a client office needs to be protected.

- Information in Engagement, ShareFile, and on encrypted USB's is protected. Information stored in any other way is not protected, and will not leave the office/client office.

Technical Security Controls

Maher Duessel has in place the following security controls:

- Access to our networks and the services available on those networks is limited to authorized users.

- Network System security is established via Microsoft's Active Directory. Users are assigned rights based on staff position, responsibility, and assignment.

- A Systems Administrator grants authorization, and a unique user identification and password are used to gain access to our systems. Firewalls and access controls are in place.

- User accounts are locked out after three failed login attempts.

- Systems are automatically locked on all computers after fifteen minutes of inactivity.

- Electronic work papers are maintained to support our opinions and findings in Engagement (software), our paperless software. This software is only available to specific personnel based on staff position, responsibility, and assignment. Access rights to this application are granted by the Security and Access Administrator.

- Once an engagement is complete, the work papers are "locked down". This lock down allows authorized users the ability to review working papers, but does not permit any changes.

Transfer of Information

Maher Duessel utilizes ShareFile when it becomes necessary to securely transfer files between a client and Maher Duessel. ShareFile offers several assurances as to the security of the information posted.

- Each user of ShareFile must be an authorized user.

- Each authorized user is given a unique password in order to gain access to the ShareFile.

- ShareFile files are encrypted both in transit and in storage.

- ShareFile website does not limit the types of files that can be posted.

Maher Duessel periodically assesses our security risks and vulnerabilities and the methods and policies currently in place to mitigate those risks and vulnerabilities.

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APPENDIX A: LICENSE DOCUMENTATION

West Virginia
Board of Accountancy

Firm Verification: Details

Firm License Information

Firm Name	MAHER DUESSEL
Address	503 MARTINDALE ST STE 600
City	PITTSBURGH
State	PA
Zip	15212
County	
Permit Number	[redacted]
Effective Date	07/01/2019
Current Status	Active
Expiration Date	06/30/2020

Authorization to Perform Attest/Compilation Services

Active	06/30/2020

Page Updated: 11/27/2017 2:52:36 PM

Commonwealth of Pennsylvania Department of State
Bureau of Professional and Occupational Affairs

Accountancy Firm

License Number [redacted]

Expiration Date
12/31/2021

Active

MAHER DUESSEL
503 MARTINDALE STREET
SUITE 600
PITTSBURGH, PA 15212

OFFICIAL DOCUMENT

READ THE FOLLOWING INFORMATION CAREFULLY CONCERNING YOUR LICENSE:

1. SIGN THE WALLET CARD AND CERTIFICATE WHERE INDICATED.
2. DETACH THE WALLET CARD AND CERTIFICATE AT PERFORATION.

Pennsylvania Licensing System (PALS)

Visit our website at: www.pals.pa.gov to renew your license, change your personal or license address, or order duplicate licenses.

MAHER DUESSEL
503 MARTINDALE STREET
SUITE 600
PITTSBURGH, PA 15212

DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO BOX 2649 Harrisburg PA 17105-2649

19 0995931

License Type
Accountancy Firm

MAHER DUESSEL
503 MARTINDALE STREET
SUITE 600
PITTSBURGH, PA 15212

License Status
Active

Initial License Date
06/07/1990

License Number [redacted]

Expiration Date
12/31/2021

Acting Commissioner of Professional and Occupational Affairs

Signature

ALTERATION OF THIS DOCUMENT IS A CRIMINAL OFFENSE UNDER 18 PA.C.S.§. 4911

WBENC
WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL
JOIN FORCES. SUCCEED TOGETHER.

hereby grants

National Women's Business Enterprise Certification

to

MAHER DUESSEL

who has successfully met WBENC's standards as a Women's Business Enterprise (WBE).
This certification affirms the business is woman-owned, operated and controlled; and is valid through the date herein.

WBENC National WBE Certification was processed and validated by Women's Business Enterprise Center - East, a WBENC Regional Partner Organization.

Certification Granted: November 16, 2018
Expiration Date: November 16, 2020
WBENC National Certification Number: [redacted]

Elizabeth M Walsh
Authorized by Elizabeth M. Walsh, President
Women's Business Enterprise Center - East

WBECEAST
WOMEN'S BUSINESS ENTERPRISE CENTER
JOIN FORCES. SUCCEED TOGETHER.

NAICS: 541211
UNSPSC: 84110000, 84111600

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APPENDIX B: INDEPENDENCE POLICY

Maher Duessel Quality Control Document – Effective March 11, 2015
Reviewed partner mtg 2/14/18 2 edits approved

The firm's quality control policies and procedures for the six elements of quality control are presented below. All employees of the firm are provided copies and are responsible for understanding, implementing, and adhering to these policies and procedures.

This document describes how Maher Duessel CPAs ("the firm") implements each element of quality control for its accounting and auditing practice. The firm's accounting and auditing practice has a concentration in governmental and not-for-profit organizational audits. The firm has no SEC clients. The firm uses purchased practice aids that have been subjected to peer review in accordance with standards established by the AICPA. These practice aids are supplemented by oral and written communications from the firm's partners. To enhance communications, the firm has chosen to provide its personnel with a written summary of its quality control policies and procedures that contains statements incorporated by reference to policies and procedures from its purchased practice aids, tailored to the specific needs of its practice.

The firm is a member of the AICPA Governmental Audit Quality Center (Center) and the AICPA Employee Benefit Plan Audit Quality Center (Center) and has agreed to establish policies and procedures specific to the firm's governmental audit practice (as defined in the membership requirements) and its ERISA employee benefit plan practice to comply with the applicable professional standards and the membership requirements of the respective Centers. These policies and procedures are documented and communicated by this document.

As required by the membership requirements of the respective Centers, it is the policy of the firm that all eligible audit partners be members of the AICPA. It is the responsibility of the managing partner to annually advise each audit partner that AICPA membership is mandatory. Also, as required by the membership requirements of the respective Centers, the managing partner annually designates an audit partner to assume firm-wide responsibility for the quality of the firm's governmental audit practice and an audit partner to assume firm-wide responsibility for the quality of the firm's ERISA employee benefit plan practice.

It is the firm's policy to adhere to all applicable unconditional and presumptively mandatory requirements of SQCS No. 8, A Firm's System of Quality Control (Redrafted), as evidenced by the policies and procedures within this quality control document. Any questions, concerns, or recommendations about the firm's quality control system should be communicated to the managing partner or quality control director.

The managing partner is Elizabeth Krisher

The quality control director (Director of Audits) is Lisa A. Ritter.

The role of ethics partner is filled by the managing partner with the quality control director as back-up

The recruiting partner is Tim Morgus

NOTE: The term partner throughout this document, and related QC documents, also applies to any principal that has been assigned, by the managing partner, the ability to perform final approval of reports, sign client engagement letters and submit proposals for firm services on behalf of the firm.

LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE FIRM

It is the firm's policy to promote a culture of quality that is pervasive throughout the firm's operations through the development of its system of quality control. Firm management, under the direction of the managing partner, assumes responsibility for the firm's system of quality control and designs the system (a) to emphasize the importance of performing work that complies with professional standards and applicable regulatory and legal requirements and (b) to issue reports that are appropriate in the circumstances. In maintaining a culture of quality, the firm emphasizes the importance of ethics and integrity in every decision that personnel make, particularly at the engagement level. The firm ensures

compliance with this policy by implementing the following procedures:

1. The firm dedicates sufficient and suitable resources to its quality control system and quality initiative and assigns the operational responsibility for the firm's quality control system to individuals with the experience, ability, and authority to identify, develop, and implement the necessary QC policies and procedures based upon their comprehensive understanding of SQCS No. 8. The firm communicates clear, consistent, and frequent actions and messages that emphasize the firm's quality control policies and procedures. Such actions and messages include –

    - Providing a copy of the firm's system of quality control document to all new professional employees and reviewing the document and its importance with them.
    - Reviewing the firm's quality control policies and procedures, especially in areas where questions or problems have arisen, with personnel during firm training sessions.

2. A committee of partners evaluates client relationships and engagements to ensure that commercial considerations are not placed ahead of the firm's commitment to quality control. Additionally, the firm's performance evaluation, compensation and advancement policy and procedures (covered in the human resources QC document) do not place commercial considerations ahead of the quality of work performed.

3. The managing partner, quality control director, audit engagement partners and other partners in the firm demonstrate the importance of quality by their actions.

4. The engagement partner assumes responsibility for the overall quality of each audit engagement to which he or she is assigned and sets an appropriate example throughout all stages of the engagement for the other engagement team members to follow.

5. The firm establishes a formal code of conduct that reflects the firm’s core value of quality and guides personnel to make appropriate decisions throughout their workday. The code of conduct is regularly communicated and reiterated to all employees and is posted in various common areas throughout the office.

6. The firm establishes and maintains a positive work environment by combining the firm's quality objectives with the personnel's needs to be valued and appreciated.

7. The firm rewards personnel, who demonstrate a commitment to quality through its performance evaluation, compensation, and advancement system, as covered in the human resources QC policies and procedures.

8. The firm does not allow unethical behavior to occur unchallenged and addresses instances of noncompliance with the firm's quality control system through swift disciplinary action or, in extreme cases, termination of the offending employee.

9. At least annually, the quality control director reviews firm's leadership responsibilities for quality within the firm policy and procedures to determine if they are appropriate and operating effectively. See the MONITORING section of this document for further information.

RELEVANT ETHICAL REQUIREMENTS

It is the firm's policy that all professional personnel be familiar with and follow relevant ethical requirements of the AICPA, contained in the *Code of Professional Conduct,* the State of Pennsylvania Board of Accountancy, and the State of Pennsylvania CPA Society in discharging their professional responsibilities. Furthermore, it is the policy of our firm that, for engagements subject to *Government Auditing Standards* and other applicable regulatory agencies, all professional personnel be familiar with and adhere to the relevant ethical requirements included in those standards and that personnel will always act in the public interest. Any transaction, event, circumstance, or action that would impair independence or violate the firm's relevant ethical requirements policy on an audit, attestation, review, compilation engagement, or

other service subject to the standards of the AICPA Auditing Standards Board or the AICPA Accounting and Review Services Committee (as required under Rules 201 and 202) is prohibited. Additionally, when the firm and its professional personnel encounter situations that raise potential independence threats, but such situations are not specifically addressed by the independence rules of the AICPA *Code of Professional Conduct,* the situation will be evaluated by referring to the *Conceptual Framework for AICPA Independence Standards* and applying professional judgment to determine whether an independence breach exists. The firm takes appropriate action to eliminate threats to independence or mitigate them to an acceptable level by applying safeguards. If effective safeguards cannot be applied, the firm will withdraw from the engagement or take other corrective actions as appropriate to eliminate the breach.

Although not necessarily all-inclusive, the following are considered to be prohibited transactions and relationships:

1. Investments by any partner or professional employee in a client's business during the period of a professional engagement, including a commitment to acquire any direct or material indirect financial interest in a client.

2. An investment in an entity or property by any of the following individuals and the client (or the client's officers or directors, or any partner who has the ability to exercise significant influence over the client) that enables them to control (as defined by GAAP for consolidation purposes) the entity or property:

    a. An individual on an attest engagement team.
    b. An individual in a position to influence the attest engagement by doing any of the following:

        (1) evaluating the performance or recommending the compensation of the attest engagement partner,
        (2) directly supervising or managing the attest engagement partner and all of that partner's superiors,
        (3) consulting with the attest engagement team about technical or industry-related issues specific to the engagement, or
        (4) participating in or overseeing quality control activities, including internal monitoring, with respect to the attest engagement.

    c. A partner or manager who provides nonattest services to the attest client beginning once he or she provides ten or more hours of nonattest services to the client within any fiscal year and ending on the later of the date:

        (1) the firm signs the report on the financial statements for the fiscal year during which those services were provided, or
        (2) he or she no longer expects to provide ten or more hours of nonattest services to the attest client on a recurring basis.

    d. A partner in the office in which the lead attest engagement partner primarily practices with respect to the attest engagement.
    e. The firm and its employee benefit plans.

3. Borrowing from or loans to a client, or client's personnel during the period of a professional engagement by any of the individuals listed in items 2. a.-e., except as grandfathered or permitted.

4. Accepting or offering gifts or entertainment from or to a client unless reasonable in the circumstances and approved by the managing partner.

5. Certain family relationships between professional personnel and client personnel. (Consult the managing partner for a ruling on such relationships.)

Notwithstanding the preceding policy and list of prohibited transactions and relationships, at the managing partner's discretion, certain prohibitions can be waived if it is deemed to be in the best interest of the firm. However, in so doing, the engagement service performed for the client must be limited to that allowed by AICPA professional standards.

The firm ensures compliance with this policy by implementing the following procedures:

1. All personnel have ready on-line access to the relevant ethical requirements to which the firm is subject. Those requirements include the AICPA Code of Professional Conduct, the Commonwealth of Pennsylvania Board of Accountancy, and the Pennsylvania CPA Society ethical requirements. The firm expects its personnel to be familiar with those relevant ethical requirements.

2. All professional personnel who work on accounting and auditing engagements and are required to be independent sign a representation letter when hired and annually thereafter acknowledging their familiarity with the firm's relevant ethical requirements policy and procedures, particularly with regard to independence. The representation also lists known circumstances and relationships, if any, that may create a potential threat to independence or violate the firm's relevant ethical requirements policy. (Each individual keeps a copy of their representation, which includes the professional standards of relevant ethical requirements that govern the firm. Professional standards, including the AICPA's conceptual Framework for AICPA Independence Standards, and the advice of the ethics partner are consulted if an employee is unsure if a threat to independence should be reported to firm management). Ethics training is provided as required by the Commonwealth of Pennsylvania Board of Accountancy. Such training covers the firm's relevant ethical requirements policy and procedures and the independence and ethical requirements of all applicable regulators.

3. All professional personnel review the firm's current client list in conjunction with completing the representation letter for identification of threats to, or breaches of, independence. The current client list is maintained by the partner group and changes to the list are communicated on a timely basis by a memorandum, newsletter or verbal communication from the managing partner or the quality control partner. The list is made available to personnel who need it to determine their independence. When hired (and annually thereafter), all professional personnel are required to sign a representation that confirms this responsibility.

4. To ensure that independence is properly addressed at the engagement level, as part of the acceptance and continuance decisions, the engagement partner obtains and considers relevant information about the engagement and evaluates circumstances and relationships that could cause a potential threat to independence, if any. In addition, for audit engagements, the engagement partner forms a conclusion on compliance with independence requirements. In evaluating potential independence threats, any familiarity threat related to senior personnel recurring on an audit or attest engagement for multiple years will be considered, including any other specific rotation requirements of regulatory agencies or other authorities. Additionally, the work programs and forms in the accounting and auditing manuals used by the firm contain steps requiring an evaluation of independence on each new and recurring engagement. Furthermore, those manuals contain reporting guidance for the types of engagements where a lack of independence is allowed.

5. All professional personnel remain alert for any evidence of noncompliance with relevant ethical requirements during the engagement and are required to promptly notify the engagement partner and the designated ethics partner or quality control director of any circumstances or relationships that may create a potential threat to independence (such as a potential prohibited transaction) or an independence breach, so that appropriate action can be taken.

6. If a potential threat to independence is identified, the ethics partner accumulates and communicates relevant information to appropriate personnel so (a) firm management and the engagement partner can determine whether they satisfy independence requirements, (b) the

engagement partner can take appropriate action to address identified threats to independence, and (c) the firm can maintain current independence information. For clients of whom the firm is not independent, only compilation services are performed and the firm discloses the lack of independence in its accountant's reports for those clients.

7. If performing a group audit, the firm is required to obtain a written representation regarding the component auditor's independence with respect to the client. The auditing manuals used by the firm contain examples of representation letters to use in such situations. Furthermore, in a review or attestation engagement, if another firm performs work on a segment of the engagement, a representation (either written or oral) regarding the other firm's independence is required. The engagement programs in the accounting and auditing manuals used by the firm contain steps to ensure compliance with this procedure.

8. The engagement partner (or the accountant in charge under the partner's supervision) has the primary responsibility for determining if there are unpaid fees on any of his or her clients that would impair the firm's independence. The engagement work programs and standard forms used by the firm contain steps to ensure compliance with this procedure. The firm's client accounts receivable listing and the engagement partner's knowledge of unbilled fees should be considered in making this determination. In addition, the managing partner has secondary responsibility to review the firm's accounts receivable listing on a periodic basis to identify potential independence problems.

9. The engagement partner has the primary responsibility to identify all nonattest services performed for an attest service client and for determining if such nonattest services threaten independence with respect to that client. Reviewing nonattest services performed for attest clients includes obtaining and documenting an understanding with the client regarding the client's responsibilities for the nonattest services performed by the firm. Where applicable, this includes determining whether such nonattest (nonaudit) services impair independence under the independence rules in *Government Auditing Standards* for ongoing, planned, and future audits. Firm engagement work programs for all attest and compilation engagements include steps to ensure compliance with this procedure.

10. The engagement partner has the primary responsibility for determining whether actual or threatened litigation has an effect on the firm's independence with respect to the client. The firm's independence could be impaired by litigation (a) between the client and the firm, (b) with the client company's securities holders, and (c) from other third parties.

11. If the firm is engaged as principal auditor to report on the basic financial statements of a financial reporting entity, all professional personnel must be independent of the financial reporting entity. If the firm is engaged as principal auditor to report on a major fund, nonmajor fund, internal service fund, fiduciary fund, or governmental component unit of the financial reporting entity, all professional personnel must be independent of the fund or entity the firm reports on. The engagement partner has the primary responsibility for determining whether the firm's relationship with entities in the governmental financial statements has an effect on independence.

12. The managing partner has the primary responsibility for determining whether the firm was a party to a cooperative arrangement with a client that was material to the firm or the client.

13. The ethics partner is responsible for obtaining the representation letters, reviewing them for completeness, and accumulating relevant information relating to identified threats to relevant ethical requirements matters (including questions from the representation letters and those from other sources). In determining a resolution, firm management considers the AICPA's *Conceptual Framework for AICPA Independence Standards* and, when necessary, consults the AICPA or the Pennsylvania State CPA Society for assistance in interpreting independence, integrity, and objectivity rules. Documentation of the resolution of relevant ethical requirements matter should be filed in the client's permanent workpaper files. Firm management is also responsible for determining actions to be taken when professional personnel violate firm independence policies and procedures. The action for each incident is determined based on its unique circumstances and may include eliminating a personal impairment, requiring additional training, drafting a reprimand letter, or even termination.

14. The ethics partner is responsible for monitoring the firm's independence of attest clients at which partners or other senior personnel have been offered management positions or have accepted offers of employment. The other senior independence, integrity, and objectivity questionnaire used by the firm and the client acceptance other checklists used by the firm in attest engagements include questions to help ensure compliance with this other requirement.

15. If a breach of independence is identified, the breach and the required corrective actions are promptly communicated to (a) the quality control director, (b) the engagement partner, who (along with the firm) needs to address the breach, and (c) other relevant personnel in the firm and those subject to the independence requirements who need to take appropriate action. The engagement partner confirms to the quality control director when required corrective actions related to the breach and noncompliance with these policies and procedures have been taken.

16. At least annually, the quality control director with the assistance of the ethics partner reviews the firm's relevant ethical requirements policy and procedures to determine if they are appropriate and operating effectively. See the MONITORING section of this document for further information.

ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

It is the firm's policy that, for all compilation, review, audit, and attestation engagements, the acceptability of the client and the engagement be evaluated before the firm agrees to provide professional services. The firm will accept and continue only client relationships and specific engagements when it has considered that the requisite competence and capabilities (including adequate time and resources) exist within the firm to perform the engagement and the firm can comply with legal and relevant ethical requirements. Additionally, the firm will only undertake or continue relationships and engagement when the firm has considered the integrity of the client and does not obtain information indicating that the client lacks integrity. The firm ensures compliance with this policy by implementing the following procedures:

1. For each prospective client that requests for the first time a compilation, review, audit, or attestation service, the partner making initial contact with the client is required to complete an engagement acceptance form. (The engagement acceptance form is located in the accounting and auditing manuals used by the firm.) That form documents, among other things, background information including financial information regarding the client and its operations; an assessment of the apparent integrity of management or its officers based on contacts or discussions with others; possible independence problems or conflicts of interest; an assessment of the firm's competence, capabilities, and resources and the results of communications with the client's prior accountants (if applicable). The completed form is routed to the managing partner [or concurring partner] who decides whether to accept or reject the prospective client and who documents that conclusion on the form.

2. For existing clients, a committee of partners annually reviews the firm's client list and reevaluates the acceptability of each client and engagement. Furthermore, the engagement work programs used by the firm (as documented in the engagement performance QC element of the firm's QC document) contain steps requiring the engagement team to consider whether the firm should discontinue providing all or certain services to a client. In making the continuance decision, the firm considers whether any significant issues or new information has have arisen during the course of the relationship with the client and how such issues or information affects the ongoing client relationship. Generally, reasons that might surface in either the firm-wide or individual engagement review that would cause the firm to consider discontinuing services if the information had been available earlier include the following:

    a. Significant changes in the client and its operations, such as retirement of senior management, other ownership changes, a decline in the perceived integrity of management, or a decline in financial stability, or specific risks associated with the

particular engagement.

b. Changes in the nature or scope of the engagement, including requests for additional services the firm may not be adequately prepared to render.
c. Significant changes in the composition of the firm, such as a change in the firm's professional competence (expertise) in a particular industry.
d. Significant unpaid fees that may cause an independence problem or create doubt about the collectability of future fees.
e. The existence of conditions that would have caused the firm to reject the client or engagement had such conditions existed at the time of the initial acceptance.
f. The client is in the development stage or operates in a highly specialized or regulated industry (such as a financial institution, government entity, or employee benefit plan) that poses undue risk to the firm.
g. More time and resources are needed to perform the engagement than the firm has available.
h. The client has ignored prior firm recommendations, such as recommendations regarding the interpretation of accounting standards or the correction of internal control deficiencies.

A committee of partners is responsible for deciding whether to discontinue providing all or certain services to a client.

3. The managing partner or the engagement partner documents how issues identified during the acceptance and continuance process, if any, were overcome and resolved so that the firm decided to accept or continue the client relationship or specific engagement. Such documentation includes discussion of significant issues, consultations, conclusions, and the basis for the conclusions.

4. If situations occur after the commencement of an engagement and while work is in process that indicates the firm should consider withdrawing from the engagement, the managing partner is notified of the circumstances. In this situation, the firm considers whether there are any professional, regulatory or legal requirements for the firm to remain associated with the client and the engagement or to report the withdrawal to regulatory authorities. In addition, the firm considers whether withdrawing from the engagement or discontinuing the client relationship is appropriate. Circumstances that may cause the firm to withdraw include:

a. An identified independence threat that cannot be mitigated by applying safeguards.
b. The client's unwillingness to make a material correction to the financial statements or accept a modified report, or when a modification of the standard report will not adequately indicate the deficiencies in the financial statements taken as a whole.
c. Failure by the client to take remedial action with regard to an illegal act that might be discovered during the engagement.
d. The discovery of facts after the engagement commences that may have caused the firm to reject the engagement, had those facts been known prior to starting the work, e.g., a significant risk of fraud or significant deficiencies in the entity's internal control.
e. The client provides information that is incorrect, incomplete, or otherwise unsatisfactory and refuses to provide additional or revised information.
f. The inability to perform the inquiry and analytical procedures considered necessary for a SSARS or attest review, and, for a SSARS review, it is inappropriate to issue a compilation report.
g. The client's refusal to provide a representation letter in an audit or a SSARS or SSAE review and, for a SSARS review, it is not appropriate to issue a compilation report.
h. In an SSAE review engagement, the client is the responsible party and does not provide a written assertion.
i. Other information in a client-prepared document containing the firm's attest report is materially inconsistent with the information in the report, and the client does not revise the information to eliminate the inconsistency.

A committee of partners is responsible for deciding whether to withdraw from an engagement.

5. If, based on the facts and circumstances identified in performing procedures 2 and 4, a committee of partners concludes that the firm should discontinue providing all or certain services to a client or should withdraw from a current engagement, the committee of partners and the engagement partner will determine how the client and those charged with governance should be informed about that decision. Furthermore, the committee of partners will consider whether outside legal counsel should be consulted in making that decision. The engagement team will be notified by the committee of partners of the name of any client to which services are discontinued. Significant issues, consultations, conclusions, and the basis for the conclusions should be documented when withdrawal from an engagement or from both the engagement and the client relationship occurs.

6. The engagement partner is responsible for ensuring that an engagement letter is obtained for each client, as required by the AICPA standards. The engagement letter documents the firm's understanding with the client regarding the nature, scope, and limitations of the services to be performed, as well as the identification of the engagement partner and his or her role.

7. For audit engagements, the engagement partner is responsible for becoming satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and specific audit engagements have been followed; determining that the acceptance and continuance conclusions reached are appropriate; when information is obtained that would have caused the firm to decline the engagement had such information been known initially, promptly communicating such information to the firm so that the firm and the engagement partner can take necessary action.

8. If the firm discovers a potential conflict of interest during the acceptance and continuance decision, a committee of partners or the ethics partner determines whether it is appropriate to accept or continue the engagement. If the engagement is accepted or continued, the ethical requirements under AICPA Interpretation No. 102-2, "Conflicts of Interest," under Rule 102, *Integrity and Objectivity,* are first considered, including whether a conflict of interest that might be perceived as impairing objectivity was disclosed and consented to by the client or other appropriate parties.

9. At least annually, the quality control director reviews the firm's acceptance and continuance of client relationships and specific engagements policy and procedures to determine if they are appropriate and operating effectively. See the MONITORING section of this document for further information.

HUMAN RESOURCES

Overall

The success of the firm is dependent upon its professional staff. It is the firm's intent to succeed in the marketplace by having partners and staff who possess the capabilities, competence, and commitment to ethical principles to assure that engagements performed by the firm are in accordance with professional standards and regulatory and applicable legal and regulatory requirements and that appropriate reports are issued in the circumstances. Having effective QC policies and procedures over the human resources element will help ensure the proficiency of its personnel. The activities of a comprehensive human resources QC system include –

- Recruitment and hiring.
- Determining capabilities and competencies.
- Assignment of engagement teams.
- Professional development.
- Performance evaluation, compensation, and advancement.

Policies and procedures for each of these activities are described below. At least annually, the quality control director reviews the firm's human resources policies and procedures to determine if they are appropriate and operating effectively. See the MONITORING section of this document for further information.

Recruitment and Hiring

It is the firm's policy that recruitment and hiring decisions for the professional staff be based on an objective evaluation of the firm's personnel needs, that candidates possess the appropriate characteristics to perform competently, and that new employees are adequately informed of the firm's policies and procedures. The firm ensures compliance with this policy by implementing the following procedures:

1. Periodically, a committee of partners assesses the firm's personnel needs by considering, among other things firm criteria such as ability to service clientele, anticipated growth, personnel turnover, individual advancement, staff workload, quality of life, and succession plans.

2. In fulfilling the firm's recruitment and hiring plans, the firm seeks to employ individuals with high levels of integrity, competence, intelligence, maturity, and motivation. In this regard, the firm normally hires college graduates for entry level staff positions whose academic training will enable them to take and pass the CPA exam. However, the firm may hire paraprofessionals who do not possess a college degree, but whose accounting experience and personal qualifications indicate a likelihood of adequate abilities. When recruiting experienced professionals, the firm prefers to hire CPAs with three or more years of public accounting experience who demonstrate integrity, competence, maturity, motivation, and leadership ability.

3. Determination of the techniques to be used to recruit candidates and actual employment decisions will be made by the managing partner. Other personnel who are involved in the recruitment and hiring process will be informed of the techniques to be used.

4. When evaluating a prospective employee, the firm considers, among other things, work experience, the candidate's grade point average and college course concentration in accounting and related courses (with more emphasis given to these candidates who are new graduates), personal achievements, and personal interests. The degree to which college transcripts, work references, and other qualifications are investigated is left to the discretion of the designated recruiting partner.

5. The firm's personnel policies and procedures relevant to applicants and new employees are communicated to them.

Determining Capabilities and Competencies

It is the firm's policy to determine whether personnel possess the requisite capabilities and competencies. In making this determination, the firm primarily considers qualitative measures, as opposed to quantitative ones. The firm ensures compliance with this policy by implementing the following procedures:

1. Periodically, a committee of partners assesses the capabilities and competencies of engagement partners to help assure engagements are performed in accordance with professional standards and applicable legal and regulatory requirements, and that appropriate reports are issued in the circumstances. The following capabilities and competencies are assessed based on the characteristics of the particular client, industry, and service provided –

    a. An understanding of the role of the firm's QC system and the *Code of Professional Conduct.*
    b. An understanding of the performance, supervision, and reporting aspects of the service to be performed.
    c. An understanding of the applicable accounting, auditing, and attestation professional standards, including those directly related to any special industries
    d. An understanding of applicable industries and each industry's organization and operating characteristics, sufficient to identify high or unusual risk areas and to evaluate the reasonableness of industry-specific estimates.
    e. Proficiency and seasoned judgment in discharging assigned responsibilities.
    f. An understanding of how an organization is dependent on or enabled by information

technologies and how the information technology systems are used to record and maintain financial information.

g. Personal attributes, leadership qualities, and perspective on business issues.

2. The firm determines how engagement partners and other personnel can best obtain additionally needed capabilities and competencies.
3. Performance evaluations are conducted, at least annually, to determine the capabilities and competencies possessed by staff other than partners.

Assignment of Engagement Teams

It is the firm's policy that each engagement be supervised by an engagement partner with appropriate competence, capabilities and authority. Additionally, all personnel assigned to engagements possess the necessary competence and capabilities to perform engagements that comply with professional standards and applicable regulatory and legal requirements and enable the firm to issue reports that are appropriate in the circumstances. The firm ensures compliance with this policy by implementing the following procedures:

1. In addition to assessing the engagement partner's capabilities and competencies (see the Determining Capabilities and Competencies section), a committee of partners clearly defines and communicates the responsibilities and authority of an engagement partner to that partner, and evaluates the partner's work load to ensure that he or she has the time to adequately perform the role.

2. The identity and role of the engagement partner are communicated to client management and those charged with governance through a written engagement letter.

3. In an audit engagement, the engagement partner obtains satisfaction that the engagement team (including any external specialists) meet the objective of the Assignment of Engagement Teams policy of the firm’s Human Resources QC element.

4. Periodically, a committee of partners assesses the staffing (including partner assignments) requirements of each client and engagement and develops a partner and staff assignment plan. Any considerations that emerge from this assessment that affect the hiring plans of the firm are communicated to those responsible for recruitment and hiring. In making assignments, consideration is given to factors such as:

    a. The engagement type, size, significance, complexity, and risk profile.
    b. Special expertise and experience necessary for the engagement.
    c. New or emerging professional standards and applicable legal and regulatory requirements that may affect the engagement.
    d. Recent continuing education relevant to the service to be provided and, if applicable, the industry (for example, staff who have met the continuing education requirements of the GAO's *Government Auditing Standards).*
    e. The timing and length of the engagement.
    f. The continuity and periodic rotation of the staff.
    g. Opportunities for on-the-job training.
    h. Previously demonstrated competencies (including consideration of the results of monitoring, inspections, peer reviews, and recent performance evaluations).
    i. Personnel availability and the involvement of supervisory personnel.
    j. Situations where possible conflicts of interest, objectivity, or independence problems may exist, including, where applicable, circumstances where the assigned staff is not independent under *Government Auditing Standards.*
    k. The extent of supervision each staff member needs.
    l. Non-CPA partners cannot be ultimately responsible for any compilation, review and attestation, or audit engagement.

    A copy of the staffing plan is available on-line thru the scheduling software or through verbal updates by HR or a management level person.

Professional Development

It is the firm's policy that all professional personnel (including non-CPA partners) comply with the continuing professional education requirements of the AICPA, the Pennsylvania State Board of Accountancy, the AICPA Governmental Audit Quality Center, the AICPA Employee Benefit Plan Audit Quality Center, the U.S. Government Accountability Office, and other regulatory agencies, if applicable; that all professional staff maintain an adequate awareness and understanding of current developments in professional standards; that all non-licensed professional staff work toward passing the CPA exam; and that all professional staff assist in the training and development of staff members under their supervision. The firm ensures compliance with this policy by implementing the following procedures:

1. Annually, the designated Director of Education assesses the firm's continuing professional education (CPE) needs and plans the firm's professional development (PD) program after considering, among other things, CPE activities that interest each professional; the number of hours and subject matter (which may include industry-specific, accounting and auditing, and ethics) needed by each professional to comply with the CPE rules governing the firm; each professional's level of experience, client responsibilities, and prior CPE training; new or emerging professional standards and regulatory and legal requirements; and the firm's needs for specialists or experts in a particular industry or service area.

2. The Director of Education monitors employee progress toward meeting the CPE plan.

3. Generally, only CPE alternatives that qualify for credit under the CPE rules that govern the firm will be considered when planning the firm's PD program. Such alternatives normally include seminars and conferences sponsored by the AICPA, state society, or other professional organizations; video training courses, satellite conferences, and webcasts; self-study courses, including online and Internet training; in-house seminars and programs; acting as an instructor, speaker, or discussion leader; university or college courses; and published books, articles, and CPE courses. Specifically, when CPE hours are to be fulfilled by in-house seminars, workshops, or discussion groups, each in-house program should comply with the following standards:

    a. The program should maintain and/or increase the professional competence of participants.
    b. The stated program learning objectives should specify the level of knowledge the participant should have attained or the level of competence he or she should be able to demonstrate upon completing the program.
    c. The education and/or experience prerequisites for the program should be stated.
    d. Participants should be informed in advance of pertinent course information.
    e. Only those participants with the appropriate level of education and/or experience should attend the program.
    f. The program should be developed by an individual qualified in the subject matter and knowledgeable in instructional design.
    g. Program materials should be technically accurate, current, and sufficient to meet the program's learning objectives.
    h. Before program materials are used, they should be reviewed to the extent necessary by a qualified person(s) other than the preparer(s) to ensure the program is technically accurate, it is based on current professional standards, and it is sufficient to achieve the stated learning objectives.
    i. The reviewer's technical competence and knowledge of instructional design should at least equal that of the developer.
    j. Instructors should be qualified with respect to both program content and teaching methods used.
    k. The number of participants and physical facilities should be appropriate for the teaching method(s) specified.
    I. Each program should include an effective means for evaluating quality.

4. Individuals who work on audits and attestation engagements subject to the *Government Auditing Standards,* including planning, directing, performing fieldwork, or reporting complete at least 24 hours

of CPE every two years that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. In addition, auditors who do any amount of planning, directing, or reporting on Yellow Book assignments and auditors who are not involved in those activities but charge at least 20% of their time annually to Yellow Book assignments are required to also obtain at least another 56 hours (for a total of 80 hours) of CPE that enhances their professional proficiency to perform audits or attestation engagements. In other words, everyone working on a Yellow Book engagement has to meet the 24-hour requirement. However, auditors who do not do any planning, directing, or reporting on a Yellow Book engagement, or who do not spend at least 20% of their time annually on Yellow Book engagements are not required to obtain an additional 56 hours of CPE to comply with the 80-hour requirement.

5. In accordance with the membership requirements of the AICPA Governmental Audit Quality Center's membership requirements, the partner assigned firm wide responsibility for the quality of the firm's governmental audit practice meets both the 24-hour and 80-hour CPE requirements. That partner also participates in the annual Center sponsored webcast on recent developments in governmental auditing.

6. Individuals who sign audit opinions and/or manage ERISA employee benefit plan audit engagements and individuals who work on ERISA employee benefit plan audit engagements must meet the CPE requirements of the individuals AICPA Employee Benefit Plan Audit Quality Center

7. To comply with the documentation requirements of the AICPA, the state board of accountancy, the U.S. Government Accountability Office, and other regulatory agencies for CPE credit, the firm maintains appropriate CPE records, among which are the following:

    c. For each professional for the most recent five years, a worksheet is maintained that contains the following information for each credit hour claimed:

        (1) Type of CPE activity (seminar, in-house program, self-study, independent study, etc.).
        (2) Sponsor.
        (3) Title of program and description of content.
        (4) Dates attended or completed.
        (5) Location of program.
        (6) CPE contact credit hours claimed.

    d. For each in-house CPE program sponsored by the firm, the following records are maintained for the most recent five years:

        (1) A record of participation, indicating the number of CPE hours claimed for each participant.
        (2) An agenda or outline of the program, indicating name(s) and qualifications of the instructor(s), the date(s) and length of the program, learning objectives, prerequisites, level of knowledge of the program, program content, nature and extent of advance preparation, teaching methods, recommended CPE credit, and relevant administrative policies.
        (3) The location(s) of the program.
        (4) A copy of the program materials (reading materials, problems, case studies, visual aids, instructors' manuals, etc.).
        (5) A summary of the participants' evaluations, the instructor's evaluation(s), and the sponsor's evaluation of the instructor(s).
        (6) If the course was developed in-house, a record of the name(s) and qualification(s) of the developer(s) and reviewer(s), if so required.
        (7) If the course was acquired from another source, evidence that the course was developed and reviewed by qualified individuals.

    e. For all other CPE programs or activities, the following records are maintained for the most

recent five years:

(1) For group and independent study programs, a certificate or other verification supplied by the program sponsor.
(2) For a university or college course that is successfully completed for credit, a record of the grade the person received.
(3) For a self-study program, a certificate of satisfactory completion of an examination provided by the program sponsor.
(4) For a published book, article, or CPE program, evidence of publication (a copy of the book, journal, or course development documentation) that names the CPA as author or contributor, the writer's statement supporting the number of CPE hours claimed, and the name and contact information of the independent reviewer(s) or publisher.

8. Each professional is responsible for complying with applicable continuing professional education requirements to maintain technical competency. Accordingly, all professionals are encouraged to engage in self-development activities. To assist in this endeavor, the firm maintains a current library and circulates within the firm relevant information about new or emerging changes in professional standards and regulatory and legal requirements or business activities. All professionals are encouraged to bring to the attention of the quality control director any news item that they believe should be circulated within the office.

9. The firm recognizes the importance of on-the-job training and has adopted, as a part of the firm's engagement performance QC system, the use of work programs to assist professionals in performing their work. Also, as noted in the firm's QC system for assigning personnel, professionals are assigned to work on a variety of jobs and under different supervisors (to the extent practical) to maximize on-the-job training. Personnel with supervisory responsibility are reminded to be constantly aware of situations where they can provide on-the-job training.

10. The firm recognizes the benefit of other professional development activities and encourages personnel at each staff level to participate in PD activities such as completing external professional development programs, becoming members of professional organizations, and serving on professional committees, writing for professional publications and speaking to professional groups.

Performance Evaluation, Compensation, and Advancement

It is the firm's policy that performance evaluation, compensation, and advancement decisions for professional personnel be based on a timely and objective evaluation of individual performance, that the professional personnel selected for advancement have the necessary qualifications to fulfill their assigned responsibilities, and that compensation of personnel, including partners, be based on the quality of their work. The firm ensures compliance with this policy by implementing the following procedures:

1. Personnel classification levels are used to designate experience, to evaluate individual performance, and to establish criteria for promotion and compensation. Also see separate job descriptions.

    a. **Paraprofessionals and Interns** - Individuals at this level normally have a basic understanding of accounting, bookkeeping, or tax preparation, but may not have obtained a college degree that includes a significant concentration of accounting or tax courses. Paraprofessionals are expected to:

        (1) Become familiar with the firm's policies and procedures.
        (2) Assist the firm’s professional staff in entering data for computer applications and preparing workpapers, trial balances, depreciation schedules, and engagement correspondence.
        (3) Assist the firm's professional staff in gathering data for tax return preparation.

        The job of paraprofessional is both challenging and rewarding and, with experience and supervision, individuals at this level can assume many of the responsibilities of staff

accountants. However, advancement to higher levels of the professional staff normally will require the completion of a college degree with either a major in accounting or an equivalent number of accounting and business courses.

2. In addition to the evaluation criteria enumerated in the preceding personnel classifications, each firm member will be evaluated on attributes such as, but not limited to, the following:

    a. Commitment to quality.
    b. Competency and technical knowledge.
    c. Integrity.
    d. Personal attitude.
    e. Analytical and judgmental skills.
    f. Communication skills.
    g. Leadership and training skills.
    h. Client relationships.
    i. Professional demeanor and appearance.

3. Firm personnel are provided copies of the performance evaluation, compensation, and advancement policy and procedures, which include the criteria for their compensation and advancement. The policy and procedures address performance, quality, adhering to ethical principles, and the consequences of failure to adhere to firm policies and procedures related to quality performance and ethical principles.

    At least annually, professional staff are evaluated by their supervisors using evaluation forms. These evaluation forms are submitted to the managing partner, who in turn conducts a counseling interview with that individual. Comments and feedback obtained during these interviews, if any, are documented on the evaluation form by the supervising partner and the form is routed to the individual's personnel file. The counseling interview includes the evaluation(s) and may include other matters. A failure to adhere to firm policies and procedures related to quality performance and ethical principles may result in more training, additional time at the present level, or even dismissal for more egregious failures.

4. At least annually, and on an *ad hoc* basis if necessary, the partners meet as a committee to discuss advancement, compensation, and termination decisions. In considering advancement and compensation decisions, staff performance evaluations and progress within staff classifications are given great priority; however, economic conditions, such as profits and future growth potential, must also be considered in each decision.

ENGAGEMENT PERFORMANCE

Overall

Engagement performance encompasses many aspects of performing an engagement, from the initial planning stages to the issuance of the report and assembly of the workpapers. Additionally, it is not uncommon for the firm's engagement teams to occasionally encounter difficult complex or contentious issues that result in the need for consultation or that create differences of opinion. The firm believes in a strong quality control system and supports frequent engagement quality control review. While all of these activities are part of the engagement performance element of the QC system, the firm has chosen to differentiate certain activities within this section of the QC document for ease of understanding. The activities are segregated as follows:

- Engagement performance and documentation.
- Engagement quality control review.
- Consultation and differences of opinion.

Policies and procedures for each of those components of engagement performance are described below.

At least annually, the quality control director reviews the firm's engagement performance policies and procedures to determine if they are appropriate and operating effectively. See the MONITORING section of this document for further information.

Engagement Performance and Documentation

It is the firm's policy that all compilation, review, audit, and attestation engagements be properly planned, performed, supervised, reviewed, documented, and reported or communicated in accordance with the requirements of professional standards, applicable regulatory and legal requirements, and the firm. In this regard, the procedures listed below are followed by all personnel assigned to those engagements:

1. The firm's engagement performance quality control steps are documented in the firm's engagement performance bridging documents. The firm maintains separate bridging documents for audit, attestation, and compilation and review services, which are attached as an appendix to this document. The use of such bridging documents facilitates consistency in the quality of engagement performance and application of engagement procedures.

2. The responsibilities of the engagement partner and engagement team for implementing the firm's QC steps are indicated on the engagement performance bridging documents.

3. Certain steps in the firm's system of engagement performance QC steps are not applicable or are optional for some engagements. The engagement performance bridging documents indicate the applicability of each step to the particular type of engagement.

4. The firm uses numerous checklists, work programs, report examples, and other practice aids to implement its engagement performance QC steps. These practice aids are documented on the engagement performance bridging documents.

5. In audit engagements, the engagement partner takes responsibility for the direction, supervision, and performance of the audit engagement, ensuring that professional standards and applicable legal and regulatory requirements are complied with and the firm’s policies and procedures are followed. The audit engagement partner also takes responsibility for review of the work performed in accordance with the firm’s review policies and procedures, and prior to issuing the auditor’s report, determines that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor’s report to be issued.

6. The firm complies with time limits established by professional standards, and laws and regulations that address the assembly of final engagement files for specific types of engagements. For audit engagements, the firm assembles the final engagements files within 60 days of the report release date. For other attest engagements, the firm assembles the final engagement files within 60 days from the date the report is released.

7. The firm retains engagement documentation for a period of time sufficient to meet the needs of the firm, professional standards, and laws and regulations. Any uncertainties regarding the retention of engagement documentation are addressed by the firm's quality control director, with the assistance of firm legal counsel and insurance carriers, as appropriate.

8. The firm protects the confidentiality, custody, integrity, accessibility, and retrievability of engagement documentation through staff training regarding client confidentiality rules and adequate and appropriate controls over the custody, integrity, accessibility, and retrievability of the firm's engagement documentation.

The firm has adopted and integrated within its quality control system the use of PPC accounting and auditing manuals and practice aids as more fully described in the engagement performance bridging documents. This QC document, the PPC manuals, and any other practice aids used by the firm are intended solely to assist us in achieving compliance with professional standards. Accordingly, nothing within this QC document should be construed as (1) requiring a higher level of performance or documentation than the minimum specifically required by our firm's QC policies and procedures, or (2)

overriding the exercise of professional judgment.

Engagement Quality Control Review

It is the firm's policy to evaluate all engagements against criteria established by the firm to determine whether an engagement quality control review should be performed, and to perform an engagement quality control review for all engagements that meet those criteria. Engagement quality control reviews are completed before the report is released. The firm ensures compliance with this policy by implementing the following procedures:

a. The firm establishes criteria for performance of an engagement quality control review (EQCR). In establishing such criteria the firm considers –

   - The structure and nature of the firm's practice.
   - The nature of the engagement, including whether it involves a matter of public interest.
   - Whether unusual circumstances or risk have been identified relating to the engagement, engagement service type, or industry.
   - Whether laws or regulations require an engagement quality control review to be performed.

2. The firm establishes a different set of criteria for each major service provided (i.e., compilation, review, audit, and attestation engagements). All engagements are evaluated against the established criteria. An engagement quality control review is performed for all engagements that meet the established criteria. If no engagements meet the criteria established by the firm for EQCR, no reviews are required to be performed.

3. The firm may periodically evaluates and makes changes to its EQCR criteria as needed based on changes in the structure and nature of the firm's practice.

4. Based on the current composition of the firm's accounting and auditing practice, the firm has concluded that engagement quality control review should be performed for specified audit engagements (see separate document). Reviews and compilations and other attestation engagements are not required to have engagement quality control review performed. The engagement partner at their discretion will arrange for a 2nd review of any non-audit services.

5. Performing an engagement quality control review includes the following procedures -

   - Having a discussion with the engagement partner about significant findings and issues.
   - Reviewing for appropriateness the resolution and conclusions reached regarding differences of opinion and matters requiring consultation.
   - Considering the evaluation of the firm's and the engagement team's independence in relation to the specific engagement.
   - Performing an evaluation of the conclusions reached in formulating the report and considering whether the proposed report is appropriate.
   - Reading the financial statements or other subject matter information and the proposed report.
   - Reviewing selected engagement documentation relating to the significant judgments and the conclusions reached.

   The EQCR may be conducted at various stages throughout the engagement to ensure that significant issues may be resolved to the reviewer's satisfaction before the report is released. The extent of the EQCR may depend upon, among other things, the complexity of the engagement and the risk that the report might not be appropriate in the circumstances.

6. The firm prepares appropriate documentation of the engagement quality control review, including documentation that reflects –

- The procedures required by firm policies have been performed.
- The engagement quality control review was completed before the report was released.
- The reviewer was not aware of any unresolved matters that would have caused him or her to believe that significant judgments the engagement team made and conclusions they reached were not appropriate.

7. The appointment of engagement quality control reviewers requires consideration of the technical qualifications necessary to perform the role, (including the necessary experience and authority), and the degree to which an engagement quality control reviewer can be consulted during the engagement without jeopardizing the reviewers objectivity. In selecting appropriate engagement quality control reviewers, the following criteria are followed –

    - The engagement quality control reviewer has sufficient and appropriate experience, technical expertise, and authority for the particular engagement to be reviewed.
    - Engagement quality control reviewers maintain appropriate ethical requirements, such as objectivity, due professional care, and independence. The engagement quality control reviewer satisfies the independence requirements relating to the engagement reviewed.
    - The engagement quality control reviewer does not make decisions for the engagement team or otherwise participate in the performance of the engagement except in a consulting role, for example, the engagement partner may consult the engagement quality control reviewer during the engagement to establish that a judgment made by the engagement partner will be acceptable to the engagement quality control reviewer. Both the engagement quality control reviewer and the engagement team are careful to maintain the reviewer's objectivity.
    - If the objectivity and/ or continued eligibility of the engagement quality control reviewer come into question, the engagement partner will communicate the situation to the quality control director or the managing partner. The engagement quality control reviewer will be replaced if the reviewer’s ability to perform an objective review is likely to have been impaired.

8. For audit engagements for which the firm’s EQCR criteria stipulate that an EQCR is required, if any, the engagement partner (a) determines that an engagement quality control review has been appointed; (b) discusses with the engagement quality control reviewer the significant findings or issues that arose during the audit, if any’ and (c) does not release the auditor’s report until the completion of the EQCR.

9. When a firm does not have qualified personnel to perform the engagement quality control review, the firm contracts with suitability qualified external individuals or other firms to perform the review. The criteria in Procedures 7 are followed in selecting qualified external engagement quality control reviewers.

Consultation and Differences of Opinion

It is the firm's policy that personnel refer to authoritative literature or other sources when appropriate. The firm also recognizes the need for a constant exchange of ideas and opinions about technical issues and it is the firm’s policy that all professional personnel seek consultation, on a timely basis, within or outside the firm whenever differences of opinion occur or uncertainty exists about the answer to a technical question; the application of a professional procedure or standard; the application of a rule, regulation, or procedure of a regulatory agency; or the application of a firm policy. The firm ensures compliance with this policy by implementing the following procedures:

1. The firm maintains or provides ready access to an adequate and up-to-date reference library that includes materials related to clients served and that should be consulted to assist professional staff in their research of technical issues.

2. While the firm recognizes that it is impossible to list all situations that might require referral to

authoritative literature or other sources or that might require consultation, the following situations, due to their difficulty or contentiousness may require consultation:

a. Any engagement in which a qualified or nonstandard report is likely to be issued.
b. Any engagement involving material litigation.
c. Application, for the first time, of new or complex technical pronouncements.
d. Industries with special accounting, auditing, or reporting requirements.
e. Accounting for complex or unusual transactions.
f. Emerging practice problems.
g. Choices among alternative generally accepted accounting principles upon initial adoption or when an accounting change is made.
h. Reissuance of a report, consideration of omitted procedures after a report has been issued, or subsequent discovery of facts that existed at the time a report was issued.
i. Filing requirements of regulatory agencies.
j. Meetings with regulators at which the firm is to be called on to support the application of generally accepted accounting principles or generally accepted auditing standards that have been questioned.

3. If a difference of opinion arises within the engagement team or between the engagement partner and the engagement quality control reviewer the issue is first discussed by the members of the engagement team and the partners. If the engagement partner and the engagement quality control reviewer agree that the issue is resolved at this level, additional consultation is not necessary. However, if any member of the engagement team disagrees with the resolution, Procedure 8 should be followed.

4. If the engagement partner or engagement quality control reviewer believes additional consultation is necessary, the issue is discussed with an individual in the firm who has appropriate knowledge seniority, and experience for the issue in question. When the engagement team is unaware of the name of an individual in the firm who possesses such qualities, the director of quality control is consulted for the name of such an individual. Those consulted with are given all the relevant facts that will enable them to provide informed advice. If, in the opinion of the engagement quality control reviewer, the issue is resolved at this level of consultation, additional consultation is not necessary. However, if any member of the engagement team or other individuals who consulted on the issue disagrees with the resolution, Procedure 8 should be followed.

5. If the engagement partner and/or engagement quality control reviewer believe that additional consultation beyond that available within the firm is necessary, the issue is discussed with an individual outside the firm who has relevant specialized expertise. Such outside individuals include but are not limited to, the AICPA technical information services and CPAs in other firms. Those consulted with are given all the relevant facts that will enable them to provide informed advice. In determining the professional qualifications and reputations of the outside individuals, the firm considers, among other things, the following matters:

   a. The professional certification, license, or other recognition of the competence of the individuals in their areas of expertise, as appropriate.
   b. The reputation and standing of the individuals in the views of his or her peers and others familiar with the individual's capability or performance.
   c. The relationship, if any, of the individuals to the client.

   If, in the opinion of the engagement quality control reviewer, the issue is resolved, additional consultation is not necessary. However, if any member of the engagement team or other individual in the firm who consulted on the engagement disagrees with the resolution, Procedure 8 should be followed.

6. Certain accounting, audit or attestation engagements may require the firm to consult with nonaccounting specialists such as actuaries, appraisers, attorneys, engineers, and geologists. The firm follows the guidance in AICPA Professional Standards at AU-C 620 when such consultations are necessary. If any member of the firm or engagement team disagrees with the

advice of a nonaccounting consultant, Procedure 8 should be followed.

7. The nature and scope of consultations involving contentious or difficult issues are agreed upon by both the individuals seeking consultation and the individuals consulted. Such consultations are sufficiently documented to facilitate understanding of the issue for which the consultation was needed, the results of the consultation, the decisions made and the basis for those decisions, and how those decisions were implemented. The conclusions resulting from the consultation are understood by both the individuals seeking consultation and the individuals consulted.

8. If a difference of opinion occurs within the engagement team, between the engagement partner and the engagement quality control reviewer, or with those consulted within or outside the firm, that difference is resolved using Procedures 3, 4, 5, and 6, if possible. If not, the matter is brought to the attention of the quality control director. The quality control director (with the assistance of other practitioners or regulatory entities if desired) resolves the dispute regarding the proper course of action to be taken by the firm on the issue in question. The conclusion reached to resolve the matter of disagreement and how that conclusion was implemented are documented. The firm will not release the report until any differences of opinion are resolved. In addition, any party to the consultation/difference of opinion who disagrees with the final conclusion may document his or her disagreement with the resolution of the matter.

9. For audit engagements, the engagement partner is responsible for ensuring that appropriate consultation is undertaken on difficult or contentious matters. Additionally, the engagement partner ensures, that (a) members of the engagement team follow the firm's consultation policies during the course of the engagement.

MONITORING

It is the firm's policy that the quality control system be monitored on an ongoing basis to provide the firm with reasonable assurance that the policies and procedures established by the firm for each of the elements of quality control are relevant, adequate, and operating effectively. Monitoring activities include engagement quality control review (EQCR), inspection, and post issuance review. EQCR, performed prior to completion of the engagements, assists in providing ongoing consideration and evaluation of the firm's QC system. The policy and procedures relating to EQCR are addressed in the ENGAGEMENT PERFORMANCE section of this QC document. The retrospective monitoring activities performed by the firm relate to inspection and post issuance review (collectively referred to as *inspection/review)* and are the primary activities addressed in these monitoring policy and procedures.

As an integral part of the monitoring process, inspection/review procedures are performed on all elements of the firm's quality control system at least annually to determine whether the firm has complied with professional standards applicable legal and regulatory requirements, and its stated quality control policies and procedures. The firm ensures compliance with this policy by implementing the following procedures:

1. At least annually, the managing partner selects a team to perform inspection/review procedures on the firm's quality control system. Individuals selected as monitoring team members possess adequate technical knowledge and experience and, when practical, are not directly involved in the administration, supervision, or performance of the QC procedures or engagements each will inspect/review. One monitoring team member will be designated as the team captain. The inspection/review includes a review of the governmental audit practice and each type of plan in the firm's ERISA employee benefit plan audit practice in accordance with the membership requirements of the respective audit quality centers.

2. The team captain is responsible for determining the scope of the inspection/review, developing the inspection/review procedures, and performing the inspection/review. The managing partner can require at his or her discretion that the inspection/review scope and procedures be approved by him or her before the inspection/review commences. The team captain follows the guidelines listed below when determining the scope and the inspection/review procedures:

a. The inspection/review is completed timely.
b. The monitoring team uses the appropriate monitoring checklists in *PPC's Guide to Quality Control or Peer Review Checklists as* a work program. The inspection covers all of the firm's stated quality control procedures and includes a representative sample of administrative files, personnel files, engagement workpapers, and other documentation. The inspection engagement reviews will include a cross-section of the firm's engagements. The criteria for engagement selection may include, but are not limited to, the following:

    (1) A cross-section of the firm's governmental audit practice considering the number and types of governmental audits (e.g., single audits and program-specific audits, as defined under Uniform Guidance, and other compliance audits and attestation engagements performed under various federal, state, or local agency audit guides)
    (2) A cross-section of the firm's ERISA employee benefit plan audit practice considering each of the types of plan audits (e.g., defined benefit, defined contribution, health and welfare, multiemployer, ESOPs, limited and full scope) and the numbers of each practice.
    (3) A cross-section of the firm's FDIC Improvement Act of 1991 (FDICIA) audit practice, which encompasses federally insured depository institutions with $500 million or more in total assets at the beginning of the fiscal year.
    (4) A cross-section of the firm's broker-dealer practice considering the number and types of broker-dealer audits (carrying and non-carrying).
    (5) A cross-section of the firm's service organization control engagements (SOC 1 and SOC 2 engagements)
    (6) A cross-section of the firm's issuer audits and other engagements performed under PCAOB standards.
    (7) Other specialized, complex, and high-risk engagements (for example, insurance companies, and financial institutions not subject to FDICIA requirements)
    (8) A cross-section of first-year engagements.
    (9) A cross-section of engagements based on the level of service performed (e.g., audit, review, compilation, and attestation).
    (10) A cross-section of engagements from various partners and management level personnel having accounting and auditing responsibilities.
    (11) Significant client engagements.
    (12) Engagements for which there have been complaints or allegations from firm personnel, clients, or other third parties that the work performed by the firm failed to comply with professional standards, applicable legal and regulatory requirements, or the firm's system of quality control.
    (13 Engagements involving complex issues requiring consultation.
    (14) Engagements in which there were significant disagreements among team members or between the engagement quality control reviewer and the engagement partner.
c. The inspection/review procedures should include inspection, observation, and inquiries to determine whether:

    (1) The firm's guidance materials and practice aids are appropriate and checklists, forms, programs, or other documentation required by the firm's QC system have been properly completed.
    (2) Administrative and personnel policies have been complied with and are appropriately documented.
    (3) Procedures performed on engagements are in accordance with the requirements of professional standards, applicable regulatory and legal requirements, and firm policies.
    (4) The engagement workpapers provide adequate evidence to support conclusions, opinions, and presentations resulting from that engagement.
    (5) The financial statements, reports, and other presentations resulting from the engagements conform to the measurement, presentation, and disclosure requirements of professional standards and applicable legal and regulatory requirements.

d. The inspection/review scope, procedures, and findings are documented in the work program.

3. At the conclusion of the inspection/review, the monitoring team is responsible for (a) identifying and summarizing the deficiencies noted for each engagement reviewed, and (b) discussing the results of the inspection/review with the engagement partners and other appropriate personnel responsible for each of the engagements selected for review and determining whether any corrective action needs to be taken or improvements made with respect to those specific engagements. Once identified, deficiencies are summarized and evaluated to determine whether:

    a. Existing quality control policies and procedures should be modified.
    b. Additional emphasis should be placed on specific industries or areas for future engagements.
    c. Any deficiencies noted in the monitoring team's communication effect other engagements (as determined by the engagement partners.)

4. The firm pursues one or more of the following actions resulting from its evaluation of the deficiencies noted during inspection/review:

    - Take appropriate remedial action directed toward the individual engagement or person.
    - Revise the firm's quality control policies and procedures.
    - Discipline individuals who fail to follow the firm's QC policies and procedures.
    - Communicate the findings to those responsible for training and professional development.

5. If the monitoring results reveal that an issued report is inappropriate or that procedures were omitted during the performance of the engagement, the firm determines what further actions are required to comply with relevant professional standards and applicable legal and regulatory requirements. Depending upon the specific situation, the firm may obtain legal advice.

6. At least annually, the firm prepares and distributes a formal monitoring report to engagement partners, the managing partner, and the committee of partners. This annual monitoring communication provides a description of (a) the monitoring procedures performed, (b) the conclusions reached from such procedures, and (c) any systemic, repetitive, or other significant deficiencies noted and the corrective actions taken to resolve them. Audit engagement partners consider whether any deficiencies noted in the monitoring team's communication may affect their audit engagements.

7. In addition to the firm's inspection/review and other monitoring procedures, the firm is subject every three years to a peer review in accordance with the requirements of the AICPA and Pennsylvania State Board of Accountancy. The quality control director is responsible for scheduling and coordinating that review. The firm elects to have its peer review count as its inspection for each year in which a peer review is performed.

    a. In accordance with the membership requirements of the AICPA Governmental Audit Quality Center and the AICPA Employee Benefit Plan Audit Quality Center, the engagement letter covering our peer review will require that the governmental audits and ERISA employee benefit plan audits selected for review during the firm's peer review are reviewed by someone who is employed by a member firm of the respective Center. Also, information relative to the firm's most recently accepted peer review is available to the public in accordance with the membership requirements of the respective Centers.

    b. The internal inspection/review results (including those specific to the firm's governmental audit engagements and ERISA employee benefit plan audit engagements selected for inspection/review) and annual monitoring communication are made available to the firm's peer review team.

8. Based on the results of the ongoing monitoring of the QC system, the firm's annual

inspection/review, the monitoring communication, and, if appropriate, the results of the firm's peer review report, finding for further consideration forms, letter of response, and exit conference with the (peer) reviewer, a committee of partners determines any corrective actions that should be pursued to improve, amend, or revise the QC system.

9. The partners meet annually during the partners' retreat or more frequently as needed on an interim basis and discuss the monitoring process, the results of the inspection/review, and the corrective actions determined to be needed by the committee of partners and consider the implications for the firm.

10. The quality control director is responsible for monitoring and documenting the implementation of, and compliance with, any corrective actions.

11. The managing partner periodically reminds personnel during staff meetings that any concerns regarding complaints or allegations may be communicated to the firm without fear of reprisals. The firm is particularly interested in complaints and allegations about the firm's noncompliance with professional standards, applicable legal and regulatory requirements, or the firm's system of quality control. The firm appropriately addresses complaints and allegations by -

    - Establishing channels of communication for complaints and allegations and communicating that information to employees and clients. Employees are required to report all complaints and allegations to the managing partner unless the complaint or allegation is in reference to the managing partner, in that case employees are to report to another partner.
    - Using the engagement letter to notify clients of the process to report complaints and allegations.
    - Investigating complaints and allegations and involving legal counsel if considered necessary. The firm assigns partners to this process who are trained and knowledgeable about firm procedures and who are not otherwise involved in the engagement relating to the complaint or allegation.
    - Documenting all complaints and allegations.

12. The firm documents the performance of each element of its QC system on an ongoing basis, as well as in conjunction with documenting its monitoring of the system.

13. The firm retains documentation evidencing the operation of its QC policies and procedures for a time sufficient to allow those monitoring the QC system, including peer reviewers, to evaluate the firm's compliance with its system. The firm generally retains such documentation until the next peer review report has been completed. Documentation includes –

    - Evidence of the monitoring procedures performed, including how engagements were selected for review.
    - Evaluation of the firm's adherence to professional standards and regulatory and legal requirements.
    - Evaluation of whether the QC system is appropriately designed and effectively implemented.
    - Evaluation of whether QC policies and procedures are operating effectively so that reports issued are appropriate in the circumstances.
    - Identification of deficiencies noted an evaluation of their effect on the QC system, and the basis for determining what further actions were necessary, if any.

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APPENDIX C: RESUMES AND CPE DOCUMENTATION

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Lisa A. Ritter, CPA, CFE, CITP
Partner

Summary

Ms. Ritter began her public accounting career in 1987. Her clients include governmental and non-profit organizations throughout the Commonwealth of Pennsylvania and State of Maryland. The nature of her client base is diverse and includes entities who receive federal and state funding, as well as those who are reliant on dues or contributions for funding streams. Services performed for these clients include audit, review, compilation, agreed-upon procedures, fraud investigation, consulting, and tax return preparation. She also specializes in litigation support. Ms. Ritter has a B.S. in Business Administration (with Distinction) from Penn State University. **Ms. Ritter has served as Engagement Partner on our PA DHS DSH Audit since 2015.**

Engagement Role: Engagement Partner; Licensed Pennsylvania CPA and CFE; Licensed Maryland CPA; AICPA Certified Information Technology Professional and SOC Cybersecurity Certificate

Representative Clients

- Pennsylvania Department of Human Services (DSH Audit and Various Consulting Services)
- Pennsylvania State Police
- HealthChoices Examinations For Various Counties (Blair, Clinton, Franklin, Fulton, and Lycoming)
- Pennsylvania Horsemen's Associations
- Barber National Institute and Affiliated Entities
- Inperium, Inc. and Affiliated Entities
- Central PA Behavioral Health Collaborative, Inc.
- Person Directed Supports

Professional Activities and Affiliations

- American Institute of Certified Public Accountants (AICPA) - Member
- Pennsylvania Institute of Certified Public Accountants (PICPA) – Member
- Association of Certified Fraud Examiners – Member
- AICPA Advanced Single Audit Certification
- AICPA Auditing Standards Board - Past Member
- Financial Accounting Standards Board (FASB) Not-for-Profit Resource Group - Member
- PICPA Accounting and Auditing Procedures Committee – Past Chair and Current Member
- PICPA Not-for-Profit Committee – Member
- PICPA Not-for-Profit Tech Issues Sub Committee - Member
- Association of Governmental Accountants (AGA) Central PA Chapter – Member
- Central Penn Business School – Advisory Board to the School of Business
- WITF Public Broadcasting – Executive Committee Member and Finance and Audit Committee Member
- Pennsylvania Association of Nonprofit Organizations (PANO) – Former Public Policy Committee and Board Member Emeritus

Speaking Engagements

- November, 2019 Pennsylvania Legal Aid Network *New Non-Profit Accounting Standards*
- October, 2019 PAR Solutions Conference *New Non-Profit Accounting Standards and Cybersecurity Update*
- July, 2019 Maher Duessel Non-Profit Seminar: *Mission Impossible…Revenue Recognition*
- August, 2018 PAR Fiscal Officers Round Table *Financial Accounting and Cyber Update*
- May 2018 Pennsylvania Legal Aid Network *Effect of the Tax Cuts and Jobs Act of 2017 on Non-Profits*

Training Highlights

- 2019 and 2018 Maher Duessel *Government Updates*
- 2019 and 2018 Maher Duessel *Internal Training*
- 2019 Maher Duessel *IT, Single Audit, and Risk Assessment Update*
- 2019 Maher Duessel *Single Audit Update*
- 2018 AICPA *Fraud: Recent Findings*
- 2018 AICPA *Leveraging Technology*
- 2018 AICPA *SOC For Cybersecurity*

Lisa Ritter

Name: Lisa Ritter **CPA?** Yes **Hire Date:** 7/1/2009

Type	Organization Conducting Program	Sponsor #	Title of Program	Date(s)	A&A (GAS)	TAX (GAS)	TAX (NonGAS)	OTHER (GAS)	OTHER (NonGAS)	ETHICS (GAS)	GRAND TOTAL	TOTAL GAS	YELLOW BOOK	PENSION	IT
			GRAND TOTAL FOR REPORTING PERIOD		**110.0**		**4.5**		**17.8**	**4.0**	**138.3**	**119.0**	**104.0**	**11.0**	**8.0**
			MINIMUM REQUIRED FOR REPORTING PERIOD		24.0		0.0		0.0	4.0	80.0	80.0	24.0	0.0	0.0
2018															
	Maher Duessel	PX001455L	Sampling and A&A Training	1/12/2018	3.5						**3.5**	3.5	3.5		
	AICPA	PX177106	Mandatory EBPAQC Designated Part	1/26/2018	2.0						**2.0**	2.0	2.0	2.0	
	Maher Duessel	PX001455L	Community College Audits	4/13/2018	1.0						**1.0**	1.0	1.0		
IND	ACFE	103118	Protecting Against Emergining Cyb	2/2/2018					2.0		**2.0**	0.0			2.0
	AICPA	PX177106	Fraud: Recent Findings	2/21/2018	4.0						**4.0**	4.0	4.0		
IND	AICPA	PX177106	Leveraging Technology	3/8/2018					1.0		**1.0**	0.0			1.0
	Maher Duessel	PX001455L	Firm Management Meeting	5/23/2018	2.5						**2.5**	2.5	2.5		
	Maher Duessel	PX001455L	Pension Training	5/24/2018	3.0						**3.0**	3.0	3.0	3.0	
	AICPA	PX177106	SOC for Cybersecurity -1	6/14/2018	7.5						**7.5**	7.5	7.5		
	AICPA	PX177106	SOC for Cybersecurity -2	6/15/2018	8.5						**8.5**	8.5	8.5		
	AICPA	PX177106	2018 NPO Conference	6/18-20/2018	11.0		2.5		5.0		**18.5**	11.0	11.0		3.5
	Maher Duessel	PX001455L	MD Admin Day	7/12/2018	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Non Profit Seminar	7/18/2018	3.0	2.0			1.0		**6.0**	5.0	2.0		
	Maher Duessel	PX001455L	Non Profit Seminar	7/19/2018	7.0			1.0			**8.0**	8.0	7.0		
PREP	Maher Duessel	PX001455L	Non Profit Seminar	7/19/2018	1.0						**1.0**	1.0			
	Maher Duessel	PX001455L	Firm Management Meeting	8/22/2018	2.5						**2.5**	2.5	2.5		
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
			TOTAL FOR 2018		**57.5**		**4.5**		**10.0**	**0.0**	**72.0**	**60.5**	**55.5**	**5.0**	**6.5**
			MINIMUM REQUIRED IN 2018		0.0		0.0		0.0	0.0	20.0	20.0	0.0	0.0	0.0
2019															
	AICPA	PX177106	Mandatory EBPAQC Designated Part	1/25/2019	2.0						**2.0**	2.0	2.0	2.0	
	Maher Duessel	PX001455L	Complex IT	2/28/2019	1.0						**1.0**	1.0	1.0		
PREP	Maher Duessel	PX001455L	Complex IT	2/28/2019	2.0						**2.0**	2.0			
	Maher Duessel	PX001455L	Annual College Training	4/11/2019	1.8						**1.8**	1.8	1.8		
	Maher Duessel	PX001455L	EBP Update	5/20/2019	4.0						**4.0**	4.0	4.0	4.0	
PREP	Maher Duessel	PX001455L	IT SA RA Update	5/22/2019	2.0						**2.0**	2.0			
	Maher Duessel	PX001455L	IT SA RA Update	5/22/2019	1.0						**1.0**	1.0	1.0		
	AICPA	PX177106	2019 Not For Profit Conf	6/10-12/2019	13.0				4.0		**17.0**	13.0	13.0		1.5
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/18/2019	3.2	2.0			2.4		**7.6**	5.2	5.2		
PREP	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/18/2019	1.0						**1.0**	1.0			
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/19/2019	1.0				1.4	4.0	**6.4**	5.0	1.0		
	Maher Duessel	PX001455L	Firm Management Meeting	11/26/2019	1.0						**1.0**	1.0	1.0		
PREP	Maher Duessel	PX001455L	Firm Management Meeting	11/26/2019	1.0						**1.0**	1.0			
	Maher Duessel	PX001455L	Single Audit Session	12/5/2019	7.0						**7.0**	7.0	7.0		
	Maher Duessel	PX001455L	2019 Governmental Update	12/16/2019	8.0						**8.0**	8.0	8.0		
	Maher Duessel	PX001455L	2019 Dec Internal Training	12/17/2019	3.5						**3.5**	3.5	3.5		
											0.0	0.0			
											0.0	0.0			
			TOTAL FOR 2019		**52.5**		**0.0**		**7.8**	**4.0**	**66.3**	**58.5**	**48.5**	**6.0**	**1.5**
			MINIMUM REQUIRED IN 2019		0.0		0.0		0.0	4.0	20.0	20.0	0.0	0.0	0.0

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Jeffrey W. Kent, CPA
Partner

Summary

Mr. Kent began his public accounting career in 2002 with Maher Duessel. Mr. Kent became a Partner of the Firm in 2016 and manages several governmental and non-profit audit engagements including state entities, human service agencies, authorities, municipalities, county entities, educational entities. Mr. Kent also serves as Partner in Charge of the firm's employee benefit plan audit team. In this role, Mr. Kent is responsible for training all employee benefit audit staff, implementing new standards, providing technical expertise to the staff, and completing partner and second partner reviews of engagements. Mr. Kent has a B.S. in Accounting (Magna Cum Laude) from Grove City College. **Mr. Kent serves as Engagement Partner on all of the firm's West Virginia state engagements.**

Advanced Single Audit
AICPA & CIMA

Engagement Role: Engagement Quality Control Review Partner; Licensed Pennsylvania and West Virginia CPA

Representative Clients

- West Virginia Department of Administration (Consulting Services)
- West Virginia Division of Highways (Consulting Services)
- West Virginia School Building Authority
- Allegheny County Kane Regional Nursing (Consulting Services)
- ACHIEVA, Inc.
- AAdvantage, Inc.
- Partners for Quality, Inc.
- Pathways of Southwestern Pennsylvania

Professional Activities and Affiliations

- GFOA Special Review Committee for Comprehensive Annual Financial Reports – Member
- American Institute of Certified Public Accountants (AICPA) – Member
- Pennsylvania Institute of Certified Public Accountants (PICPA) – Member
- PICPA Member Services Committee – Co-Chair
- PICPA Pittsburgh Chapter – President-Elect
- Government Finance Officers Association (GFOA) – Member
- GFOA Pennsylvania Board of Directors - Member
- GFOA Pennsylvania Western Region State Board – Treasurer
- Maher Duessel Accounting and Auditing Committee – Partner Liaison
- 2010-2011 40 Under 40: PICPA Members to Watch Class - Member
- Auberle – Member of Board of Directors and Finance Committee
- Leadership Development Initiative – LDI XV Graduate

Training Highlights

- 2019 and 2018 Maher Duessel *Governmental Update*
- 2019 AICPA *GASB Leases*
- 2019 GFOA-PA *Annual Conference*
- 2019 GFOA *GASB Update*
- 2019 and 2018 AICPA *Mandatory Employee Benefit Plan Audit Quality Center Designated Partner Training*
- 2019 Maher Duessel *Internal Training*
- 2018 GFOA-PA *Why Are PAFR's So Popular?*
- 2018 Maher Duessel *Risk Assessment and Other Important Audit Considerations*

Jeff Kent

Name: Jeff Kent **CPA?** Yes **Hire Date:** 6/3/2002 **Note: WV 120 hrs every 3 years including 4 hours of ethics**

Type	Organization Conducting Program	Sponsor #	Title of Program	Date(s)	A&A (GAS)	TAX (GAS)	TAX (NonGAS)	OTHER (GAS)	OTHER (NonGAS)	ETHICS (GAS)	GRAND TOTAL	TOTAL GAS	YELLOW BOOK	PENSION	IT
			GRAND TOTAL FOR REPORTING PERIOD		**79.7**		**3.5**		**2.6**	**4.0**	**89.8**	**85.7**	**74.3**	**12.0**	**0.0**
			MINIMUM REQUIRED FOR REPORTING PERIOD		**24.0**		**0.0**		**0.0**	**4.0**	**80.0**	**80.0**	**24.0**	**0.0**	**0.0**
2018															
	AICPA	PX177106	Mandatroy EBPAQC Designated Part	1/26/2018	2.0						**2.0**	2.0	2.0	2.0	
	GFOA PA	PX177133	Whay are PAFR's so Popular	3/28/2018	1.5						**1.5**	1.5	1.5		
	Maher Duessel	PX001455L	Pension Training	5/24/2018	3.0						**3.0**	3.0	3.0	3.0	
PREP	Maher Duessel	PX001455L	Pension Training	5/24/2018	2.0						**2.0**	2.0			
	Maher Duessel	PX001455L	Non Profit Seminar	7/18/2018	3.5						**3.5**	3.5	1.0		
	Maher Duessel	PX001455L	Non Profit Seminar	7/19/2018	3.5						**3.5**	3.5	3.5		
	Maher Duessel	PX001455L	Firm Management Meeting	8/22/2018	2.5						**2.5**	2.5	2.5		
	GFOA PA	PX177133	Positively Productive	12/4/2018					1.0		**1.0**	0.0			
	Maher Duessel	PX001455L	Senior Presentation	12/10/2019	3.0						**3.0**	3.0	3.0		
	Maher Duessel	PX001455L	Annual Government Update	12/17/2018	6.5		1.5				**8.0**	6.5	6.5		
	Maher Duessel	PX001455L	RA and Other Imp Audit Cons.	12/18/2018	8.0						**8.0**	8.0	8.0		
PREP	Maher Duessel	PX001455L	RA and Other Imp Audit Cons.	12/18/2018	1.0						**1.0**	1.0			
											0.0	0.0			
											0.0	0.0			
			TOTAL FOR 2018		**36.5**		**1.5**		**1.0**	**0.0**	**39.0**	**36.5**	**31.0**	**5.0**	**0.0**
			MINIMUM REQUIRED IN 2018		**0.0**		**0.0**		**0.0**	**0.0**	**20.0**	**20.0**	**0.0**	**0.0**	**0.0**
2019															
	AICPA	PX177106	Man EBPAQC Designated Partners	1/25/2019	2.0						**2.0**	2.0	2.0	2.0	
	AICPA	PX177106	GASB Leases	3/12/2019	2.0						**2.0**	2.0	2.0		
	GFOA PA	PX177133	2019 Annual Conference	4/28-5/1/2019	2.0				1.6		**3.6**	2.0	2.0		
	AICPA	PX177106	401k Basic Part 2 Part Data	5/16/2019	2.0						**2.0**	2.0	2.0	2.0	
	Maher Duessel	PX001455L	EBP Update	5/20/2019	3.0						**3.0**	3.0	3.0	3.0	
	Maher Duessel	PX001455L	IT SA RA Update	5/22/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/18/2019	3.2	2.0					**5.2**	5.2	3.3		
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/19/2019	3.0					4.0	**7.0**	7.0	3.0		
	Maher Duessel	PX001455L	Nonprofit Seminar Day	11/19/2019	8.0						**8.0**	8.0	8.0		
	Maher Duessel	PX001455L	Firm Management Meeting	11/26/2019	1.0						**1.0**	1.0	1.0		
	GFOA	103133	GASB Update	12/5/2019	4.0						**4.0**	4.0	4.0		
	Maher Duessel	PX001455L	2019 Governmental Update	12/16/2019	6.0						**6.0**	6.0	6.0		
	Maher Duessel	PX001455L	2019 Dec Internal Training	12/17/2019	6.0						**6.0**	6.0	6.0		
			TOTAL FOR 2019		**43.2**		**2.0**		**1.6**	**4.0**	**50.8**	**49.2**	**43.3**	**7.0**	**0.0**
			MINIMUM REQUIRED IN 2019		**0.0**		**0.0**		**0.0**	**4.0**	**41.0**	**43.5**	**0.0**	**0.0**	**0.0**

MaherDuessel

Levi D. Zielinski, CPA
Manager

Summary

Mr. Zielinski began his public accounting career in 2011 with Maher Duessel. His clients include a broad range of governmental and non-profit entities including state agencies, health care/human service agencies, local authorities, municipalities, and county entities. **Mr. Zielinski has directed the PA DHS DSH Audit since 2017.**

Engagement Role: Audit Team Primary Lead

Licensed Pennsylvania CPA

Representative Clients

- Pennsylvania Department of Human Services (DSH Audit)
- HealthChoices Examinations in Various Counties (Counties of Armstrong, Butler, Cambria, Crawford, Fayette, Greene, Indiana, Lawrence, Mercer, Venango, Washington, and Westmoreland)
- School Building Authority of West Virginia
- Region VI Workforce Development Board, White Hall, West Virginia
- AAdvantage, Inc.
- Pennsylvania Horsemen Association
- Allegheny County Sanitary Authority
- Redevelopment Authority of Washington County

Professional Activities and Affiliations

- American Institute of Certified Public Accountants (AICPA) – Member
- Pennsylvania Institute of Certified Public Accountants (PICPA) – Member
- Maher Duessel IT Audit Committee – Member
- Leadership Washington County - Graduate

Education

- B.S. Accounting
- Grove City College

Speaking Engagements

- 2019 Maher Duessel Government Update: *2019 OMB Compliance Supplement*
- 2018 Maher Duessel Government Update *Twas The Night Before OPEBS*
- 2018 Maher Duessel Nonprofit Update: *IT Checklist*
- 2017 Maher Duessel Government Update *Did I Do This Right? Common Errors in Governmental Financial Reporting*
- 2017 Maher Duessel *IT Audit Training*

Training Highlights

- 2019 and 2018 Maher Duessel *Annual Government Update*
- 2019 Maher Duessel *Intro to Governments*
- 2019 Maher Duessel *December Internal Training*
- 2019 AICPA *GAAC Update 2019*
- 2019 Maher Duessel *Complex IT*
- 2019 Maher Duessel *Single Audit Update*
- 2018 Maher Duessel *Risk Assessment and Other Important Audit Considerations*

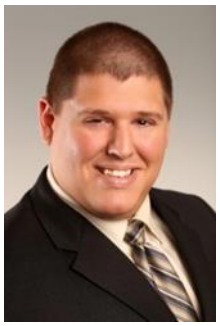
Levi Zielinski

Name: Levi Zielinski **CPA?** Yes **Hire Date:** 7/18/2011

Type	Organization Conducting Program	Sponsor #	Title of Program	Date(s)	A&A (GAS)	TAX (GAS)	TAX (NonGAS)	OTHER (GAS)	OTHER (NonGAS)	ETHICS (GAS)	GRAND TOTAL	TOTAL GAS	YELLOW BOOK	PENSION	IT
			GRAND TOTAL FOR REPORTING PERIOD		**77.9**		**5.5**		**41.1**	**4.0**	**128.5**	**86.9**	**75.4**	**0.0**	**0.0**
			MINIMUM REQUIRED FOR REPORTING PERIOD		24.0		0.0		0.0	4.0	80.0	80.0	24.0	0.0	0.0
2018															
	Maher Duessel	PX001455L	Sampling and A&A Training	1/12/2018	3.5						**3.5**	3.5	3.5		
	Maher Duessel	PX001455L	Firm Management Meeting	5/23/2018	2.5						**2.5**	2.5	2.5		
	Maher Duessel	PX001455L	MD Admin Day	7/12/2018	1.0						**1.0**	1.0	1.0		
PREP	Maher Duessel	PX001455L	In Charge Training	7/12/2018	1.0						**1.0**	1.0			
	Maher Duessel	PX001455L	Non Profit Seminar	7/18/2018	2.0	2.0			1.0		**5.0**	4.0	3.0		
	Maher Duessel	PX001455L	Non Profit Seminar	7/19/2018	7.0			1.0			**8.0**	8.0	7.0		
PREP	Maher Duessel	PX001455L	Non Profit Seminar	7/19/2018	1.0						**1.0**	1.0			
	Maher Duessel	PX001455L	Firm Management Meeting	8/22/2018	2.5						**2.5**	2.5	2.5		
	Maher Duessel	PX001455L	Annual Government Update	12/17/2018	6.5		1.5				**8.0**	6.5	6.5		
PREP	Maher Duessel	PX001455L	Annual Government Update	12/17/2018	1.5						**1.5**	1.5			
											0.0	0.0			
											0.0	0.0			
			TOTAL FOR 2018		**28.5**		**3.5**		**2.0**	**0.0**	**34.0**	**31.5**	**26.0**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2018		0.0		0.0		0.0	0.0	20.0	20.0	0.0	0.0	0.0
2019															
	Maher Duessel	PX001455L	Not for Profit Training	1/31/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	Intro to Governments	2/14/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Complex IT	2/28/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Risk Assessment	4/4/2019	1.5						**1.5**	1.5	1.5		
	Maher Duessel	PX001455L	IT SA RA Update	5/22/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	NPO Basics	5/30/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	Report Writing	6/5/2019	1.2						**1.2**	1.2	1.2		
	CaseWare	104185	CaseWare Working Papers the Fund	4/24-25/19					16.0		**16.0**	0.0			
	Maher Duessel	PX001455L	SA Overview	6/26/2019	1.6						**1.6**	1.6	1.6		
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/18/2019	3.2	2.0			2.4		**7.6**	5.2	5.2		
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/19/2019	3.0				1.4	4.0	**8.4**	7.0	3.0		
	AICPA	PX177106	GAAC Update 2019	8/12-13/2019	12.5				4.5		**17.0**	12.5	12.5		
	Maher Duessel	PX001455L	Caseware Tips and Tricks	8/22/2019					1.8		**1.8**	0.0			
	Maher Duessel	PX001455L	June A&A Update Series	9/26/2019	1.0						**1.0**	1.0	1.0		
	PICPA	PX000490L	Pgh Chapter Emerging Leaders	11/15/2019					13.0		**13.0**	0.0			
	Maher Duessel	PX001455L	Resources for Auditors	11/20/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Firm Management Meeting	11/26/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	2019 Governmental Update	12/16/2019	8.0						**8.0**	8.0	8.0		
PREP	Maher Duessel	PX001455L	2019 Governmental Update	12/16/2019	2.0						**2.0**	2.0			
	Maher Duessel	PX001455L	2019 Dec Internal Training	12/17/2019	8.0						**8.0**	8.0	8.0		
											0.0	0.0			
			TOTAL FOR 2019		**49.4**		**2.0**		**39.1**	**4.0**	**94.5**	**55.4**	**49.4**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2019		0.0		0.0		0.0	4.0	46.0	48.5	0.0	0.0	0.0

MaherDuessel

Shawn M. Strauss, CPA, CITP, CISA
Manager



Summary

Mr. Strauss began his accounting career in 2009 and joined Maher Duessel in 2013. He left the firm in 2016 for a Senior Financial Auditor position at Penn Medicine Lancaster General Health and rejoined Maher Duessel in 2019. Mr. Strauss has experience serving a broad base of clients in the governmental and non-profit sectors including state entities, health care/human service agencies, associations, county entities, cities, local authorities, and municipalities. Mr. Strauss is a Certified Information System Auditor and also has the AICPA's Certified Information Technology Professional credential. **In Mr. Strauss's position at Lancaster General Health, he performed performance audits of various departments in the hospital system to ensure appropriate charge capture of all aspects of the departments including private pay, Medicare, and Medicaid, and self-insured patients. Mr. Strauss made operational and billing suggestions to ensure appropriate charges were being made on the patients bill and that all charges that were available for the hospital to bill were being included.**

Engagement Role: Secondary Audit Team Lead

Licensed Pennsylvania CPA

Representative Clients

- Shared Support, Inc.
- United Church of Christ Homes (Past Service)
- Willow Valley Retirement Communities (Past Service)
- Pennsylvania Industrial Development Authority
- Lehigh Carbon Community College
- Luzerne County Community College
- South Central Workforce Investment Board
- Montgomery County Community College

Professional Activities and Affiliations

- American Institute of Certified Public Accountants (AICPA) - Member
- Pennsylvania Institute of Certified Public Accountants (PICPA) – Member
- Lancaster County United Way Income Tax Program - Volunteer

Education

- B.S. Accounting
- Elizabethtown College

Training Highlights

- 2019 Maher Duessel *Government Update*
- 2019 Maher Duessel *December Internal Training*
- 2019 Maher Duessel *Single Audit Session*
- 2019 Crowe *Top Healthcare Risks*
- 2019 ISACA *The Future of Data Protection*
- 2019 ACUA *IT Risk Assessment*

Shawn Strauss

Name: Shawn Strauss **CPA?** Yes **Hire Date:** 7/8/2019

Type	Organization Conducting Program	Sponsor #	Title of Program	Date(s)	A&A (GAS)	TAX (GAS)	TAX (NonGAS)	OTHER (GAS)	OTHER (NonGAS)	ETHICS (GAS)	GRAND TOTAL	TOTAL GAS	YELLOW BOOK	PENSION	IT
			GRAND TOTAL FOR REPORTING PERIOD		**38.2**		**5.5**		**100.9**	**6.0**	**150.6**	**48.2**	**49.2**	**0.0**	**0.0**
			MINIMUM REQUIRED FOR REPORTING PERIOD		24.0		0.0		0.0	4.0	80.0	20.0	6.0	0.0	0.0
			NOTE: PRORATED FOR HIRE DATE												
2018															
	Crowe Horwath	107674	Its 2018 Do You Know Who	1/31/2018					1.0		1.0	0.0			
	McKonly Asbury	PX002080L	Data Analytics	1/25/2018					1.0		1.0	0.0			
	Crowe Horwath	107674	Mission Impossible How Failure	3/15/2018					1.0		1.0	0.0			
	Baker Tilly Virchow Krause	115791	Auditing Fixed Price Contracts	5/16/2018					1.0		1.0	0.0			
	KPMG	103077	Healthcare and Life Sciences	6/5/2018					1.0		1.0	0.0			
	IRS		Ethics, federal law, HAS	4/17/2018					17.0	1.0	18.0	1.0	1.0		
	Crowe Horwath	107674	Healthcare Organization	8/22/2018					1.0		1.0	0.0			
	ISACA	PX000837L	CISA Online Review	9/17/2018					28.0		28.0	0.0			
	ISACA	PX000837L	Cloud Security	9/18/2018					4.0		4.0	0.0			
	Maher Duessel	PX001455L	Not Profit Seminar	7/18/2018	5.0	2.0			1.0		8.0	7.0	7.0		
	Maher Duessel	PX001455L	Not Profit Seminar	7/19/2018	5.0				1.0		6.0	5.0	6.0		
	Baker Tilly Virchow Krause	115791	Advanced Cyber Intelligence	8/21/2018					1.0		1.0	0.0			
	Baker Tilly Virchow Krause	115791	Why Do Construction Projects	10/24/2018					1.0		1.0	0.0			
	KPMG	103077	KPMG Harrisburg Alumni	11/13/2018	1.0		1.5		1.0		3.5	1.0	1.0		
	ISACA	PX000837L	CISA Exam Passer	12/10/2018					8.0		8.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
			TOTAL FOR 2018		**11.0**		**3.5**		**68.0**	**1.0**	**83.5**	**14.0**	**15.0**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2018		0.0		0.0		0.0	0.0	20.0	20.0	0.0	0.0	0.0
2019															
	ISACA	PX000837L	Cybersecurity Trends 2019	1/11/2019					1.0		1.0	0.0			
	ISACA	PX000837L	The New Cat and Mouse Game	1/24/2019					1.0		1.0	0.0			
	Crowe	107674	Top Healthcare Risks	1/31/2019					1.5		1.5	0.0			
	ISACA	PX000837L	2019 Protiviti Survey	2/13/2019					1.0		1.0	0.0			
	Crowe	107674	2019 Crowe Healthcare Virtual	2/28/2019					1.0		1.0	0.0			
	Crowe	107674	2019 Crowe Healthcare Virtual	2/28/2019					1.0		1.0	0.0			
	ISACA	PX000837L	The Future of Data Protection	3/21/2019					4.0		4.0	0.0			
	McKonly Asbury	PX002080L	What is SOC for Cyber security	3/28/2019	1.0						1.0	1.0	1.0		
	IRS		Ethics, federal law,	4/17/2019					13.0	1.0	14.0	1.0	1.0		
	ACUA	103130	IT Risk Assessment	5/16/2019	1.0						1.0	1.0	1.0		
	ISACA	PX000837L	Vendor Mgmt and Dark Web	5/15/2019					3.0		3.0	0.0			
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/18/2019	3.2	2.0			2.4		7.6	5.2	5.2		
	EACUBO	107734	2019 Annual Meeting	10/13-16/2019	1.0				4.0		5.0	1.0	1.0		
	Maher Duessel	PX001455L	Ethics Rebroadcast	11/7/2019						4.0	4.0	4.0	4.0		
	Maher Duessel	PX001455L	Firm Management Meeting	11/26/2019	1.0						1.0	1.0	1.0		
	Maher Duessel	PX001455L	Single Audit Session	12/5/2019	7.0						7.0	7.0	7.0		
	Maher Duessel	PX001455L	2019 Governmental Update	12/16/2019	7.0						7.0	7.0	7.0		
	Maher Duessel	PX001455L	2019 Dec Internal Training	12/17/2019	6.0						6.0	6.0	6.0		
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
			TOTAL FOR 2019		**27.2**		**2.0**		**32.9**	**5.0**	**67.1**	**34.2**	**34.2**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2019		13.0		0.0		0.0	3.0	20.0	20.0	0.0	0.0	0.0

MaherDuessel

Nikki L. Walton, CPA
Manager

Summary

Ms. Walton joined Maher Duessel in May, 2016. Ms. Walton has over 10 years of experience in public accounting experience and her background includes audits of non-profit and governmental organizations. **Ms. Walton has many years of experience performing audits, reviews, and compilations for Pennsylvania health care facilities, including long-term care, hospitals, and home health and hospice agencies. She has also worked with the billing and finance departments of many organizations to review payor mix and increase third party reimbursement through review of Medicare bad debts and operational reviews, in conjunction with the preparation and review of Medicaid (MA-11) and Medicare (2540-10) cost reports for skilled nursing facilities. She has participated in the completion of 5-8 cost reports of varying size and complexity per year. Ms. Walton additionally worked to prepare and complete Medicare cost reports for home health and hospice agencies. She also has extensive experience in the auditing and financial reporting related to items specific to continuing care retirement facilities (CCRC's), including refundable advance fees and related amortization, patient service revenue, allowances and adjustments, and Pennsylvania Department of Insurance requirements.**

Engagement Role: Manager, Cost Report Reviews; Licensed Pennsylvania CPA

Representative Clients

- McGuire Memorial Homes
- Lakeshore Community Services
- Bradford Child Care
- Familylinks
- Barber National Institute
- Prior Service Healthcare Clients: Concordia Lutheran Ministries, St. Barnabas Health System, Lutheran Social Services of Southwest Pennsylvania, and Albright Care Services
- Pittsburgh Parking Authority
- Pleasant Hills Borough

Professional Activities and Affiliations

- American Institute of Certified Public Accountants (AICPA) - Member
- Pennsylvania Institute of Certified Public Accountants (PICPA) – Member

Education

- B.A. of Business Administration
- Duel Major: Accounting and Finance
- The University of Toledo

Speaking Engagements

- July, 2018 Maher Duessel Non-Profit Seminar *New Reporting Model*
- July, 2017 Maher Duessel Non-Profit Seminar *FASB ASU 2016-14 "Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities"*

Training Highlights

- 2019 and 2018 Maher Duessel *Government Update*
- 2019 and 2018 Maher Duessel *Non-Profit Update*
- 2019 Maher Duessel *December Internal Training*
- 2017 PICPA *Health Care Conference*
- 2018 Maher Duessel Risk Assessment and Other Important Audit Considerations
- 2018 Maher Duessel Sampling, Accounting, and Auditing Training

Nikki Walton

Name: Nikki Walton **CPA?** Yes **Hire Date:** 5/16/2016

Type	Organization Conducting Program	Sponsor #	Title of Program	Date(s)	A&A (GAS)	TAX (GAS)	TAX (NonGAS)	OTHER (GAS)	OTHER (NonGAS)	ETHICS (GAS)	GRAND TOTAL	TOTAL GAS	YELLOW BOOK	PENSION	IT
			GRAND TOTAL FOR REPORTING PERIOD		**74.5**		**5.5**		**35.8**	**4.0**	**119.8**	**83.5**	**69.6**	**0.0**	**0.0**
			MINIMUM REQUIRED FOR REPORTING PERIOD		**24.0**		**0.0**		**0.0**	**4.0**	**80.0**	**80.0**	**24.0**	**0.0**	**0.0**
2018															
	Maher Duessel	PX001455L	Sampling and A&A Training	1/12/2018	3.5						**3.5**	3.5	3.5		
	Maher Duessel	PX001455L	Firm Management Meeting	5/23/2018	2.5						**2.5**	2.5	2.5		
	Maher Duessel	PX001455L	MD Admin Day	7/12/2018	1.0						**1.0**	1.0	1.0		
PREP	Maher Duessel	PX001455L	In Charge Training	7/12/2018	1.0						**1.0**	1.0			
	Maher Duessel	PX001455L	Non Profit Seminar	7/18/2018	5.0	2.0			1.0		**8.0**	7.0	3.0		
	Maher Duessel	PX001455L	Non Profit Seminar	7/19/2018	3.5			1.0			**4.5**	4.5	3.5		
PREP	Maher Duessel	PX001455L	Non Profit Seminar	7/19/2018	1.5						**1.5**	1.5			
	Maher Duessel	PX001455L	Firm Management Meeting	8/22/2018	2.5						**2.5**	2.5	2.5		
	PICPA	PX000490L	Pgh Chapter Emerging Leaders Conf	11/9/2018					14.0		**14.0**	0.0			
	Maher Duessel	PX001455L	Annual Government Update	12/17/2018	6.5		1.5				**8.0**	6.5	6.5		
	Maher Duessel	PX001455L	RA and Other Imp Audit Cons.	12/18/2018	8.0						**8.0**	8.0	8.0		
											0.0	0.0			
											0.0	0.0			
			TOTAL FOR 2018		**35.0**		**3.5**		**16.0**	**0.0**	**54.5**	**38.0**	**30.5**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2018		**0.0**		**0.0**		**0.0**	**0.0**	**20.0**	**20.0**	**0.0**	**0.0**	**0.0**
2019															
	Maher Duessel	PX001455L	Not for Profit Training	1/31/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	Risk Assessment	4/4/2019	1.5						**1.5**	1.5	1.5		
	CaseWare	104185	CaseWare Working Papers the Fund	4/24-25/19					16.0		**16.0**	0.0			
	Maher Duessel	PX001455L	IT SA RA Update	5/22/2019	1.0						**1.0**	1.0	1.0		
PREP	Maher Duessel	PX001455L	NPO Basics	5/30/2019	2.4						**2.4**	2.4			
	Maher Duessel	PX001455L	NPO Basics	5/30/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/18/2019	3.2	2.0			2.4		**7.6**	5.2	5.2		
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/19/2019	3.0				1.4	4.0	**8.4**	7.0	3.0		
	Maher Duessel	PX001455L	June A&A Update Series	9/26/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Nonprofit Seminar Day	11/19/2019	8.0						**8.0**	8.0	8.0		
	Maher Duessel	PX001455L	Firm Management Meeting	11/26/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	2019 Governmental Update	12/16/2019	8.0						**8.0**	8.0	8.0		
	Maher Duessel	PX001455L	2019 Dec Internal Training	12/17/2019	8.0						**8.0**	8.0	8.0		
			TOTAL FOR 2019		**39.5**		**2.0**		**19.8**	**4.0**	**65.3**	**45.5**	**39.1**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2019		**0.0**		**0.0**		**0.0**	**4.0**	**25.5**	**42.0**	**0.0**	**0.0**	**0.0**

MaherDuessel

James Contrella, CPA
Supervisor

Summary

Mr. Contrella began his public accounting career in 2016 with Maher Duessel. Since that time, Mr. Contrella has worked on a wide range of governmental and non-profit audits including state agencies, health care/human service agencies, authorities, municipalities, and various HealthChoices examinations in multiple counties. Prior to joining Maher Duessel, Mr. Contrella worked for three years with another firm in public accounting. **Mr. Contrella has 2 years of experience serving on our PA DHS DSH audit team. He also has previous cost reporting preparation experience, as he was involved in preparing approximately 20 Medicaid (MA-11) and Medicare (2540-10) per year.**

Engagement Role: Supervisor

Licensed Pennsylvania CPA

Representative Clients

- Pennsylvania Department of Human Services (DSH Audit)
- Health Choices Examinations (Counties of Armstrong, Butler, Cambria, Crawford, Fayette, Greene, Indiana, Lawrence, Mercer, Venango, Washington, and Westmoreland)
- Allegheny HealthChoices, Inc.
- Southwest Behavioral Health Management
- Pennsylvania Emergency Management Agency
- Eastern Area Adult Services
- Pathways of Southwestern Pennsylvania
- West Virginia Department of Administration (Past Service)

Professional Activities and Affiliations

- American Institute of Certified Public Accountants (AICPA) - Member
- Pennsylvania Institute of Certified Public Accountants (PICPA) - Member

Education

- B.A., Accounting and Finance
- University of Pittsburgh

Training Highlights

- 2019 and 2018 Maher Duessel *Annual Government Update*
- 2019 Maher Duessel *Internal Training*
- 2019 Maher Duessel *IT, Single Audit, and Risk Assessment Update*
- 2019 Maher Duessel *Single Audit Overview*
- 2018 Maher Duessel *Community College Audits*
- 2018 Maher Duessel *Firm Management Meeting*
- 2018 Maher Duessel *Sampling, Auditing, and Accounting Training*

James Contrella

Name: James Contrella **CPA?** Yes **Hire Date:** 8/8/2016

Type	Organization Conducting Program	Sponsor #	Title of Program	Date(s)	A&A (GAS)	TAX (GAS)	TAX (NonGAS)	OTHER (GAS)	OTHER (NonGAS)	ETHICS (GAS)	GRAND TOTAL	TOTAL GAS	YELLOW BOOK	PENSION	IT
			GRAND TOTAL FOR REPORTING PERIOD		**81.7**		**5.5**		**5.8**	**4.0**	**97.0**	**90.7**	**81.7**	**0.0**	**0.0**
			MINIMUM REQUIRED FOR REPORTING PERIOD		**24.0**		**0.0**		**0.0**	**4.0**	**80.0**	**80.0**	**24.0**	**0.0**	**0.0**
2018															
	Maher Duessel	PX001455L	Sampling and A&A Training	1/12/2018	3.5						**3.5**	3.5	3.5		
	Maher Duessel	PX001455L	Community College Audits	4/13/2018	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Firm Management Meeting	5/23/2018	2.5						**2.5**	2.5	2.5		
	Maher Duessel	PX001455L	MD Admin Day	7/12/2018	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Non Profit Seminar	7/18/2018	5.0	2.0			1.0		**8.0**	7.0	3.0		
	Maher Duessel	PX001455L	Non Profit Seminar	7/19/2018	7.0			1.0			**8.0**	8.0	7.0		
	Maher Duessel	PX001455L	Firm Management Meeting	8/22/2018	2.5						**2.5**	2.5	2.5		
	Maher Duessel	PX001455L	Senior Presentations	12/10/2018	3.0						**3.0**	3.0	3.0		
	Maher Duessel	PX001455L	Annual Government Update	12/17/2018	6.5		1.5				**8.0**	6.5	6.5		
	Maher Duessel	PX001455L	RA and Other Imp Audit Cons.	12/18/2018	8.0						**8.0**	8.0	8.0		
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
			TOTAL FOR 2018		**40.0**		**3.5**		**2.0**	**0.0**	**45.5**	**43.0**	**38.0**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2018		**0.0**		**0.0**		**0.0**	**0.0**	**20.0**	**20.0**	**0.0**	**0.0**	**0.0**
2019															
	Maher Duessel	PX001455L	Not for Profit Training	1/31/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	Complex IT	2/28/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Risk Assessment	4/4/2019	1.5						**1.5**	1.5	1.5		
	Maher Duessel	PX001455L	Alphabet Soup	4/25/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	IT SA RA Update	5/22/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	SA Overview	6/26/2019	1.6						**1.6**	1.6	1.6		
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/18/2019	3.2	2.0			2.4		**7.6**	5.2	5.2		
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/19/2019	3.0				1.4	4.0	**8.4**	7.0	3.0		
	Maher Duessel	PX001455L	June A&A Update Series	9/26/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Caseware Trail Balances	10/24/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	Nonprofit Seminar Day	11/19/2019	8.0						**8.0**	8.0	8.0		
	Maher Duessel	PX001455L	Resources for Auditors	11/20/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Firm Management Meeting	11/26/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	2019 Governmental Update	12/16/2019	8.0						**8.0**	8.0	8.0		
	Maher Duessel	PX001455L	2019 Dec Internal Training	12/17/2019	8.0						**8.0**	8.0	8.0		
			TOTAL FOR 2019		**41.7**		**2.0**		**3.8**	**4.0**	**51.5**	**47.7**	**43.7**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2019		**0.0**		**0.0**		**0.0**	**4.0**	**34.5**	**37.0**	**0.0**	**0.0**	**0.0**

MaherDuessel

Hayley Streit, CPA
Experienced Staff

Summary

Ms. Streit began her public accounting career in 2017 as an Intern and joined Maher Duessel in 2018. Currently, Ms. Streit serves as Experienced Staff Auditor on a wide range of governmental engagements including state entities, municipalities, and municipal authorities. **Ms. Streit has served on our PA DHS DSH audit since 2018.**

Engagement Role: Experienced Staff Auditor

Licensed Pennsylvania CPA

Representative Clients

- Pennsylvania Department of Human Services (DSH Audit)
- HealthChoices Examinations in Various Counties of (Counties of Armstrong, Butler, Indiana, Lawrence, Washington, and Westmoreland)
- Cranberry Township
- Housing Authority of the City of Meadville
- Pine Township
- Community at Holy Family Manor
- Pressley Ridge
- Women's Center and Shelter of Greater Pittsburgh

Professional Activities and Affiliations

- American Institute of Certified Public Accountants (AICPA) - Member
- Pennsylvania Institute of Certified Public Accountants (PICPA) – Member

Education

- B.S. Business Administration (Accounting and Finance Major)
- Slippery Rock University

Training Highlights

- 2019 and 2018 Maher Duessel *Annual Government Update*
- 2019 Maher Duessel *Internal Training*
- 2019 Maher Duessel *Intro to Governments*
- 2019 Maher Duessel *Complex IT*
- 2019 Maher Duessel *Risk Assessment*
- 2019 Maher Duessel *Single Audit Overview*
- 2018 Maher Duessel *Senior Presentations*
- 2018 Maher Duessel *New Hire Training*

Hayley Streit

Name: Hayley Crownover Streit **CPA?** No **Hire Date:** 8/6/2018

Type	Organization Conducting Program	Sponsor #	Title of Program	Date(s)	A&A (GAS)	TAX (GAS)	TAX (NonGAS)	OTHER (GAS)	OTHER (NonGAS)	ETHICS (GAS)	GRAND TOTAL	TOTAL GAS	YELLOW BOOK	PENSION	IT
			GRAND TOTAL FOR REPORTING PERIOD		**66.4**		**9.0**		**3.2**	**4.0**	**82.6**	**77.9**	**73.9**	**0.0**	**0.0**
			MINIMUM REQUIRED FOR REPORTING PERIOD		0.0		0.0		0.0	0.0	0.0	60.0	18.0	0.0	0.0
			NOTE: PRORATED FOR HIRE DATE												
2018															
	Maher Duessel	PX001455L	New Hire Training	8/6-8/2018	18.0						**18.0**	18.0	18.0		
	Maher Duessel	PX001455L	990 Training	10/17/2018		1.0					**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Senior Presentations	12/10/2018	3.0						**3.0**	3.0	3.0		
	Maher Duessel	PX001455L	Annual Government Update	12/17/2018	6.5		1.5				**8.0**	6.5	6.5		
	Maher Duessel	PX001455L	RA and Other Imp Audit Cons.	12/18/2018	8.0						**8.0**	8.0	8.0		
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
			TOTAL FOR 2018		**35.5**		**2.5**		**0.0**	**0.0**	**38.0**	**36.5**	**36.5**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2018		0.0		0.0		0.0	0.0	0.0	10.0	0.0	0.0	0.0
			NOTE: PRORATED FOR HIRE DATE												
2019															
	Maher Duessel	PX001455L	Not for Profit Training	1/31/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	Intro to Governments	2/14/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Risk Assessment	4/4/2019	1.5						**1.5**	1.5	1.5		
	Maher Duessel	PX001455L	Alphabet Soup	4/25/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	NPO Basics	5/30/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	Report Writing	6/5/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	Complex IT	2/28/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	SA Overview	6/26/2019	1.6						**1.6**	1.6	1.6		
	Maher Duessel	PX001455L	Senior Presentations	7/18/2019	1.0	6.5					**7.5**	7.5	7.5		
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/19/2019	3.0				1.4	4.0	**8.4**	7.0	3.0		
	Maher Duessel	PX001455L	Caseware Tips and Tricks	8/22/2019					1.8		**1.8**	0.0			
	Maher Duessel	PX001455L	Caseware Trail Balances	10/24/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	2019 Governmental Update	12/16/2019	8.0						**8.0**	8.0	8.0		
	Maher Duessel	PX001455L	2019 Dec Internal Training	12/17/2019	8.0						**8.0**	8.0	8.0		
											0.0	0.0			
											0.0	0.0			
			TOTAL FOR 2019		**30.9**		**6.5**		**3.2**	**4.0**	**44.6**	**41.4**	**37.4**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2019		0.0		0.0		0.0	0.0	0.0	23.5	0.0	0.0	0.0

MaherDuessel

Kyler Luchkiw
Staff Auditor

Summary

Mr. Luchkiw began his public accounting career in 2017 as an Intern and joined Maher Duessel in 2019. Currently, Mr. Luchkiw serves as Staff Auditor on a wide range of governmental engagements including state entities, municipalities, and municipal authorities. **Mr. Luchkiw served on the PA DHS DSH audit team last year.**

Engagement Role: Staff Auditor

Representative Clients

- Pennsylvania Department of Human Services (DSH Audit)
- West Virginia Department of Administration
- Brockway Area School District
- Butler County
- Hampton Shaler Water Authority
- Johnstown Housing Authority
- Pathways of Southwestern Pennsylvania
- Plum Borough

Professional Activities and Affiliations

- Pennsylvania Institute of Certified Public Accountants (PICPA) - Member

Education

- B.S. Accounting
- Penn State University, The Behrend College

Training Highlights

- 2019 Maher Duessel *Annual Government Update*
- 2019 Maher Duessel *December Internal Training*
- 2019 Maher Duessel *Intro to Governments*
- 2019 Maher Duessel *Complex IT*
- 2019 Maher Duessel *Single Audit Overview*
- 2019 Maher Duessel *Senior Presentations*

Kyler Luchkiw

Name: Kyler Luchkiw **CPA?** No **Hire Date:** 1/14/2019

Type	Organization Conducting Program	Sponsor #	Title of Program	Date(s)	A&A (GAS)	TAX (GAS)	TAX (NonGAS)	OTHER (GAS)	OTHER (NonGAS)	ETHICS (GAS)	GRAND TOTAL	TOTAL GAS	YELLOW BOOK	PENSION	IT
			GRAND TOTAL FOR REPORTING PERIOD		**50.4**		**0.0**		**0.0**	**0.0**	**64.1**	**60.9**	**56.9**	**0.0**	**0.0**
			MINIMUM REQUIRED FOR REPORTING PERIOD		0.0		0.0		0.0	0.0	0.0	40.0	12.0	0.0	0.0
			NOTE: PRORATED FOR HIRE DATE												
2018															
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
											0.0	0.0			
			TOTAL FOR 2018		**0.0**		**0.0**		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2018		0.0		0.0		0.0	0.0	0.0	20.0	0.0	0.0	0.0
2019															
	Maher Duessel	PX001455L	New Hire Training	1/14/2019	4.0						**4.0**	4.0	4.0		
	Maher Duessel	PX001455L	New Hire Training	1/15/2019	8.0						**8.0**	8.0	8.0		
	Maher Duessel	PX001455L	New Hire Training	1/16/2019	8.0						**8.0**	8.0	8.0		
	Maher Duessel	PX001455L	Not For Profit Training	1/31/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	Intro to Governments	2/14/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Complex IT	2/28/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	Alphabet Soup	4/25/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	NPO Basics	5/30/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	Report Writing	6/5/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	SA Overview	6/26/2019	1.6						**1.6**	1.6	1.6		
	Maher Duessel	PX001455L	Senior Presentations	7/18/2019	1.0	6.5					**7.5**	7.5	7.5		
	Maher Duessel	PX001455L	MD Nonprofit Seminar	7/19/2019	3.0				1.4	4.0	**8.4**	7.0	3.0		
	Maher Duessel	PX001455L	Caseware Tips and Tricks	8/22/2019					1.8		**1.8**	0.0			
	Maher Duessel	PX001455L	Caseware Trail Balances	10/24/2019	1.2						**1.2**	1.2	1.2		
	Maher Duessel	PX001455L	Resources for Auditors	11/20/2019	1.0						**1.0**	1.0	1.0		
	Maher Duessel	PX001455L	2019 Governmental Update	12/16/2019	8.0						**8.0**	8.0	8.0		
	Maher Duessel	PX001455L	2019 Dec Internal Training	12/17/2019	8.0						**8.0**	8.0	8.0		
			TOTAL FOR 2019		**50.4**		**0.0**		**0.0**	**0.0**	**64.1**	**60.9**	**56.9**	**0.0**	**0.0**
			MINIMUM REQUIRED IN 2019		0.0		0.0		0.0	0.0	0.0	40.0	12.0	0.0	0.0

MaherDuessel

APPENDIX D: PEER REVIEW

Goff Backa Alfera & Company, LLC
Certified Public Accountants

3325 Saw Mill Run Blvd.
Pittsburgh, PA 15227-2736
412/885-5045
Fax 412/885-4870
www.gbaco.com

Report on the Firm's System of Quality Control

November 19, 2019

To the Partners of Maher Duessel, CPAs and
the Peer Review Committee of the Pennsylvania Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Maher Duessel, CPAs (the firm) in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maher Duessel, CPAs in effect for the year ended May 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Maher Duessel, CPAs has received a peer review rating of pass.

Goff Backa Alfera & Company, LLC

GOFF BACKA ALFERA & COMPANY, LLC
PITTSBURGH, PENNSYLVANIA

MaherDuessel

APPENDIX E: 2016 PA DHS DSH AUDIT REPORT

Report on Disproportionate Share Hospital Verifications

with Independent Accountant's Report

Commonwealth of Pennsylvania
Department of Human Services

Disproportionate Share Hospital (DSH)
Year Ended June 30, 2016

MaherDuessel

Pursuing the profession while promoting the public good©
www.md-cpas.com

REPORT ON DISPROPORTIONATE SHARE HOSPITAL VERIFICATIONS

DISPROPORTIONATE SHARE HOSPITAL (DSH)
YEAR ENDED JUNE 30, 2016

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INDEPENDENT ACCOUNTANT'S REPORT
AND
DISPROPORTIONATE SHARE HOSPITAL (DSH)
REPORT ON DSH VERIFICATIONS

MaherDuessel

Independent Accountant's Report

The Commonwealth of Pennsylvania
Department of Human Services

We have examined the Commonwealth of Pennsylvania's compliance with Disproportionate Share Hospital (DSH) payment requirements listed in the Report on DSH Verifications for the year ending June 30, 2016. The Commonwealth of Pennsylvania is responsible for compliance with federal Medicaid DSH program requirements as required by 42 CFR §455.301 and §455.304(d). Our responsibility is to express an opinion on the Commonwealth of Pennsylvania'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, our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA), and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States, as well as General DSH Audit and Report Protocol as required by 42 CFR §455.301 and §455.304(d). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Commonwealth of Pennsylvania's compliance with DSH payment requirements listed in the Report on DSH Verifications is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Commonwealth of Pennsylvania's compliance with DSH payment requirements listed in the Report on DSH Verifications. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of the Commonwealth of Pennsylvania's compliance with federal Medicaid DSH requirements.

In our opinion, except for the effect of the items described in the Schedule of Data Caveats Relating to the DSH Verifications, the Commonwealth of Pennsylvania is in compliance with federal Medicaid DSH program requirements, as summarized in the attached Report on DSH Verifications, for the year ending June 30, 2016.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Commonwealth of Pennsylvania's compliance with Disproportionate Share Hospitals (DSH)

payment requirements listed in the Report on DSH Verifications; and any other instances that warrant the attention of those charged with governance; noncompliance with the provisions of contracts or grant agreements; and abuse that has a material effect on the subject matter. We are also required to obtain the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Commonwealth of Pennsylvania's compliance with Disproportionate Share Hospitals (DSH) payment requirements listed in the Report on DSH Verifications is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Commonwealth of Pennsylvania's compliance with Disproportionate Share Hospitals (DSH) payment requirements listed in the Report on DSH Verifications or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of responsible officials, are described in the attached Schedule of Data Caveats Relating to the DSH Verifications.

Our examination was conducted for the purpose of forming an opinion on the Commonwealth of Pennsylvania's compliance with federal Medicaid DSH program requirements which are summarized in the Report on DSH Verifications and is not suitable for any other purpose. The Schedule of Annual Reporting Requirements, provided in accordance with 42 CFR §447.299, are presented for purposes of additional analysis and are 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.

This report is intended solely for the information and use of the Commonwealth of Pennsylvania, and the Centers for Medicare and Medicaid Services and is not intended to be and should not be used by anyone other than these specific parties.

Maher Duessel

Harrisburg, Pennsylvania
December 4, 2019

Commonwealth of Pennsylvania
Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended June 30, 2016

As required by 42 CFR §455.304(d), the Commonwealth of Pennsylvania 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 Commonwealth of Pennsylvania 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: None Noted

Except for the impact the data caveats included in the Schedule of Data Caveats Relating to the DSH Verifications could have on the calculation of uncompensated care costs and the hospital-specific DSH limits, the methodology to calculate the uncompensated care costs and the hospital-specific DSH limits included in the Report on DSH Verifications is in accordance Section 1923(g) (1) of the Act.

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: Finding No. 1, Finding No. 3, Finding No. 11, Finding No. 13

Except for the impact the data caveats included in the Schedule of Data Caveats Relating to the DSH Verifications could have on the calculation of uncompensated care costs, the uncompensated care costs included in the Report on DSH Verifications were calculated in accordance with Federal Register/Vol. 73, No.245, December 19, 2008 and Federal Register/Vol. 79, No. 232, December 3, 2014.

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: Finding No. 1, Finding No. 2, Finding No. 4, Finding No. 11, Finding No. 12

Except for the impact the data caveats included in the Schedule of Data Caveats Relating to the DSH Verifications could have on the calculation of uncompensated care costs, the uncompensated care costs included in the Report on DSH Verifications were calculated in accordance with Section 1923 (g) (1) (A) of the Act.

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: Finding No. 1, Finding No. 2, Finding No. 9, Finding No. 10, Finding No. 11

Except for the impact the data caveats included in the Schedule of Data Caveats Relating to the DSH Verifications could have on the calculation of uncompensated care costs and the hospital-specific DSH limits, the uncompensated care costs and the hospital-specific DSH limits included in the Report on DSH Verifications were calculated in accordance with Federal Medicaid Regulations and/or the General DSH Audit and Reporting Protocol developed by CMS.

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 Commonwealth of Pennsylvania.

Findings: Finding No. 1, Finding No. 2

Except for the impact the data caveats included in the Schedule of Data Caveats Relating to the DSH Verifications could have on the calculation of uncompensated care costs and the hospital-specific DSH limits, information and records of the data elements to calculate the uncompensated care costs and the hospital-specific DSH limits included in the Report on DSH Verifications were separately documented and retained by the Commonwealth of Pennsylvania in accordance with Federal Medicaid Regulations and/or the General DSH Audit and Reporting Protocol developed by CMS.

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 Commonwealth of Pennsylvania 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: Finding No. 2, Finding No. 4, Finding No. 5, Finding No. 6, Finding No. 7, Finding No. 8, Finding No. 11

Except for the impact the data caveats included in the Schedule of Data Caveats Relating to the DSH Verifications could have on the calculation of uncompensated care costs and the hospital-specific DSH limits, the methodology to calculate the uncompensated care costs and the hospital-specific DSH limits included in the Report on DSH Verifications is in accordance Section 1923(g) (1) of the Act.

Private Hospitals

Finding No. 1 - Indigent Care/Self-Pay, Out-of-State Data, and Uninsured Patients Covered Under State and Local Program Charges Is Not Supported by Hospital Records (A Similar Condition was noted in Prior Year Finding No. 1)

Criteria:

According to 42 CFR 447.295(b), Definitions, "*Individuals who have no health insurance (or other source of third-party coverage) for the services furnished during the year* means individuals who have no source of third-party coverage for the specific inpatient hospital or outpatient hospital service furnished by the hospital. *Health insurance coverage limit"* means a limit imposed by a third-party payer that establishes a maximum dollar value or maximum number of specific services, for benefits received by an individual. *No source of third-party coverage for a specific inpatient hospital or outpatient hospital service* means that the service is not included in an individual's health benefits coverage through a group health plan or health insurer, and for which there is no other legally liable third party. When a health insurance coverage limit is imposed by a third party payer, specific services beyond the limit would not be within the individual's health benefit package from that third-party payer. For American Indians/Alaska Natives, IHS and tribal coverage is only considered third-party coverage when services are received directly from IHS or tribal health programs (direct health care services) or when IHS or a tribal health program has authorized coverage through the contract health service program (through a purchase order or equivalent document). Administrative denials of payment, or requirements for satisfaction of deductible, copayment or coinsurance liability, do not affect the determination that a specific service is included in the health benefits coverage.*"*

42 CFR 447.295(c) "*Determination of an individual's third party coverage status* states: Individuals who have no source of third-party coverage for a specific inpatient hospital or outpatient hospital service must be considered, for purposes of that service, to be uninsured. This determination is not dependent on the receipt of payment by the hospital from the third party. The determination of an individual's status as having a source of third-party coverage must be a service-specific coverage determination. The service-specific coverage determination can occur only once per individual per service provided and applies to the entire service, including all elements as that service, or similar services, would be defined in Medicaid. Individuals who are inmates in a public institution or are otherwise involuntarily in secure custody as a result of criminal charges are considered to have a source of third party coverage."

42 CFR 447.295(d) "*Hospital-specific DSH limit calculation* states: Only costs incurred in providing inpatient hospital and outpatient hospital services to Medicaid individuals, and revenues received with respect to those services, and cost incurred in providing inpatient hospital and outpatient hospital services, and revenues received with respect to those services, for which a determination has been made in accordance with paragraph (c) of this section that the services were furnished to individuals who have no source of third-party coverage for the specific inpatient hospital or outpatient hospital services are included when calculating the costs and revenues for Medicaid individuals and individuals who have no health insurance or other source of third-party coverage for purposes of section 1923(g)(1) of the Act."

Pennsylvania Department of Human Services
Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended June 30, 2016

42 CFR 447.295 notes that the defined period covered for the DSH limit calculation is a year. In the DSH final rule issued on December 19, 2008 and clarified in the "Additional information on DSH Reporting and Audit Requirements" sent by Medicaid in January 2010, it states that in determining the amount of services provided during the year the state may use admission, discharge, or adjudicated claims date, but the approach used by the state must be consistent with the approved state plan language for the specified time period (in this case, a year).

Condition:

For the Fiscal Year 2015-2016 Disproportionate Share Hospital (DSH) Report, DHS requested hospitals to complete a survey that identified the inpatient and outpatient indigent care/self-pay charges and revenue, the hospital's out-of-state Medicaid charges and revenues, and uninsured patients covered under state and local program charges. In addition, the hospital's officials were required to sign off on the survey to the accuracy of the information provided. Although these surveys were utilized, certain hospitals did not respond to the survey as described in the "Cause" section below, and amounts reported per the survey were not supported by hospital records as described in the "Cause" section below. Also, some hospitals reported the numbers for the fiscal year based on admission date while other hospitals used discharge dates.

Cause:

As part of our examination, we requested records to support the hospital surveys from 47 hospitals to support selected data used to calculate the Retrospective DSH Limit (Total Uncompensated Care Costs), including information supporting indigent care/self-pay charges and net revenue, out-of-state data, and uninsured patients covered under state and local program charges

Of the 47 hospitals tested, we noted the following differences in data elements provided by the hospitals (see tables below). Further, we noted that some hospitals reported costs and charges based on admission date while others used discharge date, as it was not communicated to the hospitals which one to use. However, based on the differences, we noted no hospital's eligibility determination was incorrect.

Pennsylvania Department of Human Services
Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended June 30, 2016

Indigent Care/Self-Pay and Underinsured Charges and Revenue

The following hospitals completed a survey and either the support they provided did not match their submitted survey or they did not provide support for the amount listed in their submitted survey:

Hospital	Self-pay and uninsured charges - Reported	Self-pay and uninsured charges - Support	Self-pay and uninsured payments - Reported	Self-pay and uninsured payments - Support
Kensington	$348,000	Support Not Provided	0	N/A
Jersey Shore Hospital	$2,112,956	$802,689	$145,509	$11,193
Delaware County Memorial	$4,821,311	$48,213,311	$957,950	$957,950
Warren General	$476,366	Support Not Provided	$106,662	Support Not Provided
Meadows Psych Center	$126,108	Support Not Provided	$9,000	Support Not Provided

5 other hospitals had differences amounting to less than 1% of reported charges and payments.

Out-of-State Charges and Revenue

The following hospitals completed a survey and either the support they provided did not match their submitted survey or they did not provide support for the amount listed in their submitted survey:

Hospital	Out-of-State charges - Reported	Out-of-State charges - Support	Out-of-State payments - Reported	Out-of-State payments - Support
University of Penna Med Ctr (HUP)	N/A – Support Provided	N/A – Support Provided	$4,272,400	$10,150,386
UPMC Presbyterian Shadyside	N/A – Support Provided	N/A – Support Provided	$19,552,788	$12,587,300
Penn Presbyterian Medical Center	N/A – Support Provided	N/A – Support Provided	$1,955,981	$3,829,582
Delaware County Memorial	$1,686,027	Support Not Provided	$159,588	Support Not Provided
Warren General	$412,931	Support Not Provided	$38,051	Support Not Provided

4 other hospitals had differences amounting to less than 1% reported charges and payments.

Pennsylvania Department of Human Services
Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended June 30, 2016

Effect:

DSH program data used in the calculation of Disproportionate Share Hospital (DSH) limits may not be properly supported by hospital records. Also, some hospitals are not following the state plan in relation to using admission date or discharge date. However, we noted no hospital's allowability of DSH payments was incorrect for surveys not received (as those amounts were listed as $0) or for the differences between hospital survey and support noted above.

Recommendation:

We recommend that DHS reassess and revise, as necessary, its hospital data reporting process connected with the DSH program including its reporting instructions (including whether the amounts for the fiscal year should be reported based on admission date or discharge date), reporting schedules, and its review of hospital submitted DSH data to ensure that indigent care/self-pay charges and revenues, out-of-state payments, and uninsured patients under state and local program charges are reported by the hospitals and used in the calculation of DSH limits is accurate and that uninsured services meet the definitions in 42 CFR 447.295.

Management Response:

Data forwarded to the Department via the current cost reporting system and separate surveys is utilized in the calculation of DSH payments and is the representation of a hospital's management. This data is attested to as being accurate and complete by an administrator or other responsible party of the hospital. The Department will continue to rely on the hospital's reported information and responses to surveys as the basis for any necessary calculation in determining DSH eligibility or payment.

In the absence of a completed hospital survey, the Department set referenced data elements to zero (0) in the calculation. Surveys requesting self-pay, out-of-state, and uninsured/underinsured charge and revenue data will continue to be forwarded to certain out-of-state hospitals providing services to PA MA clients which have been deemed to be in-state for DSH purposes.

DHS intends to revise the survey instructions for future years to clarify that hospitals should report data based on discharge date.

Pennsylvania Department of Human Services
Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended June 30, 2016

Private Hospitals

Finding No. 2 - Certain Data Reported by Hospitals and Used to Calculate Disproportional Share Hospital (DSH) Limits, the Medicaid Inpatient Utilization Rate (MIUR), and the Low-Income Utilization Rate (LIUR) Is Not Supported by Hospital Records (A Similar Condition was noted in Prior Year Finding No. 2.)

Criteria:
DSH program data used in the calculation of Disproportionate Share Hospital (DSH) limits is submitted as part of each hospital's Form CMS-2552-10 cost report. DSH program data used in the calculation of the Medicaid Inpatient Utilization Rate (MIUR) and Low-Income Utilization Rate (LIUR) is submitted as part of each hospital's MA-336 cost report. Hospital MA-336 cost reports are required to be submitted five months after year-end. Financial information reported by Hospitals in their annual cost report per the Pennsylvania Cost Reporting System (PACRS) should be supported by detailed hospital records.

Condition:
DHS provides hospitals with hospital MA-336 cost report instructions and conducts a limited review of data submitted on hospital cost reports. However, the level of detail on DSH reporting schedules and DHS's reporting review process are inadequate to enable DHS to properly evaluate whether DSH data reported by hospitals and used in the calculation of MIUR and LIUR rates is accurate and in accordance with DSH program requirements. In addition, DSH documentation requirements for hospitals in regard to both the MA-336 and CMS-2552-10 cost reports do not appear to be adequate to ensure that adequate documentation is maintained and available to support reported DSH program data.

Cause:
As part of our examination we requested records from 47 hospitals to support selected data used to calculate the Retrospective DSH Limit (Total Uncompensated Care Costs). This selected data included audited financial statements and accounting records to support costs and charges included in the hospitals' Form CMS-2552-10 cost report and used in the Retrospective DSH Limit calculation. We noted the following differences in data elements provided by the hospitals (see tables below). Based on the differences for hospitals that provided support and adjusting to hospital provided support, and for the issue relating to additional costs and charges used than what were in the CMS-2552-10 cost report, we noted no hospital's DSH limit was exceeded or further exceeded as a result of the identified differences.

DSH Limit

Total Charges

Hospital	Charges - Reported	Charges - Support
Crozer Chester	$3,558,933,135	$3,659,668,571
Penn Highlands Elk	$97,979,535	$106,142,759
Jersey Shore Hospital	$58,127,008	$53,537,077
Delaware County Memorial	$1,131,693,819	$1,147,915,400
Warren General	$177,669,216	$70,934,324

3 other hospitals had differences amounting to less than 1% of reported charges.

Total Costs

Hospital	Costs - Reported	Costs - Support
Crozer Chester	$504,430,580	$517,063,143
Kensington	$8,288,114	$7,528,087
Penn Highlands Elk	$36,165,209	$35,581,545
Delaware County Memorial	$171,347,554	$177,902,017

1 other hospital had differences amounting to less than 1% of reported costs.

Total XIX Managed Care Inpatient and Outpatient Charges

As consistent with the fiscal year-end June 30, 2015 engagement procedures, for the fiscal year ended June 30, 2016 examination, we did not attempt to agree managed care charges on hospital claim records to the patient encounter records in the State MMIS or match encounter records to hospital claim records. Previous attempts to perform this match have identified significant issues. In addition, DHS has acknowledged that it will continue to take steps to improve the quality and completeness of submitted managed care encounter data by working with the managed care organizations (MCOs). However, the submitted data may never be able to support the detailed requirements of the program. This continues to be an issue.

MIUR/LIUR

We also requested records from 47 hospitals to support the Medicaid Inpatient Utilization Rate (MIUR) and the Low-Income Utilization Rate (LIUR).

Selected data requested and examined included:

- Detailed patient claim data to support MA managed care inpatient charges, GA managed care inpatient charges, GA FFS inpatient charges, MA FFS inpatient charges, Pennsylvania MA inpatient HMO days (MA IP MC Days), out-of-state MA inpatient days (MA IP OOS Days), and total inpatient days connected with the MIUR calculation.
- MA inpatient revenues, MA outpatient revenues, MA inpatient lump sum payments, MA outpatient lump sum payments, inpatient cash subsidies, outpatient cash subsidies, total inpatient revenues, total outpatient revenues, inpatient hospital charges attributable to charity care, total inpatient charges, and total non-hospital charges connected with the LIUR calculation. Out-of-state revenue connected with the LIUR was reviewed and is discussed in the prior funding.

As a result of our examination of hospital records received, we noted the following differences in data elements provided by the hospitals (see charts on following pages). In addition to the listed hospitals, we also noted 11 other hospitals had a difference between support provided and amount reported amounting to less than a 1% change in the MIUR calculation and 11 other hospitals had a difference between support provided and amount reported amounting to less than a 1% change in the LIUR

calculation. Based on the differences and using the hospital provided support in the determination, we noted no hospital's eligibility determination was incorrect as a result of identified differences.

Effect:

DSH program data used in the calculation of Disproportionate Share Hospital (DSH) limits and Medicaid Inpatient Utilization Rate (MIUR) and Low-Income Utilization Rate (LIUR) may not be properly supported by hospital records. However, as noted above for all situations, based on the differences, we noted no hospital's eligibility determination was incorrect or that a hospital's DSH limit was exceeded or further exceeded as a result of identified differences.

Recommendation:

We recommend that DHS reassess and revise, as necessary, its hospital data reporting process connected with the DSH program including its hospital DSH reporting timeline, reporting instructions, reporting schedules, and its review of data pulled from the CMS-2552-10 and hospital submitted DSH data to ensure that data reported by hospitals and used in the calculation of DSH limits and MIUR and LIUR rates is accurate and in accordance with DSH program requirements.

Prior to utilizing State MMIS system data to support MA managed care payments and charges, DHS should take steps to ensure that the data reported in the MMIS system is complete, accurate, and properly supported by hospital records.

Management Response:

Data forwarded to the Department via the current cost reporting system and utilized as part of the calculation of DSH payments is the representation of a hospital's management and is attested to as being accurate and complete by an administrator of the hospital. The Department will continue to rely on the hospital's reported information as well as Medical Assistance claim utilization data as the basis for any necessary calculation in determining DSH eligibility or payment. The Department will continue to revise its data collection process as necessary, to ensure compliance with the Final Rule.

The Department continues to take steps to improve the quality and completeness of submitted managed care encounters by working with the Managed Care Organizations (MCOs). However, the accuracy and completeness of the encounter data is dependent upon the compliance and diligence of the MCOs.

Commonwealth of Pennsylvania
MIUR Calculation Variances
Fiscal Year Ended June 30, 2016

Private Hospitals
Finding No. 2

HOSPITAL NAME		Total PA MA Days (GA and NonGA)	MA FFS IP Charges	GA FFS IP Charges	MA IP MC Days (GA and NonGA)	MA HMO IP Charges	GA MC IP Charges	MA IP Out-of-State Days	Total IP Days
Roxborough Memorial									
	Per Report	791	$ 6,451,742	$ -	1,422	$ 31,327,972	$ -	-	32,400
	Per Hospital Support	866	$ 6,529,634	$ -	1,724	$ 30,806,643	$ -	-	31,495
	Difference	(75)	$ (77,892)	$ -	(302)	$ 521,329	$ -	-	905
Windber									
	Per Report	16	$ 128,579	$ 146,071	223	$ 883,988	$ 883,988	3	2,689
	Per Hospital Support	7	$ 170,388	Not Prov.	223	$ 1,158,355	$ 418,700	Not Prov.	2,689
	Difference	9	$ (41,809)	$ 146,071	-	$ (274,367)	$ 465,288	3	-

Commonwealth of Pennsylvania
LIUR Calculation Variances
Fiscal Year Ended June 30, 2016

Private Hospitals
Finding No. 2

HOSPITAL NAME		MA Inpatient Revenues	MA Outpatient Revenues	MA IP Lump Sum Payments	MA OP Lump Sum Payments	OOS Revenue	IP Cash Subsidies	OP Cash Subsidies	Net IP Revenues	Net OP Revenues	Charity Care Inpatient Charges	Total Hospital Inpatient Charges	Non-Hospital Services
Bryn Mawr Rehab													
	Per Report	$ 2,772,319	$ 588,136	$ 1,772,486	$ -	$ 287,157	$ -	$ -	$ 64,840,965	$ 15,286,634	$ 435,451	$ 157,155,241	$ -
	Per Hospital Support	$ 1,698,891	$ 117,164	$ 1,772,486	$ -	$ 287,157	$ -	$ -	$ 64,840,965	$ 15,286,634	$ 435,451	$ 157,155,241	$ -
	Difference	$ 1,073,428	$ 470,972	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Delaware County Memorial													
	Per Report	$ 21,805,018	$ 11,612,769	$ -	$ -	$ 171,486	$ -	$ -	$ 87,383,498	$ 77,530,503	$ 6,912,802	$ 546,508,637	$ -
	Per Hospital Support	$ 21,805,018	$ 11,612,769	$ -	$ -	$ 171,486	$ -	$ -	$ 91,754,680	Not Prov.	$ 7,081,497	Not Prov.	$ -
	Difference	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (4,371,182)	$ 77,530,503	$ (168,695)	$ 546,508,637	$ -
Jersey Shore Hospital													
	Per Report	$ 190,702	$ 929,967	$ 1,461,435	$ -	$ -	$ -	$ -	$ 4,207,897	$ 19,071,702	$ 142,393	$ 9,528,005	$ -
	Per Hospital Support	$ 84,222	$ 54,643	$ 654,044	$ -	$ -	$ -	$ -	Not Prov.	Not Prov.	$ 142,799	$ 9,606,990	$ -
	Difference	$ 106,480	$ 875,324	$ 807,391	$ -	$ -	$ -	$ -	$ 4,207,897	$ 19,071,702	$ (406)	$ (78,985)	$ -
Kensington													
	Per Report	$ 1,791,680	$ 815,812	$ 1,223,447	$ 977,224	$ -	$ -	$ -	$ 3,959,489	$ 4,146,538	$ -	$ 10,853,586	$ -
	Per Hospital Support	$ 1,791,680	$ 1,372,313	$ 1,226,747	$ 977,460	$ -	$ -	$ -	$ 3,959,489	$ 3,494,792	$ -	$ 10,867,006	$ -
	Difference	$ -	$ (556,501)	$ (3,300)	$ (236)	$ -	$ -	$ -	$ -	$ 651,746	$ -	$ (13,420)	$ -
Lehigh Valley Hospital - Hazelton													
	Per Report	$ 8,378,576	$ 5,926,362	$ 3,787,791	$ -	$ 66,185	$ 2,183,373	$ -	$ 48,574,029	$ 74,853,944	$ 630,260	$ 214,717,904	$ -
	Per Hospital Support	$ 2,919,548	$ 2,902,492	$ 3,609,937	$ -	$ 66,185	$ 2,183,373	$ -	$ 54,188,990	$ 77,621,629	$ 630,260	$ 213,591,074	$ -
	Difference	$ 5,459,028	$ 3,023,870	$ 177,854	$ -	$ -	$ -	$ -	$ (5,614,961)	$ (2,767,685)	$ -	$ 1,126,830	$ -
Roxborough Memorial													
	Per Report	$ 1,583,231	$ 100,829	$ 130,880	$ -	$ -	$ 130,880	$ -	$ 42,973,794	$ 13,302,263	$ -	$ 293,646,999	$ -
	Per Hospital Support	$ 11,790,682	$ 1,279,636	Not Prov.	$ -		Not Prov.	$ -	$ 58,890,765	$ 9,403,159	$ -	$ 326,268,755	$ -
	Difference	$ (10,207,451)	$ (1,178,807)	$ 130,880	$ -	$ -	$ 130,880	$ -	$ (15,916,971)	$ 3,899,104	$ -	$ (32,621,756)	$ -
Shriners Hospital for Children													
	Per Report	$ 1,457,064	$ 310,111	$ 84,630	$ -	$ 810,295	$ -	$ -	$ 7,304,935	$ 2,695,456	$ 18,257,482	$ 52,181,569	$ -
	Per Hospital Support	Not Prov.	Not Prov.	Not Prov.	$ -	$ 810,295	$ -	$ -	Not Prov.	Not Prov.	$ 632,764	$ 52,181,567	$ -
	Difference	$ 1,457,064	$ 310,111	$ 84,630	$ -	$ -	$ -	$ -	$ 7,304,935	$ 2,695,456	$ 17,624,718	$ 2	$ -
Tyler Memorial Hospital													
	Per Report	$ 96,867	$ 652,558	$ 1,021,444	$ -	$ -	$ -	$ -	$ 2,404,583	$ 13,188,900	$ -	$ 11,807,281	$ -
	Per Hospital Support	$ 96,867	$ 652,356	$ 1,021,444	$ -	$ -	$ -	$ -	$ 2,404,592	$ 13,188,700	$ 642,119	$ 11,807,281	$ -
	Difference	$ -	$ 202	$ -	$ -	$ -	$ -	$ -	$ (9)	$ 200	$ (642,119)	$ -	$ -
Warren General													
	Per Report	$ 2,877,909	$ 1,915,541	$ 868,775	$ -	$ 38,051	$ -	$ -	$ 17,950,279	$ 40,569,996	$ 106,479	$ 45,177,628	$ -
	Per Hospital Support	Not Prov.	Not Prov.	Not Prov.	$ -	$ 38,051	$ -	$ -	Not Prov.	Not Prov.	Not Prov.	Not Prov.	$ -
	Difference	$ 2,877,909	$ 1,915,541	$ 868,775	$ -	$ -	$ -	$ -	$ 17,950,279	$ 40,569,996	$ 106,479	$ 45,177,628	$ -
Windber													
	Per Report	$ 550,521	$ 214,894	$ 84,267	$ 409,730	$ -	$ -	$ -	$ 5,663,275	$ 18,825,768	$ 6,346	$ 16,076,404	$ -
	Per Hospital Support	$ 475,468	$ 1,180,435	$ 84,268	$ 409,730	$ -	$ -	$ -	$ 5,663,275	$ 18,825,768	Not Prov.	$ 14,407,603	$ -
	Difference	$ 75,053	$ (965,541)	$ (1)	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,346	$ 1,668,801	$ -
UPMC Mercy													
	Per Report	$ 49,288,420	$ 10,067,820	$ 15,237,674	$ 2,253,753	$ 1,681,589	$ -	$ -	$ 264,833,140	$ 113,851,962	$ 12,300,005	$ 1,018,635,034	$ -
	Per Hospital Support	$ 49,288,420	$ 10,067,820	$ 15,237,674	$ 2,253,753	$ 1,681,589	$ -	$ -	$ 264,833,140	$ 113,851,962	$ 12,300,005	$ 147,417,963	$ -
	Difference	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 871,217,071	$ -

Private Hospitals

Finding No. 3 – Certain Private Hospitals Disproportionate Share Limit (DSH) Payments Exceed DSH Limits (A Similar Condition was noted in Prior Year Finding No. 3)

Criteria:
According to Section 1923 (g) of the Social Security Act, DSH payments made to a hospital should not exceed the hospital's total uncompensated care costs.

Condition:
During our examination, we noted that for certain private hospitals, DSH payments made by the Department of Human Services (DHS) exceeded the hospital's total amount of uncompensated care costs (DSH Limit).

For the fiscal year ended June 30, 2016, 15 of the 192 private hospitals that received a DSH payment exceeded their DSH limit.

Cause:
Prospective analysis reports of the Hospital Specific DSH Limit which assist in eliminating DHS overpayments were not completed until after DSH payments were made.

Effect:
At the time of completion of the audit, overpayments were not returned to the federal government or redistributed to other hospitals.

Recommendation:
We recommend that DHS return DSH overpayments to the federal government or redistribute such overpayments to other qualifying hospitals, in accordance with the state plan. Also, we recommend that prospective limit reports be completed prior to fiscal year-end and be used as a tool to prevent overpayment. Formal procedures should also be developed to monitor and prevent overpayments.

Management Response:
Beginning with the fiscal year ended June 30, 2011, DHS has taken steps to recover DSH overpayments as identified in the DSH Audit Report applicable to that fiscal year. Effective October 1, 2011, the following statement was approved by CMS as a part of Pennsylvania's State Plan (4.19a, page 16, transmittal 11-027): "If the Department determines there was an overpayment to a provider, the Department will recover the overpayment from the provider."

In 2017, several Pennsylvania hospitals sued the Centers for Medicare & Medicaid Services ("CMS") concerning its guidance issued to states governing the calculation of DSH hospital specific upper payment limit, specifically, the "Additional Information on DSH Reporting and Audit Requirements" Frequently Asked Questions ("FAQs") Nos. 33 and 34. In response to this litigation, by letter dated August 16, 2017, CMS advised DHS that until further notice from CMS, it would take no action to penalize DHS if DHS did not comply with the requirements of FAQs Nos. 33 and 34.

Based on this advice, until CMS advises otherwise, DHS has decided not to collect from hospitals any DSH overpayments attributable to the application of FAQs 33 and 34 in its calculation of the hospitals specific DSH upper limit for audit years prior to CMS's issuance of final regulations. To the extent that a hospital exceeds its upper payment limit even when FAQs 33 and 34 are not used, the Department will return the federal share of the overpayment or will redistribute if redistribution is provided for in the State Plan. On December 31, 2018, CMS officially rescinded FAQs 33 and 34 and allowed States to remove the payments previously required by those FAQs, then re-audit and re-submit past DSH Reports that included those payments. Beginning with the SFY15-16 DSH Report, DHS no longer included those payments.

DHS determines prospective limits based on the most recently completed audited report. DHS will review procedures for determining prospective limits to determine if waiting for the audit report significantly changes overall results. In the absence of any significant changes, DHS may consider preparing prospective limits in advance of the audit report and prior to the end of the fiscal year.

Commonwealth of Pennsylvania
Disproportionate Share Hospital (DSH) Payments Exceeding DSH Limit
Fiscal Year Ended June 30, 2016

Private Hospitals
Finding No. 3

Provider	Total Uncompensated Care Costs (Retrospective Limit)	Total DSH Payments	Total DSH Payments in Excess of Retrospective Limit
BELMONT CNTR FOR COMP TRMNT	$ (176,841)	$ 1,525,010	$ 1,525,010
BROOKE GLEN BEHAVIORAL HOSPITAL	(5,932,511)	1,045,088	1,045,088
CLARION PSYCHIATRIC CNTR	(14,198,591)	848	848
FAIRMOUNT BEHAVIORAL HLTH SYS	(7,210,469)	1,613	1,613
FIRST HOSP WYOMING VALLEY	(1,937,124)	613,502	613,502
FOUNDATIONS BEHAVIORAL HEALTH	(1,385,319)	136,652	136,652
FRIENDS HOSPITAL	(4,893,653)	428,420	428,420
KENSINGTON	(1,045,411)	477,153	477,153
KIRKBRIDE PSYCHIATRIC HOSP	(330,850)	709,591	709,591
LANCASTER REHABILITATION HOSPITAL	(232,529)	67,858	67,858
MAGEE WOMENS	(3,481,571)	4,726,963	4,726,963
NPHS-ST. JOSEPH'S	(309,564)	7,979,393	7,979,393
PHILHAVEN	(1,860,736)	738,863	738,863
VALLEY FORGE	(530,118)	2,038,120	2,038,120
	$ (43,525,287)	$ 20,489,074	$ 20,489,074

Pennsylvania Department of Human Services
Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
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Private Hospitals

Finding No. 4 – The Department of Human Services' (DHS) Methodology to Calculate Disproportionate Share Hospital (DSH) Limits Is Not in Accordance with Federal Program Requirements (A Similar Condition was noted in Prior Year Finding No. 4)

Criteria:
The General DSH Audit and Reporting Protocol requires:

- identification and use of Medicaid fee-for-service days by cost center along with per diems by cost center to calculate inpatient and outpatient Medicaid fee-for-service care costs.
- identification and use of inpatient and outpatient Medicaid managed care days by cost center along with per diems by cost center to calculate inpatient and outpatient Medicaid managed care costs.

Condition:
DHS's methodology to calculate hospital specific DSH limits is not in accordance with Federal Medicaid regulations and/or the General DSH Audit and Reporting Protocol developed by CMS. Further, we noted an issue in compiling the costs and charges under DHS's methodology. The costs and charges were pulled from the CMS-2552-10 cost report according to state guidelines, but in compiling the data that was pulled, some costs and charges for two hospitals were duplicated in the Cost to Charge Ratio (CCR) calculations.

Cause:
DHS's methodology does not identify or use per diems from Medicare hospital cost reports.

DHS's methodology does not identify or use Medicaid fee-for-service days by cost center along with per diems to calculate inpatient and outpatient Medicaid fee-for-service care costs. DHS's methodology utilizes 23 different costs to charge ratios (CCRs) each calculated using the charges and costs in the 2552-10 cost report. Charges in the state system are then grouped according to the revenue crosswalk provided by Medicare and multiplied by the related CCR to calculate the MA fee-for-service costs as part of the calculation of hospital MA uncompensated care costs. The MMIS charges are then rolled up by acute care hospital.

Further, we noted an issue in compiling the costs and charges for one hospital in our sample, Pinnacle Health Hospital. Due to additional lines added to the CMS-2552-10 cost report, some cost and charge cells were used more than once, which resulted in the total costs and charges used being greater than the amount actually listed in the CMS-2552-10 cost report, as noted below:

Pennsylvania Department of Human Services
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DSH Cost Group No.	Costs - Used	Costs – CMS-2552-10	Charges – Used	Charges – CMS 2552-10
1	$284,694,335	$152,736,105	$505,343,940	$266,136,397
2	$61,658,457	$31,722,199	$116,897,612	$58,448,806
3	$21,623,035	$11,743,293	$75,997,195	$41,814,809
9	$143,594,793	$80,455,448	$150,844,161	$89,962,825
10	$28,587,292	$14,664,215	$102,170,024	$51,085,012
11	$10,532,842	$5,270,266	$114,851,274	$57,425,637
15	$76,713,199	$38,386,761	$277,143,518	$138,571,759
18	$80,351,233	$41,445,478	$308,751,686	$154,375,843
22	$11,234,481	$8,378,069	$31,786,957	$25,299,969

However, we noted that Pinnacle Health Hospital's DSH limit was not exceeded or further exceeded as a result of these identified differences.

Effect:

DHS's calculated DSH limits are not in accordance with Federal Medicaid Regulations. Also, the calculation of 2 hospitals' cost to charge ratios (CCR) included costs and/or charges greater than what was included in their CMS-2552-10 cost report. The DSH report has been updated to reflect the correct amounts as noted in the chart above, and in that process, one other hospital was identified as being impacted by this issue and was corrected. However, based on the differences, we noted no hospital's DSH limit was exceeded or further exceeded as a result of identified differences.

Recommendation:

We recommend that DHS follow Federal Medicaid regulations and the General DSH Audit and Reporting Protocol developed by CMS in calculating hospital specific DSH Limits.

Specifically, we recommend the following:

- DHS should modify its methodology to identify and use per diems from hospital Medicare cost reports in the calculation of hospital specific DSH limits.

- DHS should modify its methodology to identify and use Medicaid fee-for-service days from the State Medicaid Management Information System along with per diems in the calculation of hospital specific DSH limits.

Also, we recommend that DHS implement additional procedures to ensure that the data compiled from what is extracted from the CMS-2552-10 cost report is complete and accurate.

Management Response:

DHS used the CMS 2552-10 cost report in its cost determination methodology starting in FY 2013-14. Cost-to-charge ratios were developed from the hospitals' CMS 2552-10 cost reports and were used to convert hospital charges to hospital costs for all Title XIX services. DHS believes that its use of charges and associated cost-to-charge ratios provided a reasonable approach to determine the hospital specific DSH limits.

DHS will modify data procedures to address cost center duplication issues identified by the Auditor.

Private Hospitals

Finding No. 5 - Documentation Is Needed to Support Eligibility Policies Related to Hospitals That Do Not Offer Nonemergency Obstetric Services (A Similar Condition Was Noted in Prior Year Finding No. 5)

Criteria:
The Disproportionate Share Hospital (DSH) Program requires that eligibility criteria be in accordance with regulations specified under Section 1923 of the Social Security Act as well as documented per the CMS Final Rule.

According to Section 1923 of the Social Security Act, no hospital may be deemed a disproportionate share hospital under a state plan unless the hospital 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. This obstetrician requirement shall not apply to a hospital if the inpatients are predominantly individuals under eighteen years of age or if the hospital did not offer nonemergency obstetric services to the general population as of December 22, 1987, the date of the enactment of the Act.

The Centers for Medicare & Medicaid Services (CMS) issued guidance regarding the obstetric services requirement, which explained that hospitals that did not offer nonemergency obstetrical services to the general population as of December 22, 1987, are excepted from the two-physician rule. CMS also clarified that the law does not contemplate a grandfather clause or otherwise make exception to the obstetrician requirement for hospitals that came into existence after December 22, 1987. Therefore, such hospitals would not be considered exempt from the obstetrical requirement.

Condition:
DHS's methodology to determine eligibility in relation to the obstetric services requirement requires that a hospital that did not offer nonemergency obstetric services to the general population on or after December 21, 1987 meet the exception for the Social Security Act's two obstetrician rule.

Cause:
State Plan Attachment 4.19A. states that a hospital that did not offer nonemergency obstetric services to the general population on or after December 21, 1987 meets the exception for the Social Security Act's two obstetrician rule. As a result, the survey sent and completed by hospitals to determine eligibility was not in compliance with CMS guidance.

Effect:
The methodology used by the Commonwealth to determine eligibility is not in compliance with CMS regulations.

Recommendation:
DHS' surveys to determine hospital eligibility have been revised and we recommend that the Commonwealth utilize these revised surveys.

Management Response:

In order to meet this requirement, DHS requires all hospitals subject to inclusion in the DSH Report to complete a survey and for the hospitals' management to clearly attest as to whether the hospital meets the criteria to qualify as a DSH hospital, or meet one of the enumerated exceptions, under Section 1923 of the Social Security Act. DHS has recently revised this historic survey to clarify the requirements and garner a clearer understanding of the hospitals DSH eligibility. DHS continues to recover any DSH payments made to hospitals who attest they did not qualify in the period they received the payment(s).

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Disproportionate Share Hospital (DSH)
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Private Hospitals

Finding No. 6 - State Defined Eligibility Statistics Are Based on Data from Years Prior to the Fiscal Year Ended June 30, 2016 (A Similar Condition was noted in Prior Year Finding No. 6)

Criteria:
According to responses to public comments on the final rule related to auditing and reporting Medicaid disproportionate share program payments, published on December 19, 2008 in the Federal Register, Vol. 73, No. 245, Section III, B, 8, state defined eligibility statistics reported should be based on data from the current program year under examination.

Condition:
Eligibility of private hospitals to receive Disproportionate Share Hospital (DSH) payments is not based on data from the current program year under examination.

Cause:
State defined eligibility statistics referred to on the DSH report under the heading “Other DSH Eligibility” are based on data from years prior to the fiscal year ended June 30, 2016. In many instances, data used to determine "Other DSH Eligibility" was from years as early as the fiscal year ended June 30, 2008.

Effect:
Hospitals may not have been correctly identified as eligible or ineligible for the DSH Fiscal Year 2015-2016 period, as the data used for eligibility determination was not based on data from the current program year under examination. However, the Medicaid Inpatient Utilization Rate (MIUR) calculation to determine if the hospitals had a MIUR rate of not less than one percent is calculated on current year data and properly supports all hospitals eligibility to be a Disproportionate Share Hospital under the Social Security Act and the State Plan.

Recommendation:
We recommend that DHS report state defined eligibility statistics based on data from the current program year under examination.

Management Response:
DHS uses a prospective methodology to determine eligibility for DSH payments using the statistics specified in its CMS approved state plan.

Pennsylvania Department of Human Services
Disproportionate Share Hospital (DSH)
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Private Hospitals

Finding No. 7 - Disproportionate Share Hospital (DSH) Eligibility and Payments Were Determined Based on Prior Year Data (A Similar Condition was noted in Prior Year Finding No. 7)

Criteria:
According to responses to public comments on the final rule related to auditing and reporting Medicaid disproportionate share program payments, published on December 19, 2008 in the Federal Register, Vol. 73, No. 245, Section III, B, 8, states have the flexibility to use time periods other than the Medicaid State Plan rate year to estimate DSH qualification and DSH payment, but must provide for adjustments to these estimates to ensure that final qualification and payments are based on actual data for the relevant time period.

Condition:
Certain ineligible hospitals may improperly receive a Disproportionate Share Hospital (DSH) payment, while certain other eligible hospitals may not receive such a payment. Additionally, eligible hospitals that do receive a payment may receive more or less than would be appropriate based on data applicable to the fiscal year ended June 30, 2016.

Cause:
DSH eligibility and DSH payments to hospitals were determined by DHS based on data, actual and budgeted, from years prior to the fiscal year ended June 30, 2016.

Effect:
Hospitals may not have been correctly identified as eligible or ineligible to receive specific DSH payments and these payments may have differed for the Fiscal Year 2015-2016 period, as the data used for eligibility determination was not based on data from the current program year under audit. Since almost all Pennsylvania hospitals receive a DSH payment based on Other DSH Eligibility factors and the payments are based on defined methods and standards for each DSH payment per the State Plan, the effect of improperly utilizing data, actual and budgeted, from years prior to the fiscal year ended June 30, 2016 is not likely to impact the overall conclusion regarding a hospital's eligibility and the payments made by DHS.

Recommendation:
We recommend that DHS adjust any estimated DSH eligibility determinations and estimated DSH payments for each Fiscal Year Ended period to ensure that final eligibility and payments are based on actual data for the relevant time period.

Management Response:
DHS uses a prospective methodology to determine eligibility for DSH payments using the statistics specified in its CMS approved state plan.

Private Hospitals

Finding No. 8 - Medicaid Inpatient Utilization Rate (MIUR) and Low-Income Utilization Rate (LIUR) Are Not Calculated in Accordance with Section 1923 of the Social Security Act (A Similar Condition was noted in Prior Year Finding No. 8)

Criteria:
Federal Medicaid regulation (Title 42, Part 455.304) requires that states use payment and utilization information from the State Medicaid Management Information System (MMIS) in the calculation of hospital specific Disproportionate Share Hospital (DSH) limits. Also, according to the DSH Audit and Reporting Protocol, the State MMIS should be the primary source of state-generated Medicaid fee-for-service days, charges, and payments in the calculation of hospital specific DSH limits.

Medicaid Inpatient Utilization Rate (MIUR)
According to Section 1923(b)(2) of the Social Security Act, the MIUR rate is identified as a fraction expressed as a percentage, the numerator of which is the hospital's number of inpatient days attributable to patients who for such days were eligible for medical assistance under a state plan approved under Title XIX in a period and the denominator of which is the total number of the hospital's inpatient days in that period.

Low-Income Utilization Rate (LIUR)
According to Section 1923(b)(3) of the Social Security Act, the LIUR rate is the sum of two fractions expressed as a percentage. For one fraction, the numerator is the sum (for a period) of the total revenues paid the hospital for patient services under a state plan under Title XIX (regardless of whether the services were furnished on a fee-for-service basis or through a managed care entity) and the amount of the cash subsidies for patient services received directly from state and local governments, and the denominator is the total amount of revenues of the hospital for patient services (including the amount of such cash subsidies) in the period. For the second fraction, the numerator is the total amount of the hospital's charges for inpatient hospital services which are attributable to charity care in a period, less the portion of any cash subsidies for patient services received directly from state and local governments in the period attributable to inpatient hospital services, and the denominator is the total amount of the hospital's charges for inpatient hospital services in the hospital in the period.

Condition:
1. MIUR and LIUR rate were not calculated using MA inpatient days and payments from the State Medicaid Management Information System.
2. MA Inpatient days used to calculate reported MIUR rates were estimates based on the MA-336 Cost Report.
3. DHS improperly includes DSH payments when calculating one part (fraction) of the LIUR rate.

Cause:
Except for Title XIX FFS inpatient days, DHS's methodologies to calculate the MIUR and LIUR rates do not identify or use Medicaid inpatient days or payments, including supplemental payments, from the State

MMIS. DHS's methodologies to calculate MIUR and LIUR rates use MA inpatient days and payments from hospital MA cost reports.

MA managed care inpatient days as reported on the MA-336 include individuals eligible under Pennsylvania's General Assistance Program. Individuals eligible under Pennsylvania's General Assistance Program are not eligible under Title XIX (Medicaid). DHS uses the General Assistance charges and the Title XIX charges reported on the MA-336 to calculate a percent to apply to the total managed care inpatient days to estimate the Title XIX inpatient days for the MIUR calculation.

DHS improperly includes DSH payments, including DSH payments connected with the General Assistance Program, when calculating the numerator of the LIUR rate.

Effect:
Failure to properly compute the MIUR and LIUR rate could result in the incorrect classification of certain hospitals as to DSH eligibility. The main purpose of calculating MIUR and LIUR rates is to identify hospitals that are deemed to be DSH hospitals and required to receive DSH payments. Since almost all Pennsylvania hospitals receive a DSH payment based on other DSH eligibility factors, the effect of improperly computed MIUR and LIUR rates is not likely to impact the overall conclusion regarding a hospital's eligibility.

Recommendation:
We recommend that DHS calculate MIUR and LIUR in a manner consistent with Section 1923 of the Social Security Act to determine if a hospital is considered a DSH hospital. DHS should identify and use state-generated Medicaid inpatient days and payments, including supplemental payments, from the State MMIS in the calculation of MIUR and LIUR rates. If DHS continues to use MA cost reports to identify MA managed care days, the instructions should clearly indicate that hospitals exclude individuals eligible under GA. Lastly, DHS should modify its methodology when calculating the LIUR rates to exclude DSH payments.

Management Response:
In response to the prior year's Finding no. 8, the Department took steps to segregate GA managed care patient data from Title XIX managed care data within the MA-336 cost report. The Department currently calculates both fee-for-service and managed care Title XIX days by removing GA days based on the percentage of GA charges reported on the MA-336 Cost Report.

The Department maintains that the inclusion of DSH payments in the calculation of a Low Income Utilization Rate (LIUR) is a proper procedure. The Department's position is that DSH payments constitute a payment for patient services as "an appropriate increase in the rate or amount of payment for such services provided by such hospitals" (Social Security Act 1923(a)(1)(B)).

As the MA-336 cost report was previously judged by the Department to be a more accurate source of managed care patient days data than the current MMIS system, it continued to utilize this data in the compilation of the FY 2015-16 MIUR. In future audits, the Department will work to adjust the base data for calculating the MIUR and LIUR to use the FFS and MCO days from the PROMISe.

Private Hospitals

Finding No. 9 – The Department of Human Services' (DHS) Methodology to Calculate Disproportionate Share Hospital (DSH) Limits Is Not in Accordance with Federal Program Requirements – Hospitals With Different Fiscal Years (A Similar Condition was noted in Prior Year Finding No. 9)

Criteria:
Federal Medicaid regulation (Title 42, Part 455.304) requires that states use hospital Medicare cost reports in the calculation of hospital specific Disproportionate Share Hospital (DSH) limits. Additionally, the General DSH Audit and Reporting Protocol requires that, when a hospital's fiscal year does not match the state fiscal year, all cost reports and financial statements and other auditable hospital accounting records be obtained and then allocated based upon the months covered by the financial or cost reporting period that directly related to the Medicaid State plan rate year.

Condition:
DHS's methodology to calculate hospital specific DSH limits is not in accordance with Federal Medicaid regulations and/or the General DSH Audit and Reporting Protocol developed by CMS.

Cause:
DHS's methodology does not correctly reflect the costs incurred by hospitals whose fiscal year does not align exactly with the state's. In our sample of 47 hospitals, we noted 3 hospitals whose fiscal year did not align with the state's fiscal year. In two cases, the state allocated the applicable cost reports in accordance with the Federal Medicaid regulations noted above (blend). However, in the remaining case, the state used the Medicare cost report that covered the maximum number of days that fall within the state's fiscal year. For example, if a hospital has a Medicare cost report for 1/1/2015 to 12/31/2015 (which would cover 184 days in the state fiscal year) and a Medicare cost report for 1/1/2016 to 12/31/2016 (which would cover 182 days in the state fiscal year), the 1/1/2015 to 12/31/2015 cost report would be used. The state's current methodology is to blend all hospitals that have a fiscal year-end that is more than two months off the state's fiscal year-end.

Effect:
The costs used in DHS's calculated DSH limits are not in accordance with Federal Medicaid Regulations.

Recommendation:
We recommend that DHS follow Federal Medicaid regulations and the General DSH Audit and Reporting Protocol developed by CMS in calculating hospital specific DSH Limits. Specifically, we recommend that the state obtain, from all applicable hospitals, all cost reports, financial statements, and other auditable items that contain costs incurred by each hospital during the state's fiscal year and allocate those costs based upon the months covered by the State Plan year. For example, if a hospital operates on a calendar year, approximately 50% of the amounts from each cost report would be used to determine the costs and revenues associated with the Medicaid State plan rate year.

Management Response:
DHS employed a methodology that used only one 2552-10 cost report for the majority of hospitals to determine cost to charge ratios. The cost report which was used was the report which covered the time

period that most closely matched the time period of the State Plan Year (SPRY) 2014-15. In response to the prior year's audit Finding No. 9, in the current audit DHS adjusted its methodology for hospitals with a Medicare cost report start date differing from the start date of the state fiscal year by more than two months. For these hospitals, DHS allocated costs from both Medicare cost reports covering the state fiscal year, as described in Maher Dussel's recommendation.

Pennsylvania Department of Human Services
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Schedule of Data Caveats Relating to the DSH Verifications
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Private Hospitals

Finding No. 10 – The Department of Human Services (DHS) failed to include all payments made to hospitals in the DSH Report

Criteria:
Federal Medicaid regulation (Title 42 Part 447.299(c)(17)) and Section 1923(j)(1) of the Social Security Act requires that the state identify each DSH facility that received a DSH payment and the amount of DSH payments paid to that hospital for the fiscal year. Also, Federal Medicaid regulations (Title 42 Part 447.299(c)(8)) require that all supplemental/enhanced Medicaid payments made to hospitals under the state plan be included in the DSH Limit calculation.

Condition:
DHS's DSH report for Private Hospitals did not contain all of the DSH, DSH supplemental, and FFS General Assistance (GA) payments made for fiscal year 2015-16.

Cause:
DHS runs 3 separate queries of the MMIS system to obtain all the DSH, DSH supplemental, and FFS GA payments made to hospitals for the fiscal year. During the current fiscal year, new DSH and supplemental payments were created with new codes, but the queries to obtain the DSH and supplemental payments were not updated to include these new codes. In addition, there were a significant number of hospital name, ownership, and other changes, but the FFS GA query was not updated with this information in order to obtain all of the FFS GA payments. As a result, DHS failed to include a payment made to two separate hospitals in the DSH report, one as a DSH payment and the other as a supplemental payment, as well as several FFS GA payments made to hospitals, as listed below.

Hospital	DSH payments - Report	DSH payments – MMIS
UPMC Mercy	$6,707,731	$8,791,499

Hospital	Supplemental payments - Report	Supplemental payments – MMIS
Mercy Philadelphia Hospital	$20,453,464	$23,564,205

Hospital	FFS GA payments - Report	FFS GA – MMIS
Allied Services	$0	$49,505
ARIA Health	$419,040	$1,467,389
CH Hospital of Allentown LLC	$0	$54
Good Shepherd Penn Partners	$0	$1,915
Mercy Suburban Hosp-Norristown	$0	$72,981
St. Lukes – Anderson Campus	$16,855	$17,593
St. Lukes of Bethlehem	$393,104	$471,221
UPMC Mercy	$536,568	$537,311

Washington Health System – Greene	$2,996	-$14,384
Wellspan Surgery and Rehab Hospital	$54,762	$55,538
Wilkes-Barre General Hospital	-$11,778	-$9,897

84 other hospitals had differences amounting to less than 1% of reported DSH payments.

The DSH report has been updated to reflect these correct amounts.

Effect:
The DSH payments and DSH Limit were incorrect in the original DSH report. However, based on the differences, only two hospital's DSH Limit was exceeded or further exceeded as a result of the identified differences. Those two hospitals were NPHS St. Josephs, which further exceeded its DSH Limit by $8,282 (total excess of $7,979,293), and UPMC Magee, which further exceeded its DSH Limit by $439 (total excess of $4,726,963). All other hospitals did not exceed or further exceed their DSH Limits as a result of these differences.

Recommendation:
We recommend that DHS reassess and revise, as necessary, the process and controls over the creation and running of the queries of the MMIS system to ensure that all DSH and supplemental payments are pulled from the system and properly included for each hospital.

Management Response:
DHS will review and revise procedures to ensure all reason codes (DSH and supplemental) paid in a given fiscal year are accurately reflected in the DSH Report. By way of further response, Maher Duessel's review brought these two oversights to light and DHS made the necessary adjustments.

State-Owned Hospitals

Finding No. 11 – The Department of Human Services' (DHS) Methodology to Calculate Uninsured Cost of Care Is Not in Accordance with Federal Program Requirements (A Similar Condition was noted in Prior Year Finding No. 10)

Criteria:
Federal Medicaid Regulation (Title 42, Part 455.304) required that states use hospital Medicare cost reports in the calculation of hospital specific Disproportionate Share Hospital (DSH) limits. The General DSH Audit and Reporting Protocol requires the use of the Medicare 2552-10 hospital cost report to determine cost center specific routine per diems and ancillary cost to charge ratios as part of the calculation of uninsured cost of care.

Condition:
During the examination, the following was noted regarding DHS's methodology to calculate the uninsured cost of care for state-owned hospitals, which is not in accordance with Federal Medicaid regulations and/or the DSH Audit and Reporting Protocol developed by CMS:

- DHS's methodology does not use hospital Medicare cost reports in the calculation of uninsured cost of care. DHS uses overall per diems from Medicaid hospital cost reports instead of cost center specific routine per diems and ancillary cost to charge ratios.

Cause:
The General DSH Audit and Reporting Protocol requires the use of the Medicare 2552-10 hospital cost report to determine cost center specific routine per diems and ancillary cost to charge ratios as part of the calculation of uninsured cost of care. Currently, the Medicaid Cost Report schedules used by Pennsylvania's state-owned hospitals do not provide the information necessary to determine cost center specific routine per diems and ancillary cost to charge ratios.

According to DHS, currently there is no requirement for state-owned hospitals to complete the Medicare Cost Report schedules that calculate this information. The use of the Medicaid Cost Report as a source for pertinent information used in the DSH calculation has always been acceptable and approved by CMS. However, there is currently no documentation available to confirm that CMS approves of using the Medicaid Cost Report.

Effect:
The state did not comply with CMS requirements, since the Medicaid cost report was utilized instead of the required Medicare cost report.

Recommendation:
We recommend that the state obtain CMS approval of the methodology to use the Medicaid Cost Report in the uninsured costs of care calculation for state hospitals.

Management Response:

The hospitals do complete the Medicare 2552-10 (previously called 2552-96) cost reports; however, there is no requirement for state-owned hospitals to complete the Medicare schedules within the cost report that calculate this information. The use of the Medicaid Cost Report as a source for pertinent information used in the DSH calculation has always been acceptable and approved by CMS. DHS will await direction from CMS regarding this methodology.

Pennsylvania Department of Human Services
Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended June 30, 2016

State-Owned Hospitals

Finding No. 12 – Low-Income Utilization Rate (LIUR) Calculations for State-Owned Hospitals Include Certain Errors (A Similar Condition was noted in Prior Year Finding No. 11)

Criteria:
Low Income Utilization Rates (LIUR) must be above 25% in order for a hospital to be considered a Disproportionate Share Hospital (DSH) in accordance with Section 1923(b) (1) of the Social Security Act.

Condition:
For the year ended June 30, 2016, DSH eligibility was incorrectly being assessed for state-owned hospitals because of errors in calculating the LIUR rate.

Cause:
In our examination of the LIUR calculation performed by the Department of Human Services (DHS) for state hospitals, we determined that the calculation is not being performed correctly. According to the Social Security Act Section 1923 (b) (3), the LIUR is the sum of two percentages:

- Total Revenues Paid to the hospital for patient services under a state plan + cash subsidies for patient services / total revenues for the hospital for patient services
- Amount of hospital charges for inpatient services attributable to charity care – cash subsidies received for this care / total hospital charges for inpatient services

The Social Security Act provides that a State Plan may also include its own method to identify and to make payments to disproportionate share hospitals. The State Plan must be submitted and approved. According to 055 PA Code Section 1163.67, the LIUR must exceed 25% of one of the following methods:

- The hospital's LIUR as reported on its Medicare Cost Report computations of LIUR worksheet exceeds 25%
- The hospital's LIUR as determined by its ratio of Title XIX and General Assistance inpatient days to total inpatient days exceeds 25%.

Neither of the above methodologies, State or Federal, has been used in the calculation of the LIUR.

Effect:
During our examination we noted that the LIUR rates reported by DHS for state-owned hospitals for the fiscal year ended June 30, 2016 substantially exceed the 25% LIUR threshold. Additionally, we found that the errors identified do not materially impact reported LIUR rates and would not cause the LIUR rates to fall below the LIUR 25% threshold. However, inaccurate LIUR rates could limit the ability of federal program regulators and others to properly monitor and evaluate the DSH program.

Recommendation:
We recommend that DHS utilize one of the approved methodologies for calculating the LIUR.

Management Response:

DHS is still awaiting direction from CMS. In the meantime, the Department has been looking at ways to pull the data outlined in one of the approved methodologies listed in the audit report, even though the methodology currently being used was prescribed to DHS in an OIG audit.

Finding No. 13 - Certain State-Owned Hospital Disproportionate Share Hospital (DSH) Payments Exceeded DSH Limits

Criteria:
According to Section 1923 (g) of the Social Security Act, DSH payments made to a hospital should not exceed the hospital's total uncompensated care costs.

Condition:
For the fiscal year ended June 30, 2016, 3 of the 6 state-owned hospitals that received a DSH payment exceeded their DSH limit as reported by DHS on the DSH Report for State-Owned Hospitals for Fiscal Year Ended June 30, 2016.

Cause:
The initial DSH limit calculation uses prior year financial information. A retrospective calculation is completed when all claims are submitted. The Retrospective DSH Limit is equal to the Total Uncompensated Care Costs for the fiscal year. As a result, there is a variance between the initial DSH payment limit and the retrospective DSH payment limit.

Effect:
We noted that 3 state hospitals received excess DSH funds in the 2016 fiscal year.

Hospital	Adjusted Retrospective DSH Limit	Total DSH Payments Received	Excess DSH Payments Received
Clark Summit State	$ 34,308,651	$ 35,492,182	$ 1,183,531
Norristown State	$ 63,356,000	$ 65,541,650	$ 2,185,650
Torrance State	$ 53,109,638	$ 56,971,751	$ 3,862,113

Recommendation:
We recommend that the Department of Human Services (DHS) recover overpayments of funds and redistribute them as permitted by the Social Security Act Section 1923 (g).

Management Response
The Department has identified the DSH payments that exceed actual hospital uncompensated care costs and will redistribute the overpayments to qualifying hospitals on the December 2019 CMS 64- report. For the year in question, there were sufficient balances in the hospitals that did not exceed their uncompensated care costs to cover those hospitals that did exceed; therefore, all costs will be redistributed and there will be no overpayments that need to be returned to the federal government.

OTHER INFORMATION

Commomwealth of Pennsylvania
Schedule of Annual Reporting Requirements - DSH Report - Private Hospitals
Fiscal Year Ended - June 30, 2016

Definition of Uncompensated Care:

The definition of uncompensated care was based on guidance published by CMS in the 73 Fed. Reg. 77904, December 19, 2008 and the 79 Fed. Reg. 71679 dated December 3, 2014. The calculated uncompensated care costs (UCC) represent the net uncompensated costs of providing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no source of third party coverage for the inpatient and outpatient services received. The UCC for these patient groups was calculated using current Commonwealth of Pennsylvania Department of Human Service's methodology, and utilized the MA 2552-10 Hospital Cost Report, Medical Assistance Fee-for-Service Paid Claims Summaries, and Hospital-Provided Data. Total uncompensated care costs represents the net uncompensated care costs of providing inpatient and outpatient hospital services to patients that fall into one of the following Medicaid in-State and out-of-State payment categories: Fee-for-Service Medicaid Non-Dual Eligible, Fee-for-Service Medicaid Dual Eligible, Managed Care Medicaid, and Uninsured individuals with no source of third party coverage for the inpatient and outpatient services received. The cost of services for each of these payment categories was calculated using current Commonwealth of Pennsylvania Department of Human Service's methodology, including cost-to-charge ratios from each hospital's MA-2552-10 Hospital Cost Report. These costs were then reduced by the total payments received for the services provided, including any supplemental Medicaid payments and Section 1011 payments where applicable. See Schedule of Data Caveats Relating to the DSH Verifications regarding findings related to the calculation of uncompensated care costs.

Medicaid ID	Medicare ID	Provider Name	State Estimated Hospital-Specific DSH Limit	MIUR	LIUR	State-Defined DSH Eligibility Statistic	Regular IP/OP XIX FFS Payments	Regular IP/OP XIX MCO Payments	Supplemental IP/OP Payments	Total XIX IP/OP Payments	Total XIX IP/OP Costs	Total XIX Uncomp. Care Costs	IP/OP Indigent Care/Self-Pay Revenues	Section 1101 Payments	IP/OP Uninsured Cost of Care	Total Uninsured Uncomp. Care Costs	Total Uncomp. Care Costs	Total DSH Payments Received	Total Hospital Costs
			A	B	C	D	E	F	G	H=E+F+G	I	J=I-H	K	L	M	N=M-(K+L)	O=J+N	P	Q
1007691860184	390231	ABINGTON MEMORIAL	$4,680,194	13.70%	10.5%	Separate Rpt	$10,685,447	$29,384,221	$11,019,923	$51,089,591	$86,288,094	$35,198,503	$773,079	-	$10,029,841	$9,256,762	$44,455,265	$1,593,536	$528,377,987
1025352750002	390323	ADVANCED SURGICAL HOSPITAL	$4,207	0.00%	0.0%	Separate Rpt	$8,411	$1,350	-	$9,761	$364,178	$354,417	$19,049	-	$19,469	$420	$354,837	-	$15,476,959
1007544140015	390142	ALBERT EINSTEIN	$37,262,442	36.50%	36.7%	Separate Rpt	$24,595,690	$131,949,657	$58,524,817	$215,070,164	$356,204,407	$141,134,243	$175,151	-	$17,422,240	$17,247,088	$158,381,331	$34,952,806	$656,972,909
1007434570009	83300	ALFRED I. DUPONT INST.	-$9,733,314	51.40%	48.4%	Separate Rpt	$189,726,653	$22,287,945	$9,827,739	$221,842,338	$230,813,411	$8,971,073	$1,925,340	-	$1,247,271	-$678,069	$8,293,003	$287,913	$412,649,833
1007447680001	390032	ALLE-KISKI MEDICAL CENTER	$4,208,160	19.40%	13.3%	Separate Rpt	$698,415	$6,590,387	$1,484,313	$8,773,115	$24,637,002	$15,863,887	$77,703	-	$6,221,065	$6,143,362	$22,007,248	$654,866	$102,296,299
11663340007	393030	ALLIED SERVICES	$362,521	3.40%	3.9%	Separate Rpt	$156,852	$987,231	$464,701	$1,608,784	$3,451,839	$1,843,055	$52,323	-	$36,825	-$15,498	$1,827,557	$49,505	$31,012,605
1007736990004	390196	AMERICAN ONCOLOGICAL	$3,831,620	6.70%	3.2%	Separate Rpt	$372,733	$5,928,135	$683,605	$6,984,472	$20,303,845	$13,319,372	$57,023	-	$615,443	$558,420	$13,877,793	$216,855	$251,354,114
1007705250010	390115	ARIA HEALTH	$12,696,389	21.80%	25.9%	Separate Rpt	$14,988,886	$59,679,123	$17,400,683	$92,068,692	$235,376,529	$143,307,837	$443,921	-	$12,671,226	$12,227,305	$155,535,142	$14,832,882	$406,345,797
1007459070002	390163	ARMSTRONG COUNTY MEMORIAL	$3,044,246	18.50%	11.6%	Separate Rpt	$640,738	$7,395,841	$1,811,151	$9,847,730	$19,452,981	$9,605,251	$226,129	-	$799,588	$573,459	$10,178,710	$359,877	$90,121,591
1007276220007	391309	BARNES KASSON	$1,898,585	5.70%	20.4%	Separate Rpt	$132,815	$455,141	$356,763	$944,719	$2,448,297	$1,503,578	$209,546	-	$419,939	$210,393	$1,713,971	$933,515	$13,957,916
1030413400002	394023	BELMONT CNTR FOR COMP TRMNT	$6,891,624	57.00%	49.6%	Separate Rpt	$346,039	$18,714,547	-	$19,060,586	$18,883,745	-$176,841	-	-	-	-	-$176,841	$1,525,010	$41,551,315
1007507650005	390118	BRADFORD REG. MED. CTR.	$3,310,731	39.90%	17.6%	Separate Rpt	$2,861,779	$3,495,582	$993,085	$7,350,446	$12,450,205	$5,099,759	$363,217	-	$2,284,483	$1,921,266	$7,021,025	$617,351	$48,980,996
1007751290005	390076	BRANDYWINE HOSPITAL	-$306,757	20.60%	14.6%	Separate Rpt	$1,596,538	$10,952,983	$2,408,612	$14,958,133	$30,287,745	$15,329,612	$628,056	-	$1,596,198	$968,142	$16,297,753	$33,533	$89,575,425
19651800002	394049	BROOKE GLEN BEHAVIORAL HOSPITAL	$5,982,020	49.90%	51.4%	Separate Rpt	$1,610,198	$14,704,626	-	$16,314,825	$10,284,715	-$6,030,110	$3,250	-	$100,849	$97,599	-$5,932,511	$1,045,088	$22,652,943
1007354280026	390139	BRYN MAWR	$2,672,667	3.80%	4.1%	Separate Rpt	$2,248,272	$5,906,941	$2,133,032	$10,288,246	$17,611,633	$7,323,387	$1,790,694	-	$4,680,386	$2,889,692	$10,213,078	$334,962	$268,941,096
1007354280038	393025	BRYN MAWR REHAB	-$218,793	3.40%	5.1%	Separate Rpt	$959,580	$1,377,469	$1,772,486	$4,109,535	$4,938,710	$829,175	$269,709	-	$314,357	$44,647	$873,822	$85,547	$60,095,340
1007644390002	391304	BUCKTAIL MEDICAL CENTER	$318,629	5.00%	19.2%	Separate Rpt	$11,535	$90,547	$15,991	$118,074	$695,230	$577,156	$10,379	-	$52,325	$41,946	$619,102	$318,629	$3,887,786
1007731600013	390168	BUTLER COUNTY MEMORIAL	$9,534,779	15.60%	9.5%	Separate Rpt	$2,105,314	$12,396,845	$2,192,499	$16,694,658	$42,651,746	$25,957,088	-	-	$2,474,774	$2,474,774	$28,431,862	$1,137,417	$203,679,248
1007277300001	390160	CANONSBURG GENERAL HOSPITAL	$2,142,695	5.50%	6.0%	Separate Rpt	$458,360	$1,337,755	$416,315	$2,212,430	$6,795,851	$4,583,421	$82,948	-	$2,165,098	$2,082,150	$6,665,572	$31,217	$47,047,301
1007750850022	390058	CARLISLE REGIONAL MEDICAL CENTER	$929,266	9.30%	6.7%	Separate Rpt	$849,821	$3,654,252	$864,597	$5,368,670	$20,039,725	$14,671,055	$102,903	-	$1,165,706	$1,062,803	$15,733,858	$835,532	$91,186,405
1023749240001	390321	CH HOSPITAL OF ALLENTOWN LLC	-$1,456,938	7.60%	3.9%	Separate Rpt	$55,906	$4,748,780	$488,902	$5,293,588	$10,389,572	$5,095,984	$80,234	-	$134,537	$54,303	$5,150,287	$54	$94,355,496
1007459700009	390151	CHAMBERSBURG HOSPITAL	$8,334,564	16.00%	9.2%	Separate Rpt	$4,130,746	$15,849,687	$5,047,970	$25,028,403	$70,588,647	$45,560,244	$2,378,915	-	$7,836,870	$5,457,955	$51,018,199	$176,446	$269,459,983
1000011270106	391313	CHARLES COLE MEMORIAL	$4,360,708	12.70%	20.6%	Separate Rpt	$504,082	$5,045,145	$737,966	$6,287,192	$11,791,789	$5,504,597	$282,264	-	$931,908	$649,644	$6,154,241	$2,135,855	$64,347,990
1007276690009	390179	CHESTER COUNTY	$5,136,539	15.60%	9.1%	Separate Rpt	$4,708,319	$13,410,961	$4,077,182	$22,196,462	$43,617,828	$21,421,366	$486,694	-	$3,643,026	$3,156,332	$24,577,698	$309,407	$296,507,730
1013151970002	390026	CHESTNUT HILL (CHHS HOSP CO)	-$4,290,963	11.40%	18.8%	Separate Rpt	$3,138,135	$11,319,136	$6,590,324	$21,047,595	$41,591,206	$20,543,611	$149,806	-	$1,596,524	$1,446,718	$21,990,329	$6,081	$100,348,957
10207410002	N/A	CHILDRENS HOME-PGH	$945,654	81.80%	87.2%	Separate Rpt	$436,508	$6,899,919	$650,304	$7,986,731	$9,882,319	$1,895,588	-	-	-	-	$1,895,588	$909,657	$10,565,553
1007347990059	393302	CHILDRENS HOSPITAL-PGH	$11,863,292	54.60%	42.0%	Separate Rpt	$22,382,333	$142,319,684	$41,067,201	$205,769,218	$228,308,618	$22,539,400	$1,949,849	-	$10,312,924	$8,363,075	$30,902,475	$7,241,768	$409,589,169
1007709910056	393303	CHILDRENS HOSPITAL-PHIL	$36,579,921	44.00%	30.2%	Separate Rpt	$130,636,649	$189,602,916	$69,015,127	$389,254,692	$527,215,674	$137,960,982	$2,087,391	-	$6,169,254	$4,081,863	$142,042,845	$10,678,841	$1,181,961,530
1007271400003	393308	CHILDRENS INSTITUTE OF PITTSBURGH	$189,677	41.30%	50.3%	Separate Rpt	$1,245,285	$3,803,653	$4,662,766	$9,711,703	$13,697,990	$3,986,287	-	-	-	-	$3,986,287	$365,094	$25,517,176
1007562590006	390072	CHS-BERWICK HOSPITAL CENTER	$1,985,398	10.90%	7.9%	Separate Rpt	$217,207	$2,240,565	$546,562	$3,004,335	$10,490,751	$7,486,416	$57,062	-	$308,358	$251,296	$7,737,712	$307,313	$33,061,158
1002337670005	390093	CLARION	$2,429,936	10.60%	8.0%	Separate Rpt	$357,847	$2,539,609	$593,193	$3,490,648	$10,836,551	$7,345,904	$106,132	-	$616,075	$509,943	$7,855,847	$420,834	$47,644,744
1007285950022	394043	CLARION PSYCHIATRIC CNTR	-$5,599,250	55.40%	51.5%	Separate Rpt	$1,113,377	$23,415,101	-	$24,528,478	$10,242,757	-$14,285,721	$1,000	-	$88,130	$87,130	-$14,198,591	$848	$9,883,643
1029762890001	390110	CONEMAUGH MEMORIAL MEDICAL CENTER	$4,128,980	16.70%	13.3%	Separate Rpt	$5,580,781	$31,078,945	$11,491,714	$48,151,440	$105,475,343	$57,323,904	$546,110	-	$2,838,642	$2,292,532	$59,616,436	$2,670,496	$314,137,498
1029763220001	391302	CONEMAUGH MEYERSDALE MEDICAL CTR	$874,942	2.30%	12.7%	Separate Rpt	$35,598	$420,217	$62,119	$517,934	$1,908,583	$1,390,650	$49,303	-	$218,044	$168,741	$1,559,391	$783,129	$13,420,332
1029763780001	390130	CONEMAUGH MINERS MEDICAL CENTER	$735,754	6.50%	10.5%	Separate Rpt	$82,407	$1,018,015	$264,195	$1,364,617	$4,278,483	$2,913,866	$21,524	-	$181,337	$159,813	$3,073,679	$200,981	$15,567,367
1022105740001	390314	COORDINATED HEALTH ORTHOPEDIC HOSP	-$198,629	4.90%	4.1%	Separate Rpt	$70,071	$1,325,440	$191,827	$1,587,338	$5,873,754	$4,286,415	$17,279	-	$29,331	$12,052	$4,298,467	-	$26,977,609
1007699900022	391308	CORRY MEMORIAL	$1,744,073	8.10%	16.5%	Separate Rpt	$154,260	$986,186	$149,730	$1,290,176	$4,378,525	$3,088,348	$158,776	-	$256,806	$98,030	$3,186,378	$1,621,446	$19,712,089
1007605830085	390180	CROZER CHESTER	$23,888,724	28.70%	28.1%	Separate Rpt	$13,281,824	$70,071,758	$23,216,440	$106,570,022	$134,688,834	$28,118,811	$1,244,116	-	$14,350,786	$13,106,670	$41,225,481	$22,005,388	$434,216,923
1007725660003	390081	DELAWARE COUNTY MEMORIAL	$6,780,518	26.60%	21.1%	Separate Rpt	$2,692,369	$23,740,906	$7,146,633	$33,579,908	$51,904,065	$18,324,157	$958,365	-	$6,648,515	$5,690,150	$24,014,307	$973,707	$143,549,912
10000019130411	N/A	DEVEREAUX CHILDREN'S BEHAVIORAL HLTH CTR	$792,212	79.60%	75.3%	Separate Rpt	$19,175	$5,294,345	-	$5,313,520	$6,127,442	$813,922	-	-	-	-	$813,922	$503,607	$8,385,343
1007563750014	394048	DIVINE PROVIDENCE-WMSPT	$984,547	35.00%	5.2%	Separate Rpt	$197,194	$2,741,542	$159,282	$3,098,018	$6,054,023	$2,956,005	$219,433	-	$216,467	-$2,966	$2,953,038	$110,846	$57,588,096
1001257320003	390203	DOYLESTOWN	$3,330,360	7.10%	3.9%	Separate Rpt	$2,409,290	$3,995,869	$1,233,174	$7,638,333	$17,970,463	$10,332,130	-	-	$1,401,154	$1,401,154	$11,733,284	$237,018	$223,156,917
1007779290003	390278	EAGLEVILLE	$4,684,695	44.50%	24.2%	Separate Rpt	$548,342	$4,121,118	$612,999	$5,282,459	$5,932,938	$648,009	-	-	$2,129,738	$2,129,738	$2,778,647	$2,754,543	$16,180,096
1007525900001	390162	EASTON HOSPITAL	$6,500,157	11.70%	8.9%	Separate Rpt	$2,735,363	$7,100,783	$2,819,169	$12,655,315	$38,386,371	$25,731,057	$103,883	-	$1,870,003	$1,766,120	$27,497,176	$292,019	$135,407,377
1010097100002	390307	EDGEWOOD SURGICAL HOSPITAL	$17,399	8.40%	0.9%	Separate Rpt	$17,627	$204,696	$24,363	$246,686	$1,963,331	$1,716,645	$9,679	-	$20,794	$11,115	$1,727,761	-	$6,469,464
1027435270001	390329	EINSTEIN MEDICAL CENTER MONTGOMERY	$6,783,304	22.80%	17.0%	Separate Rpt	$4,231,257	$21,173,960	$5,021,183	$30,426,400	$72,257,388	$41,830,988	$62,342	-	$3,820,667	$3,758,325	$45,589,313	$1,138,140	$193,097,138
1007718540006	390008	ELLWOOD CITY	$1,412,070	3.30%	7.6%	Separate Rpt	$102,537	$1,158,110	$356,501	$1,617,147	$2,918,297	$1,301,150	-	-	$21,289	$21,289	$1,322,439	$381,485	$25,088,739
1007373060005	391306	ENDLESS MT. HEALTH SYSTEM	$793,388	7.00%	5.6%	Separate Rpt	$40,161	$547,999	$127,604	$715,764	$3,129,358	$2,413,593	-	-	-	-	$2,413,593	$470,741	$17,503,349
1007464680006	390225	EPHRATA COMMUNITY	$9,394,546	12.10%	9.2%	Separate Rpt	$881,274	$6,162,132	$1,543,075	$8,586,481	$23,572,340	$14,985,859	$2,966,955	-	$4,923,376	$1,956,421	$16,942,280	$2,005,787	$151,843,997
1007731510008	390013	EVANGELICAL COMMUNITY	$6,220,221	10.50%	4.6%	Separate Rpt	$717,048	$5,710,462	$981,311	$7,408,821	$29,597,346	$22,188,525	$2,745,642	-	$3,342,264	$596,622	$22,785,147	$533,201	$132,540,062
1007720100003	394027	FAIRMOUNT BEHAVIORAL HLTH SYS	-$5,108,808	69.60%	56.2%	Separate Rpt	$1,562,215	$23,865,490	-	$25,427,705	$17,951,117	-$7,476,588	-	-	$266,119	$266,119	-$7,210,469	$1,613	$34,714,744
1022885770014	394039	FIRST HOSP WYOMING VALLEY	$1,283,518	66.70%	60.9%	Separate Rpt	$836,265	$15,312,009	-	$16,148,274	$14,139,444	-$2,008,830	$3,725	-	$75,431	$71,706	-$1,937,124	$613,502	$20,080,412
1019219380001	N/A	FOUNDATIONS BEHAVIORAL HEALTH	$136,652	56.40%	19.1%	Separate Rpt	$287,059	$7,650,243	-	$7,937,302	$6,208,296	-$1,729,007	-	-	$343,688	$343,688	-$1,385,319	$136,652	$11,476,366
1007279630007	390217	FRICK COMMUNITY HLTH CNTR	$3,359,466	10.10%	13.1%	Separate Rpt	$389,273	$5,709,021	$774,591	$4,872,885	$10,740,210	$5,867,325	$105,702	-	$790,076	$684,374	$6,551,699	$857,430	$43,575,518
1012776950001	394008	FRIENDS HOSPITAL	$428,420	57.80%	53.9%	Separate Rpt	$3,599,780	$21,309,938	-	$24,909,719	$19,461,741	-$5,447,978	$7,000	-	$561,325	$554,325	-$4,893,653	$428,420	$32,408,215
1007427630011	391303	FULTON COUNTY MED CTR	$5,876,690	4.00%	10.1%	Separate Rpt	$156,651	$1,091,318	$257,920	$1,505,888	$5,947,256	$4,441,367	$110,376	-	$366,829	$256,453	$4,697,820	$1,923,468	$27,668,733
1007456760006	390001	GEISINGER COMMUNITY MEDICAL CENTER	$13,418,119	18.30%	13.0%	Separate Rpt	$5,963,177	$18,106,523	$3,105,074	$27,174,774	$64,630,389	$37,455,615	$299,072	-	$2,645,043	$2,345,971	$39,801,587	$858,232	$210,723,156
1007506760004	390048	GEISINGER LEWISTOWN	$5,077,694	19.50%	12.5%	Separate Rpt	$696,440	$6,701,897	$1,365,143	$8,763,480	$36,506,473	$27,742,994	$1,145,482	-	$1,947,369	$801,887	$28,544,880	$933,312	$103,057,922
1007478860069	390006	GEISINGER MEDICAL CENTER	$43,177,778	22.30%	12.5%	Separate Rpt	$17,588,098	$67,967,381	$14,579,349	$100,134,828	$241,033,067	$140,898,239	$3,756,413	$7,548	$6,997,195	$3,233,234	$144,131,473	$5,741,325	$923,628,489
1007584780002	390270	GEISINGER WYOMING VALLEY	$10,536,520	19.60%	12.9%	Separate Rpt	$6,179,544	$35,241,859	$4,251,620	$45,673,022	$126,668,833	$80,995,811	$1,052,857	$7,683	$3,912,950	$2,852,410	$83,848,221	$4,127,698	$385,517,400
1007740410009	390003	GEISINGER-BLOOMSBURG HOSPITAL	$2,189,105	23.60%	14.0%	Separate Rpt	$467,475	$3,008,911	$531,647	$4,008,033	$9,841,313	$5,833,280	$122,575	$1,860	$992,563	$868,128	$6,701,407	$554,297	$37,503,155
1007590180008	390065	GETTYSBURG HOSPITAL	$5,826,715	15.20%	6.2%	Separate Rpt	$898,319	$5,165,612	$1,352,662	$7,416,593	$20,943,134	$13,526,541	$300,593	-	$2,301,190	$2,000,597	$15,527,138	$49,568	$114,318,120
1004958310036	390194	GNADEN HUETTEN	$6,504,594	18.30%	11.7%	Separate Rpt	$737,184	$3,609,938	$511,749	$4,858,870	$12,713,725	$7,854,855	$89,473	-	$621,362	$531,889	$8,386,744	$456,153	$42,362,940
1007732780004	390066	GOOD SAMARITAN-LEBANON	$11,017,519	15.30%	14.5%	Separate Rpt	$1,757,341	$9,995,060	$2,537,533	$14,289,934	$71,748,825	$57,458,891	$3,374,487	-	$6,120,113	$2,745,626	$60,204,517	$4,600,695	$187,382,438
1023811230001	392050	GOOD SHEPHERD PENN PARTNERS	N/A	0.00%	2.2%	Separate Rpt	$53,675	$741,519	-	$795,195	$4,904,724	$4,109,530	$22,134	-	$40,749	$18,615	$4,128,145	$1,915	$41,758,430
1029810280001	392033	GOOD SHEPHERD SPECIALTY HOSPITAL	N/A	0.00%	0.2%	Separate Rpt	$630	-	-	$630	$679,273	$678,643	-	-	-	-	$678,643	-	$13,909,046
1007608230009	393035	GOOD SHEPHERD-ALLENTOWN	$1,578,408	15.70%	13.3%	Separate Rpt	$853,466	$3,734,092	$1,482,748	$6,070,306	$9,720,148	$3,649,842	$345,250	-	$395,258	$50,008	$3,699,850	$701,001	$71,886,404
1001257410007	390057	GRANDVIEW	$3,807,476	11.10%	6.4%	Separate Rpt	$938,958	$4,481,681	$1,488,736	$6,909,374	$19,970,376	$13,061,002	$208,876	-	$2,572,370	$2,363,494	$15,424,496	$841,786	$134,408,981
1007765470006	390266	GROVE CITY (UNITED COMMUNITY)	$1,449,507	6.50%	6.7%	Separate Rpt	$250,543	$1,558,649	$349,303	$2,158,495	$5,067,219	$2,908,724	$150,869	-	$555,786	$404,917	$3,313,641	$367,286	$35,531,379
1007440330006	390233	HANOVER GENERAL	$7,805,419	8.70%	5.0%	Separate Rpt	$1,095,900	$4,035,659	$744,159	$5,875,719	$26,785,066	$20,909,347	$370,032	-	$2,457,262	$2,087,230	$22,996,578	$1,490,408	$137,072,871
1025111570001	394052	HAVEN BEHAVIORAL HOSPITAL OF EASTERN PA	-$566,731	37.80%	37.6%	Separate Rpt	$544,172	$5,218,125	-	$5,762,297	$5,731,300	-$30,996	$3,930	-	$57,476	$53,546	$22,550	$106	$11,406,093
1029437890001	394053	HAVEN BEHAVIORAL HOSPITAL OF PHILA	N/A	2.50%	8.6%	Separate Rpt	$248,714	$117,771	-	$366,485	$1,288,967	$922,482	-	-	$12,765	$12,765	$935,247	-	$7,875,842
15786690001	393027	HEALTHSTH HARMARVILLE REHAB CTR	-$1,810,918	4.40%	10.3%	Separate Rpt	$477,337	$538,339	$2,309,648	$3,325,325	$3,412,450	$87,125	$90,032	-	$156,180	$66,148	$153,273	-	$24,147,402
14557490003	393046	HEALTHSTH LAKE ERIE INST REHAB	-$1,056,844	4.10%	10.1%	Separate Rpt	$260,885	$422,317	$1,405,409	$2,088,611	$2,094,975	$6,364	$3,798	-	$24,502	$20,704	$27,068	-	$16,255,614
1007580660003	393039	HEALTHSTH NITTANY VALLEY REHAB HOSP	-$172,582	3.70%	5.4%	Separate Rpt	$190,224	$404,131	$835,743	$1,430,098	$1,563,629	$133,531	$27,260	-	$85,204	$57,944	$191,475	$14,981	$17,299,951
1000027790002	393031	HEALTHSTH OF MECHANICSBG REHAB SYS	$98,201	2.40%	3.7%	Separate Rpt	$44,607	$354,099	$447,261	$845,968	$1,680,229	$834,261	$31,810	-	$73,628	$41,818	$876,079	$291,840	$19,173,957
1744062002	393047	HEALTHSTH PENN STATE GEISINGER	-$38,852	7.80%	6.1%	Separate Rpt	$99,497	$626,441	$402,129	$1,128,067	$1,931,955	$803,887	$48,067	-	$75,548	$27,481	$831,369	$19,477	$13,157,001
1007676460004	393026	HEALTHSTH REHAB HOSP OF READING	-$211,413	3.40%	5.0%	Separate Rpt	$132,859	$290,330	$634,132	$1,057,321	$1,274,593	$217,272	$21,477	-	$62,061	$40,584	$257,856	$34,461	$15,959,714
19070880001	393045	HEALTHSTH REHAB HOSP OF SEWICKLEY	$91,000	2.70%	2.4%	Separate Rpt	$119,823	$203,914	$126,212	$449,949	$922,320	$472,371	$46,250	-	$59,847	$13,597	$485,968	$15,626	$10,901,413
1023735890001	393040	HEALTHSTH REHAB HOSP-ALTOONA	-$304,314	4.40%	6.1%	Separate Rpt	$149,496	$923,894	$1,317,882	$2,391,272	$2,863,932	$472,660	$29,290	-	$142,804	$113,514	$586,175	$57,047	$26,160,374
1000053130003	393037	HEALTHSTH REHAB OF YORK	$184,363	2.40%	2.9%	Separate Rpt	$204,365	$248,366	$428,224	$880,955	$1,423,962	$543,007	$80,803	-	$72,257	-$8,546	$534,461	$123,387	$22,817,920
1007341350006	390068	HEART OF LANCASTER REGIONAL MED CTR	$1,174,780	18.10%	8.7%	Separate Rpt	$429,675	$4,123,626	$1,227,956	$5,781,256	$19,289,346	$13,508,090	$214,616	-	$1,104,039	$889,423	$14,397,513	$427,372	$50,131,888
1029938600001	393056	HELEN M. SIMPSON REHAB HOSPITAL	N/A	4.20%	11.7%	Separate Rpt	$201,323	$360,283	-	$561,606	$635,945	$74,340	-	-	$52,198	$52,198	$126,537	-	$11,379,569
1000033550175	390036	HERITAGE VALLEY BEAVER	$14,488,824	18.30%	12.6%	Separate Rpt	$2,763,370	$19,842,849	$4,180,493	$26,786,711	$44,725,736	$17,939,025	$347,424	-	$3,753,207	$3,405,783	$21,344,808	$403,412	$216,282,995
1000033550179	390037	HERITAGE VALLEY SEWICKLEY	$7,355,236	14.60%	10.1%	Separate Rpt	$848,823	$7,624,985	$1,422,287	$9,896,095	$17,760,879	$7,864,784	$228,419	-	$2,234,165	$2,005,746	$9,870,531	$1,509,130	$123,770,946
1007769210010	390184	HIGHLANDS HOSPITAL & HEALTH CTR.	-$1,728,259	42.20%	24.5%	Separate Rpt	$234,788	$4,666,009	$1,804,748	$6,705,545	$7,213,507	$507,962	$13,976	-	$665,447	$651,471	$1,159,433	-	$21,514,115
1001264530009	390097	HOLY REDEEMER HOSP AND MED CTR	-$648,085	21.20%	14.8%	Separate Rpt	$1,840,359	$12,036,284	$4,947,458	$18,824,101	$30,926,467	$12,102,365	$203,995	-	$2,041,813	$1,837,818	$13,940,184	$34,774	$138,505,214
1007718810081	390004	HOLY SPIRIT	$9,855,524	16.90%	7.5%	Separate Rpt	$3,113,173	$8,757,116	$2,240,931	$14,111,220	$40,030,777	$25,919,557	$1,255,190	-	$3,599,362	$2,344,172	$28,263,728	$1,912,818	$248,167,600
1007285950065	394034	HORSHAM PSYCH HOSPITAL	-$3,955,532	57.70%	53.2%	Separate Rpt	$1,824,958	$9,209,969	-	$11,034,926	$8,861,383	-$2,173,543	$13,400	-	$567,962	$554,562	-$1,618,981	-	$34,182,878

Commomwealth of Pennsylvania
Schedule of Annual Reporting Requirements - DSH Report - Private Hospitals
Fiscal Year Ended - June 30, 2016

Definition of Uncompensated Care:

The definition of uncompensated care was based on guidance published by CMS in the 73 Fed. Reg. 77904, December 19, 2008 and the 79 Fed. Reg. 71679 dated December 3, 2014. The calculated uncompensated care costs (UCC) represent the net uncompensated costs of providing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no source of third party coverage for the inpatient and outpatient services received. The UCC for these patient groups was calculated using current Commonwealth of Pennsylvania Department of Human Service's methodology, and utilized the MA 2552-10 Hospital Cost Report, Medical Assistance Fee-for-Service Paid Claims Summaries, and Hospital-Provided Data. Total uncompensated care costs represents the net uncompensated care costs of providing inpatient and outpatient hospital services to patients that fall into one of the following Medicaid in-State and out-of-State payment categories: Fee-for-Service Medicaid Non-Dual Eligible, Fee-for-Service Medicaid Dual Eligible, Managed Care Medicaid, and Uninsured individuals with no source of third party coverage for the inpatient and outpatient services received. The cost of services for each of these payment categories was calculated using current Commonwealth of Pennsylvania Department of Human Service's methodology, including cost-to-charge ratios from each hospital's MA-2552-10 Hospital Cost Report. These costs were then reduced by the total payments received for the services provided, including any supplemental Medicaid payments and Section 1011 payments where applicable. See Schedule of Data Caveats Relating to the DSH Verifications regarding findings related to the calculation of uncompensated care costs.

Medicaid ID	Medicare ID	Provider Name	State Estimated Hospital-Specific DSH Limit	MIUR	LIUR	State-Defined DSH Eligibility Statistic	Regular IP/OP XIX FFS Payments	Regular IP/OP XIX MCO Payments	Supplemental IP/OP Payments	Total XIX IP/OP Payments	Total XIX IP/OP Costs	Total XIX Uncomp. Care Costs	IP/OP Indigent Care/Self-Pay Revenues	Section 1101 Payments	IP/OP Uninsured Cost of Care	Total Uninsured Uncomp. Care Costs	Total Uncomp. Care Costs	Total DSH Payments Received	Total Hospital Costs
			A	B	C	D	E	F	G	H=E+F+G	I	J=I-H	K	L	M	N=M-(K+L)	O=J+N	P	Q
1007713530001	390173	INDIANA REGIONAL MEDICAL CENTER	$5,653,062	11.30%	4.8%	Separate Rpt	$792,134	$7,841,191	$1,725,172	$10,358,497	$33,992,973	$23,634,476	$305,974	-	$2,341,065	$2,035,091	$25,669,567	$748,286	$128,368,340
1007683760041	390056	J C BLAIR	$3,432,664	18.90%	13.6%	Separate Rpt	$442,961	$3,622,133	$1,459,510	$5,524,604	$16,674,084	$11,149,480	$174,789	-	$566,416	$391,627	$11,541,107	$577,597	$39,780,389
1000021890007	390016	JAMESON MEMORIAL	$5,618,468	12.80%	12.6%	Separate Rpt	$875,840	$8,596,826	$2,996,202	$12,468,869	$26,835,563	$14,366,694	$149,537	-	$1,318,600	$1,169,063	$15,535,757	$601,698	$99,896,051
1005061110008	390080	JEANES HOSPITAL	$6,777,784	14.10%	16.6%	Separate Rpt	$2,041,874	$13,854,875	$3,707,603	$19,604,352	$43,558,903	$23,954,551	$165,522	-	$2,732,594	$2,567,072	$26,521,623	$4,484,517	$125,322,296
1007443470018	390265	JEFFERSON HEALTH SERVICE	$5,068,345	8.90%	7.4%	Separate Rpt	$2,277,047	$10,532,720	$2,354,632	$15,164,398	$36,947,779	$21,783,380	$211,215	-	$6,001,144	$5,789,929	$27,573,309	$1,856,221	$234,486,855
1007312400006	390220	JENNERSVILLE REGIONAL HOSPITAL	$1,801,596	17.00%	15.8%	Separate Rpt	$830,495	$3,936,579	$1,108,591	$5,875,664	$11,812,904	$5,937,240	$301,029	-	$834,675	$533,646	$6,470,886	$187,476	$38,443,476
1007703560003	391300	JERSEY SHORE HOSPITAL	$2,282,501	7.60%	4.9%	Separate Rpt	$196,533	$957,153	$149,980	$1,303,666	$5,760,753	$4,457,087	$11,193	-	$302,194	$291,001	$4,748,088	$1,368,656	$21,799,990
1007644100005	393036	JOHN HEINZ REHAB HOSP	$73,032	2.60%	3.8%	Separate Rpt	$47,488	$830,984	$398,429	$1,276,901	$2,365,947	$1,089,046	$86,852	-	$68,450	$18,402	$1,070,644	$22,946	$31,308,756
1007457740004	390104	KANE COMMUNITY HOSPITAL	$820,150	10.30%	9.6%	Separate Rpt	$206,422	$1,083,769	$129,996	$1,420,186	$4,848,988	$3,428,801	$77,838	-	$188,137	$110,299	$3,539,101	$280,865	$15,312,672
1007717290006	390025	KENSINGTON	$724,097	36.30%	72.0%	Separate Rpt	$1,353	$1,445,323	$1,723,518	$3,170,194	$1,624,826	-$1,545,368	-	-	$499,957	$499,957	-$1,045,411	$477,153	$7,535,306
1007283700001	N/A	KIDSPEACE HOSPITAL	-$380,299	71.20%	73.5%	Separate Rpt	$718,583	$16,809,089	-	$17,527,672	$31,057,920	$13,530,248	$18,441	-	$15,777	-$2,664	$13,527,585	-	$24,519,076
17592160010	392043	KINDRED HOSPITAL HERITAGE VALLEY	N/A	2.90%	0.0%	Separate Rpt	-	-	-	-	$1,249,734	$1,249,734	-	-	-	-	$1,249,734	-	$10,950,727
17592160009	392027	KINDRED HOSPITAL PHILADELPHIA	N/A	13.90%	9.7%	Separate Rpt	$1,435,596	$291,379	-	$1,726,975	$6,456,035	$4,729,060	$341,718	-	$90,100	-$251,618	$4,477,442	-	$37,188,369
17592160005	N/A	KINDRED HOSPITAL PHILADELPHIA HAVERTOWN	N/A	3.00%	1.5%	Separate Rpt	$21,467	$82,779	-	$104,246	$2,161,255	$2,057,008	$166,430	-	$49,601	-$116,829	$1,940,180	-	$18,681,050
1026885790001	392046	KINDRED HOSPITAL PHILADELPHIA SOUTH	N/A	0.90%	0.7%	Separate Rpt	$21,736	$165,232	-	$186,968	$3,178,308	$2,991,341	$16,796	-	$15,694	-$1,102	$2,990,239	-	$18,321,330
17592160008	392028	KINDRED PITTSBURGH	N/A	0.00%	0.0%	Separate Rpt	-	-	-	-	$2,321,450	$2,321,450	-	-	-	-	$2,321,450	-	$17,267,110
1007737600004	394007	KIRKBRIDE PSYCHIATRIC HOSP	$1,284,434	84.00%	91.7%	Separate Rpt	$325,664	$1,931,367	-	$2,257,031	$1,781,398	-$475,633	-	-	$144,784	$144,784	-$330,850	$709,591	$21,863,242
1007711750051	390100	LANCASTER GENERAL	$56,646,893	19.10%	7.5%	Separate Rpt	$9,128,943	$46,539,004	$12,558,100	$68,226,046	$458,729,992	$390,503,946	$11,267,779	-	$23,213,287	$11,945,508	$402,449,454	$1,982,296	$706,475,078
1000067130006	390061	LANCASTER REGIONAL MEDICAL CENTER	$2,450,887	19.60%	14.2%	Separate Rpt	$1,248,396	$10,099,448	$2,114,235	$13,462,079	$38,150,505	$24,688,426	$87,788	-	$1,088,758	$1,000,970	$25,689,396	$909,175	$89,639,504
10191107440001	393054	LANCASTER REHABILITATION HOSPITAL	$1,129,302	2.60%	1.3%	Separate Rpt	$310,867	$704,021	$723,238	$1,738,126	$1,374,114	-$364,012	$133,059	-	$264,542	$131,483	-$232,529	$67,858	$18,922,339
1022567890001	390012	LANSDALE HOSPITAL	$656,962	5.60%	6.5%	Separate Rpt	$872,396	$1,803,039	$838,113	$3,513,548	$9,187,501	$5,673,953	$201,493	-	$1,340,200	$1,138,707	$6,812,661	$500,503	$68,706,596
1007610520083	390219	LATROBE AREA	$6,530,171	16.30%	10.1%	Separate Rpt	$1,136,174	$3,711,727	$1,711,762	$6,559,663	$13,694,993	$7,135,330	$251,858	-	$1,418,501	$1,166,643	$8,301,973	$1,789,480	$126,654,336
1007660210018	390133	LEHIGH VALLEY HOSPITAL	$18,471,966	18.10%	10.7%	Separate Rpt	$23,953,076	$62,585,357	$18,575,178	$105,113,611	$209,846,651	$104,733,040	$1,755,403	-	$18,595,100	$16,839,697	$121,572,737	$6,739,793	$958,166,392
1007287190004	390185	LEHIGH VALLEY HOSPITAL - HAZLETON	$2,220,188	16.00%	9.2%	Separate Rpt	$2,176,030	$10,256,752	$1,604,419	$14,037,200	$42,655,633	$28,618,433	$102,395	-	$1,962,369	$1,859,974	$30,478,407	$2,214,445	$91,319,677
1007300000001	390263	LEHIGH VALLEY HOSP-MUHLENBERG	$7,792,101	9.80%	7.1%	Separate Rpt	$3,100,738	$8,747,343	$1,889,192	$13,737,274	$37,551,422	$23,814,148	$1,751,024	-	$5,755,070	$4,004,047	$27,818,194	$2,172,314	$175,493,194
1029044950001	392048	LIFECARE HOSPS OF CHESTER COUNTY	N/A	0.00%	0.0%	Separate Rpt	$7,328	-	-	$7,328	$1,449,236	$1,441,908	-	-	-	-	$1,441,908	-	$14,629,079
1029045100001	392038	LIFECARE HOSPS OF MECHANICSBURG	N/A	0.00%	0.0%	Separate Rpt	$22,732	-	-	$22,732	$1,160,410	$1,137,678	-	-	-	-	$1,137,678	-	$14,658,274
1029046550001	392041	LIFECARE HOSPS OF PGH-MONROEVILLE	N/A	0.00%	0.0%	Separate Rpt	$28,045	-	-	$28,045	$1,357,607	$1,329,562	-	-	-	-	$1,329,562	-	$15,122,200
1029044590001	392024	LIFECARE HOSPS OF PITTSBURGH-Suburban	N/A	0.00%	0.0%	Separate Rpt	$112,296	$69,925	-	$182,221	$4,293,789	$4,111,568	-	-	-	-	$4,111,568	-	$40,820,996
1007559910001	390071	LOCK HAVEN	$4,719,698	15.90%	10.1%	Separate Rpt	$271,728	$2,008,752	$587,727	$2,868,207	$24,169,840	$21,301,633	$361,763	-	$993,656	$631,893	$21,933,526	$248,123	$26,167,337
1028624840001	390070	LOWER BUCKS	$1,966,213	22.00%	12.8%	Separate Rpt	$1,630,896	$7,024,431	$2,002,439	$10,657,765	$21,330,246	$10,672,481	$138,410	-	$2,343,233	$2,204,823	$12,877,303	$1,994,418	$71,147,329
1007579170002	393038	MAGEE MEMORIAL	$819,755	18.90%	15.7%	Separate Rpt	$2,024,881	$3,611,614	$4,525,896	$10,162,391	$15,426,749	$5,264,358	$130,600	-	$160,393	$29,793	$5,294,151	$511,070	$55,843,738
1007711570045	390114	MAGEE WOMENS	$6,077,944	38.80%	12.2%	Separate Rpt	$6,601,903	$57,864,666	$21,040,748	$85,507,317	$75,854,903	-$9,652,414	$664,005	-	$6,834,849	$6,170,843	-$3,481,571	$4,726,963	$474,389,004
1007354280039	390195	MAIN LINE HOSPITAL LANKENAU	$2,470,077	10.20%	9.6%	Separate Rpt	$7,114,434	$23,413,120	$7,226,881	$37,754,435	$57,084,944	$19,330,509	$937,993	-	$6,539,984	$5,601,991	$24,932,500	$430,519	$385,105,957
1007285950051	394040	MEADOWS PSYCH CENTER	-$889,747	56.30%	52.6%	Separate Rpt	$415,143	$12,201,691	-	$12,616,834	$10,966,157	-$1,650,677	-	-	-	-	-$1,650,677	-	$15,868,798
1007521150043	390113	MEADVILLE MED CENTER	$4,692,685	20.70%	12.2%	Separate Rpt	$1,285,242	$7,371,450	$3,151,797	$11,808,489	$25,486,581	$13,678,092	$60,979	-	$1,604,359	$1,543,380	$15,221,473	$982,677	$141,558,208
1007713260001	390236	MEMORIAL HOSPITAL-TOWANDA	$672,273	6.00%	11.0%	Separate Rpt	$179,062	$560,097	$429,523	$1,168,681	$3,461,680	$2,292,999	$428,028	-	$539,061	$111,033	$2,404,032	$63,062	$20,169,548
1027320500001	390101	MEMORIAL HOSP-YORK	$10,839,688	22.70%	14.2%	Separate Rpt	$1,145,782	$7,225,175	$1,374,183	$9,745,140	$30,748,732	$21,003,592	$238,287	-	$2,843,265	$2,604,978	$23,608,570	$2,322,033	$70,606,136
1007306820001	390156	MERCY FITZGERALD	$4,311,803	26.60%	32.9%	Separate Rpt	$5,626,631	$18,959,835	$10,434,320	$35,020,786	$47,495,237	$12,474,450	$140,191	-	$6,024,068	$5,883,877	$18,358,327	$4,500,033	$287,440,661
1007306820048	390156	MERCY PHILADELPHIA HOSPITAL	-$14,550,820	50.30%	62.1%	Separate Rpt	$6,235,739	$36,018,956	$23,564,205	$65,818,901	$62,665,961	-$3,152,939	$22,720	-	$5,813,176	$5,790,456	$2,637,516	$1,946,021	$287,440,661
1007277020017	390116	MERCY SUBURBAN HOSP-NORRISTWN	$608,089	22.10%	13.0%	Separate Rpt	$4,507,189	$6,387,441	$3,839,759	$14,734,389	$35,018,148	$20,283,759	$86,389	-	$1,362,392	$1,276,003	$21,559,762	$214,442	$62,829,256
1007711200007	390198	MILLCREEK COMMUNITY	$1,095,078	33.80%	27.6%	Separate Rpt	$1,124,785	$8,824,584	$1,927,039	$11,876,408	$11,553,083	-$323,326	$239,504	-	$2,576,642	$2,337,138	$2,013,812	$171,607	$39,445,299
1007663100005	390154	MILTON S. HERSHEY MEDICAL CENTER	$11,205,924	23.00%	14.4%	Separate Rpt	$24,965,297	$115,128,592	$30,802,048	$170,895,936	$224,998,167	$54,091,730	$12,000,171	$315,587	$14,677,712	$2,363,955	$56,455,685	$12,946,102	$1,007,871,813
1007388870002	390147	MONONGAHELA VALLEY	$3,315,923	15.00%	14.5%	Separate Rpt	$1,023,722	$11,988,763	$3,047,978	$16,060,462	$31,067,249	$15,006,787	$72,093	-	$1,727,704	$1,655,611	$16,662,398	$2,688,720	$133,638,613
1007568020011	394033	MONTGOMERY COUNTY MH/MR	$2,107,628	48.00%	65.6%	Separate Rpt	$571,970	$4,449,389	-	$5,021,359	$7,095,489	$2,074,129	$376,470	-	$978,321	$601,851	$2,675,980	$741,890	$14,503,512
1027051880001	390119	MOSES TAYLOR	$9,363,864	23.70%	15.8%	Separate Rpt	$6,916,975	$13,281,303	$3,311,410	$23,509,688	$54,146,839	$30,637,150	$174,154	-	$1,279,102	$1,104,948	$31,742,098	$589,013	$116,895,315
1007466550003	390268	MOUNT NITTANY MEDICAL CENTER	$8,727,753	10.20%	5.7%	Separate Rpt	$2,545,883	$10,296,646	$1,844,399	$14,686,928	$51,443,896	$36,756,968	$876,398	-	$968,790	$92,392	$36,849,360	$1,490,423	$287,566,420
1007607800008	391301	MUNCY VALLEY	$548,592	1.80%	6.0%	Separate Rpt	$50,586	$734,256	$77,100	$861,942	$2,597,032	$1,735,090	$112,001	-	$347,598	$235,597	$1,970,687	$830,512	$22,384,351
1029989290001	390062	NASON HOSPITAL	-$436,051	16.80%	13.0%	Separate Rpt	$177,761	$2,251,919	$927,784	$3,357,464	$5,368,273	$2,010,809	$330,206	-	$356,635	$26,429	$2,037,238	$127,576	$23,968,151
1007654720011	390204	NAZARETH	$5,881,461	16.90%	24.7%	Separate Rpt	$3,653,195	$19,251,072	$4,525,018	$27,429,285	$64,174,604	$36,745,319	$374,321	-	$9,041,658	$8,667,337	$45,412,656	$4,281,970	$130,214,873
1007276960064	390132	NPHS-ST. JOSEPH'S	$916,943	74.70%	82.4%	Separate Rpt	$1,674,863	$15,739,054	$23,881,852	$41,295,769	$38,053,825	-$3,241,944	$42,108	-	$2,974,489	$2,932,381	-$309,564	$7,979,393	$55,434,502
1007502820003	390157	OHIO VALLEY	$2,614,752	9.50%	8.0%	Separate Rpt	$418,042	$2,342,161	$687,136	$3,447,338	$10,365,569	$6,918,231	-	-	$58,839	$58,839	$6,977,070	$410,132	$55,999,079
1025694510001	390325	OSS ORTHOPAEDIC HOSPITAL, LLC	-$48,347	3.50%	1.4%	Separate Rpt	$13,280	$1,097,333	$100,218	$1,210,831	$6,376,681	$5,165,850	$323,057	-	$262,823	-$60,234	$5,105,616	-	$60,601,389
1007743190008	390019	PALMERTON	$636,370	8.70%	9.5%	Separate Rpt	$267,635	$1,497,542	$186,653	$1,951,830	$6,041,538	$4,089,708	$31,163	-	$463,003	$431,840	$4,521,548	$681,560	$27,462,606
1007354280036	390153	PAOLI MEMORIAL	$1,943,436	3.30%	5.1%	Separate Rpt	$2,025,891	$7,772,247	$1,134,506	$10,932,643	$19,567,260	$8,634,617	$1,063,711	-	$5,351,290	$4,287,579	$12,922,196	$954,078	$231,683,715
1007733760004	391312	PENN HIGHLANDS BROOKVILLE	$1,287,138	2.50%	10.3%	Separate Rpt	$130,363	$945,439	$177,502	$1,253,304	$4,449,213	$3,195,909	$58,429	-	$320,903	$262,474	$3,458,383	$891,354	$23,348,571
1007474000032	390052	PENN HIGHLANDS CLEARFIELD	$1,843,422	8.20%	12.7%	Separate Rpt	$360,308	$3,138,728	$917,664	$4,416,700	$11,269,866	$6,853,166	$73,371	-	$406,647	$333,276	$7,186,442	$205,709	$35,549,769
1007740880070	390086	PENN HIGHLANDS DUBOIS	$68,702,271	27.60%	12.8%	Separate Rpt	$2,231,005	$20,391,218	$4,139,440	$26,761,663	$52,026,426	$25,264,763	$511,621	-	$2,637,312	$2,125,691	$27,390,454	$1,553,240	$180,981,126
1007292600030	391315	PENN HIGHLANDS ELK	$1,789,971	12.00%	9.3%	Separate Rpt	$251,027	$1,710,971	$451,619	$2,413,617	$5,327,334	$2,913,717	$41,608	-	$433,288	$391,680	$3,305,397	$1,392,359	$26,847,610
1007297070008	390223	PENN PRESBYTERIAN MEDICAL CENTER	$5,571,738	27.10%	15.7%	Separate Rpt	$13,734,285	$42,116,782	$24,652,263	$80,503,330	$154,663,087	$74,159,756	$4,825	-	$6,247,522	$6,242,697	$80,402,453	$3,999,088	$467,888,632
1020266170003	393053	PENN STATE REHAB HOSPITAL	$728,848	8.30%	6.0%	Separate Rpt	$678,021	$1,822,818	$418,611	$2,919,449	$3,690,062	$770,613	$307,774	-	$287,467	-$20,307	$750,306	$80,786	$23,619,279
1000049150007	390226	PENNSYLVANIA HOSP/UPHS	$20,643,667	30.40%	15.9%	Separate Rpt	$5,789,621	$48,409,733	$18,179,576	$72,378,930	$124,514,443	$52,135,513	-	-	$6,465,641	$6,465,641	$58,601,154	$16,799,621	$479,959,058
1020963800001	394051	PENNSYLVANIA PSYCHIATRIC INSTITUTE	$1,383,268	38.50%	40.0%	Separate Rpt	$905,654	$7,531,248	-	$8,436,902	$10,793,007	$2,356,105	$73,032	-	$331,383	$258,351	$2,614,456	$247,108	$29,596,290
1007720000016	394020	PHILHAVEN	$1,740,552	60.10%	65.1%	Separate Rpt	$374,429	$11,691,459	-	$12,065,887	$10,250,135	-$1,815,753	$997,220	-	$952,236	-$44,984	-$1,860,736	$738,863	$48,907,538
1010953150001	390127	PHOENIXVILLE HOSPITAL	$3,853,719	14.80%	10.9%	Separate Rpt	$1,490,060	$10,219,145	$2,486,854	$14,196,059	$31,158,185	$16,962,126	$126,672	-	$2,420,407	$2,293,735	$19,255,861	$3,151,557	$152,950,447
1025694150001	390324	PHYSICIANS CARE SURGICAL HOSPITAL	-$33,722	0.10%	0.2%	Separate Rpt	-	$72,213	$9,930	$82,143	$556,893	$474,750	-	-	$474,750	-	$474,750	-	$22,894,373
1000025630044	390067	PINNACLE HEALTH HOSPITALS	$4,332,287	18.10%	10.0%	Separate Rpt	$10,680,485	$45,899,593	$14,679,281	$71,259,358	$118,951,006	$47,691,648	$4,798,436	-	$15,581,385	$10,782,949	$58,474,597	$1,378,005	$693,554,906
1007723970001	390201	POCONO HOSPITAL	$10,604,286	20.60%	10.6%	Separate Rpt	$4,909,282	$18,902,319	$2,145,824	$25,957,425	$71,428,328	$45,470,903	$875,518	-	$6,260,405	$5,384,887	$50,855,790	$5,708,784	$220,645,810
1007517440003	390123	POTTSTOWN MEMORIAL	$2,795,615	17.20%	14.0%	Separate Rpt	$1,614,024	$16,147,175	$4,158,483	$21,919,682	$49,091,954	$27,172,272	$167,275	-	$1,683,712	$1,516,437	$28,688,709	$928,470	$148,823,181
1007712640007	390199	PUNXSUTAWNEY	$1,485,128	9.80%	20.0%	Separate Rpt	$286,950	$2,897,278	$727,532	$3,911,760	$9,297,912	$5,386,152	$421,570	-	$721,147	$299,577	$5,685,729	$449,326	$24,978,469
1002865910069	390044	READING HOSPITAL	$67,500,287	26.10%	12.7%	Separate Rpt	$14,451,684	$27,093,575	$12,373,622	$53,918,882	$110,346,467	$56,427,586	$3,577,491	-	$17,856,546	$14,279,055	$70,706,640	$3,923,704	$697,226,661
1026073290001	390237	REGIONAL HOSPITAL OF SCRANTON	$4,336,836	7.50%	7.8%	Separate Rpt	$1,742,943	$7,150,493	$1,218,717	$10,112,153	$49,923,113	$39,810,960	$110,508	-	$1,357,522	$1,247,014	$41,057,973	$1,508,097	$138,426,310
1007412290004	390222	RIDDLE MEMORIAL	$1,467,628	6.90%	6.4%	Separate Rpt	$1,699,412	$6,167,883	$1,995,137	$9,862,432	$20,549,417	$10,686,985	$733,837	-	$1,829,475	$1,095,638	$11,782,623	$565,937	$156,890,555
1007706140003	390079	ROBERT PACKER	-$1,971,040	14.60%	12.8%	Separate Rpt	$17,215,556	$7,931,912	$1,547,870	$26,695,338	$52,935,598	$26,240,260	$410,584	-	$3,189,446	$2,778,862	$29,019,122	$1,682	$239,808,438
1026857910001	390304	ROXBOROUGH MEMORIAL	$2,073,500	8.20%	19.5%	Separate Rpt	$1,164,598	$5,620,498	$1,856,837	$8,641,933	$22,543,502	$13,901,568	-	-	$17,664	$17,664	$13,919,232	$1,737,105	$67,578,208
1016668350001	394050	ROXBURY PSYCHIATRIC HOSPITAL	-$1,509,826	51.90%	35.3%	Separate Rpt	$123,777	$6,048,052	-	$6,171,829	$4,045,122	-$2,126,707	$14,860	-	$10,294	-$4,566	-$2,131,273	-	$10,600,499
1007275420012	390197	SACRED HEART-ALLENTOWN	$7,333,417	34.10%	19.7%	Separate Rpt	$2,165,791	$17,469,783	$3,468,967	$23,104,542	$30,174,102	$7,069,560	$457,098	-	$2,255,313	$1,798,215	$8,867,775	$1,196,298	$91,971,958
1007731420004	390258	SAINT MARY HOSPITAL	$4,366,555	11.40%	7.1%	Separate Rpt	$4,215,573	$19,856,016	$5,697,035	$29,768,624	$52,353,207	$22,584,582	$429,763	-	$5,728,960	$5,299,197	$27,883,779	$1,635,103	$367,103,136
1001625200025	390009	SAINT VINCENT HEALTH CENTER	$19,436,861	19.30%	12.3%	Separate Rpt	$4,600,259	$20,646,755	$3,817,912	$29,064,926	$83,603,065	$54,538,138	$356,554	-	$2,146,013	$1,789,459	$56,327,597	$3,148,208	$254,369,896
1007604490031	390031	SCHUYLKILL MEDICAL CENTER - EAST NORWEIGIAN STREET	$2,046,070	7.30%	7.6%	Separate Rpt	$822,325	$2,229,940	$467,180	$3,519,445	$13,421,885	$9,902,440	$79,732	-	$684,074	$604,342	$10,506,782	$724,725	$50,838,978
1007607250019	390030	SCHUYLKILL MEDICAL CENTER - SOUTH JACKSON STREET	$2,129,088	41.50%	23.3%	Separate Rpt	$920,451	$10,250,961	$1,854,384	$13,025,796	$30,003,319	$16,977,522	$172,177	-	$1,143,280	$971,103	$17,948,625	$724,293	$68,616,701
1027709360001	N/A	SELECT SPECIALTY HOSPITAL-CENTRAL PA (Camp Hill)	N/A	0.00%	0.0%	Separate Rpt	-	-	-	-	N/A	N/A	-	-	N/A	N/A	N/A	-	-
1027709360004	392039	SELECT SPECIALTY HOSPITAL-CENTRAL PA (Harrisburg)	N/A	0.00%	0.0%	Separate Rpt	$14,932	-	-	$14,932	$1,925,380	$1,910,448	-	-	$10,043	$10,043	$1,920,491	-	$36,966,949
1027709360003	N/A	SELECT SPECIALTY HOSPITAL-CENTRAL PA (York)	N/A	0.00%	0.0%	Separate Rpt	-	-	-	-	N/A	N/A	-	-	N/A	N/A	N/A	-	-
1027708470001	392047	SELECT SPECIALTY HOSPITAL-DANVILLE	N/A	0.00%	0.0%	Separate Rpt	$7,714	-	-	$7,714	$1,797,968	$1,790,254	$2,276	-	$86,149	$83,873	$1,874,127	-	$11,528,066
1027174650001	392037	SELECT SPECIALTY HOSPITAL-ERIE	N/A	0.00%	0.0%	Separate Rpt	$342,697	-	-	$342,697	$1,072,984	$730,287	-	-	$5,926	$5,926	$736,214	-	$14,783,784

Commomwealth of Pennsylvania
Schedule of Annual Reporting Requirements - DSH Report - Private Hospitals
Fiscal Year Ended - June 30, 2016

Definition of Uncompensated Care:

The definition of uncompensated care was based on guidance published by CMS in the 73 Fed. Reg. 77904, December 19, 2008 and the 79 Fed. Reg. 71679 dated December 3, 2014. The calculated uncompensated care costs (UCC) represent the net uncompensated costs of providing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no source of third party coverage for the inpatient and outpatient services received. The UCC for these patient groups was calculated using current Commonwealth of Pennsylvania Department of Human Service's methodology, and utilized the MA 2552-10 Hospital Cost Report, Medical Assistance Fee-for-Service Paid Claims Summaries, and Hospital-Provided Data. Total uncompensated care costs represents the net uncompensated care costs of providing inpatient and outpatient hospital services to patients that fall into one of the following Medicaid in-State and out-of-State payment categories: Fee-for-Service Medicaid Non-Dual Eligible, Fee-for-Service Medicaid Dual Eligible, Managed Care Medicaid, and Uninsured individuals with no source of third party coverage for the inpatient and outpatient services received. The cost of services for each of these payment categories was calculated using current Commonwealth of Pennsylvania Department of Human Service's methodology, including cost-to-charge ratios from each hospital's MA-2552-10 Hospital Cost Report. These costs were then reduced by the total payments received for the services provided, including any supplemental Medicaid payments and Section 1011 payments where applicable. See Schedule of Data Caveats Relating to the DSH Verifications regarding findings related to the calculation of uncompensated care costs.

Medicaid ID	Medicare ID	Provider Name	State Estimated Hospital-Specific DSH Limit	MIUR	LIUR	State-Defined DSH Eligibility Statistic	Regular IP/OP XIX FFS Payments	Regular IP/OP XIX MCO Payments	Supplemental IP/OP Payments	Total XIX IP/OP Payments	Total XIX IP/OP Costs	Total XIX Uncomp. Care Costs	IP/OP Indigent Care/Self-Pay Revenues	Section 1101 Payments	IP/OP Uninsured Cost of Care	Total Uninsured Uncomp. Care Costs	Total Uncomp. Care Costs	Total DSH Payments Received	Total Hospital Costs
			A	B	C	D	E	F	G	H=E+F+G	I	J=I-H	K	L	M	N=M-(K+L)	O=J+N	P	Q
1027173760001	392031	SELECT SPECIALTY HOSPITAL-JOHNSTOWN	N/A	0.00%	0.0%	Separate Rpt	$28,863	-	-	$28,863	$2,425,763	$2,396,899	-	-	-	-	$2,396,899	-	$13,422,623
1027409460001	392036	SELECT SPECIALTY HOSPITAL-LAUREL HIGHLANDS	N/A	0.00%	0.0%	Separate Rpt	$2,426	-	-	$2,426	$608,683	$606,257	$33,000	-	$28,706	-$4,294	$601,963	-	$10,773,707
1027411660001	392045	SELECT SPECIALTY HOSPITAL-MCKEESPORT	N/A	0.00%	0.0%	Separate Rpt	$3,493	-	-	$3,493	$1,024,061	$1,020,568	-	-	$6,168	$6,168	$1,026,736	-	$8,701,263
1027411100001	392044	SELECT SPECIALTY HOSPITAL-PITTSBURGH UPMC	N/A	0.00%	0.0%	Separate Rpt	$5,096	-	-	$5,096	$1,223,903	$1,218,807	-	-	-	-	$1,218,807	-	$13,165,027
1029057880001	390211	SHARON REG HLTH SYSTEM	$8,045,755	24.00%	14.4%	Separate Rpt	$1,823,907	$8,220,121	$1,482,657	$11,526,685	$31,769,376	$20,242,691	$227,643	-	$1,747,454	$1,519,811	$21,762,502	$1,419,832	$119,238,532
1025888780001	N/A	SHRINERS HOSPITAL FOR CHILDREN	$5,309,551	11.50%	27.8%	Separate Rpt	$810,602	$1,569,960	$9,462	$2,390,025	$6,052,014	$3,661,989	-	-	$18,325,690	$18,325,690	$21,987,679	$75,168	$36,812,917
1000037670010	390043	SOLDIER'S AND SAILORS	$4,609,171	14.70%	8.8%	Separate Rpt	$363,584	$1,772,470	$762,132	$2,898,186	$11,135,587	$8,237,401	$315,273	-	$836,023	$520,750	$8,758,151	$614,148	$52,457,573
1002086660009	390039	SOMERSET HSP CTR FOR HLTH	$1,181,385	27.20%	19.0%	Separate Rpt	$2,628,963	$5,653,586	$1,289,694	$9,572,243	$20,653,550	$11,081,307	$465,429	-	$1,402,653	$937,224	$12,018,531	$726,623	$57,539,577
1007787100020	N/A	SOUTHWOOD PSYCH CENTER	-$581,759	65.40%	65.2%	Separate Rpt	$40,125	$7,432,204	-	$7,472,329	$5,795,151	-$1,677,178	-	-	-	-	-$1,677,178	-	$9,114,372
1026756500001	392025	SPECIAL CARE HOSPITAL	$341,180	0.00%	0.0%	Separate Rpt	$3,491	-	-	$3,491	$1,185,719	$1,182,228	-	-	-	-	$1,182,228	$38,731	$18,246,661
1007552060019	390228	ST. CLAIR MEMORIAL	$2,484,786	8.60%	6.2%	Separate Rpt	$2,246,288	$9,053,093	$1,775,553	$13,074,934	$31,419,376	$18,344,442	$258,872	-	$2,234,170	$1,975,298	$20,319,739	$887,107	$254,541,039
1007544970057	390096	ST. JOSEPH REGIONAL HEALTH NETWORK	$4,060,631	18.60%	12.6%	Separate Rpt	$2,535,910	$14,719,033	$5,045,155	$22,300,097	$36,715,749	$14,415,652	$559,550	-	$3,293,379	$2,733,829	$17,149,481	$2,586,674	$177,066,903
1028092900001	390326	ST. LUKES - ANDERSON CAMPUS	$1,168,332	7.10%	6.2%	Separate Rpt	$942,205	$4,925,680	$583,187	$6,451,072	$15,817,578	$9,366,505	$127,195	-	$5,177,583	$5,050,388	$14,416,893	$61,206	$133,414,075
1007454700008	390183	ST. LUKE'S MINERS MEMORIAL MED CTR	$2,258,968	10.10%	12.2%	Separate Rpt	$261,971	$3,310,757	$238,996	$3,811,724	$10,288,920	$6,477,196	$27,500	-	$1,661,403	$1,633,903	$8,111,099	$823,424	$38,812,467
1007552510051	390049	ST. LUKES OF BETHLEHEM	$26,047,990	16.20%	12.5%	Separate Rpt	$12,012,589	$43,742,407	$11,735,103	$67,490,099	$103,207,640	$35,717,541	$1,387,282	-	$11,351,102	$9,963,820	$45,681,361	$4,263,546	$549,118,527
1007457000001	390035	ST. LUKES-QUAKERTOWN	$1,378,722	25.70%	9.1%	Separate Rpt	$721,190	$3,089,717	$495,140	$4,306,047	$6,439,609	$2,133,562	$109,828	-	$1,143,065	$1,033,237	$3,166,799	$581,243	$56,369,681
1029900720001	393055	ST. MARY REHABILITATION HOSPITAL	N/A	1.50%	0.4%	Separate Rpt	$100,861	$129,125	-	$229,986	$564,876	$334,890	-	-	-	-	$334,890	-	$16,640,973
1014236120002	390084	SUNBURY COMMUNITY	$37,747	29.50%	19.1%	Separate Rpt	$317,469	$2,082,530	$569,642	$2,969,640	$8,510,285	$5,540,645	$319,702	-	$757,042	$437,340	$5,977,984	$353,693	$20,229,459
1020754700001	390316	SURGICAL INSTITUTE OF READING	$245,049	2.60%	2.5%	Separate Rpt	$31,714	$959,860	$137,911	$1,129,485	$11,062,343	$9,932,858	$152,265	-	$77,754	-$74,511	$9,858,347	-	$26,146,697
1007351140008	390027	TEMPLE UNIVERSITY HOSPITAL	$66,996,147	45.40%	41.3%	Separate Rpt	$37,441,090	$197,943,355	$98,589,277	$333,973,722	$512,837,630	$178,863,908	$350,619	-	$19,954,502	$19,603,883	$198,467,791	$68,648,361	$885,169,919
1007508540018	390174	THOMAS JEFFERSON	$53,048,322	21.40%	15.8%	Separate Rpt	$34,102,180	$100,135,514	$46,420,306	$180,657,999	$259,731,975	$79,073,976	$1,901,635	-	$19,163,467	$17,261,833	$96,335,808	$39,357,760	$1,256,763,386
1007563930015	390290	THS-HAHNEMANN HOSPITAL	$23,941,892	39.10%	33.1%	Separate Rpt	$15,132,933	$67,352,048	$32,302,480	$114,787,461	$242,489,304	$127,701,842	$647,496	-	$8,268,577	$7,621,081	$135,322,923	$18,194,214	$404,973,363
1007296720002	393307	THS-ST. CHRISTOPHERS HOSP	-$23,114,620	71.60%	67.0%	Separate Rpt	$29,146,642	$87,528,857	$41,070,869	$157,746,368	$236,458,612	$78,712,243	$95,423	-	$1,570,577	$1,475,154	$80,187,397	$459,764	$180,707,259
1007460650003	391314	TITUSVILLE	$2,548,411	6.20%	19.5%	Separate Rpt	$246,245	$1,228,876	$626,995	$2,102,117	$7,896,973	$5,794,856	$66,408	-	$554,963	$488,555	$6,283,412	$1,724,773	$24,287,699
1007505780019	391305	TROY COMMUNITY	$464,075	16.60%	11.0%	Separate Rpt	$906,135	$846,042	$41,524	$1,793,702	$5,862,587	$4,068,885	$85,321	-	$387,284	$301,963	$4,370,848	$464,075	$19,511,948
1026074360001	390192	TYLER MEMORIAL HOSPITAL	$1,102,579	3.30%	16.8%	Separate Rpt	$74,963	$647,659	$348,843	$1,071,465	$5,504,795	$4,433,330	$101,544	-	$391,372	$289,828	$4,723,158	$672,602	$15,937,584
1007734000002	391307	TYRONE HOSP	$1,660,218	8.60%	8.6%	Separate Rpt	$117,248	$1,748,243	$218,379	$2,083,870	$6,552,254	$4,468,385	-	-	$440,614	$440,614	$4,908,998	$1,438,107	$21,719,811
1007630750018	390041	UNIONTOWN	$7,059,784	22.00%	21.6%	Separate Rpt	$2,096,786	$18,782,987	$4,718,101	$25,597,875	$45,170,418	$19,572,543	$98,538	-	$3,502,599	$3,404,061	$22,976,605	$1,890,975	$119,963,146
1001258770069	390111	UNIVERSITY OF PENNA MED CTR (HUP)	$53,291,266	20.20%	11.9%	Separate Rpt	$30,558,784	$103,857,555	$50,884,908	$185,301,247	$344,060,130	$158,758,883	-	-	$13,837,940	$13,837,940	$172,596,823	$50,524,100	$1,681,689,523
1007278290086	390073	UPMC ALTOONA	$23,309,492	18.40%	12.9%	Separate Rpt	$6,693,298	$27,928,252	$7,316,177	$41,937,727	$101,602,289	$59,664,563	$759,428	-	$7,323,331	$6,563,903	$66,228,466	$3,428,945	$330,027,732
1007460470003	390117	UPMC BEDFORD	$1,018,163	23.70%	11.4%	Separate Rpt	$277,561	$3,718,253	$1,289,120	$5,284,935	$8,136,805	$2,851,871	$434,935	-	$1,305,492	$870,557	$3,722,428	$489,239	$43,299,340
1027265440001	390328	UPMC EAST	$4,993,173	8.60%	9.1%	Separate Rpt	$1,689,213	$6,993,334	$1,334,284	$10,016,832	$19,444,998	$9,428,166	$110,352	-	$3,208,170	$3,097,818	$12,525,984	$443,986	$119,071,923
1007286570032	390063	UPMC HAMOT	$11,752,868	20.30%	16.7%	Separate Rpt	$12,039,282	$32,544,186	$4,760,411	$49,343,879	$65,636,634	$16,292,755	$1,222,610	-	$7,205,893	$5,983,283	$22,276,037	$2,322,843	$293,776,012
1007282360025	390178	UPMC HORIZON	$3,736,954	19.30%	11.5%	Separate Rpt	$2,014,725	$11,532,264	$1,625,108	$15,172,097	$28,009,587	$12,837,490	$1,249,225	-	$3,888,269	$2,639,044	$15,476,534	$645,026	$125,403,775
1007643400011	390002	UPMC MCKEESPORT	$5,632,492	26.90%	17.3%	Separate Rpt	$1,752,088	$12,931,391	$3,045,714	$17,729,192	$29,198,494	$11,469,301	$39,984	-	$3,795,255	$3,755,271	$15,224,572	$2,087,914	$108,340,935
1001380890017	390028	UPMC MERCY	$26,237,346	26.60%	29.1%	Separate Rpt	$13,731,246	$42,057,263	$9,236,495	$65,025,004	$105,643,924	$40,618,921	$345,135	-	$9,465,434	$9,120,299	$49,739,219	$8,792,242	$328,346,051
1007757910056	390091	UPMC NORTHWEST	$2,412,634	20.50%	12.0%	Separate Rpt	$984,388	$8,144,597	$1,289,640	$10,418,625	$21,613,468	$11,194,843	$374,104	-	$2,627,056	$2,252,952	$13,447,795	$528,490	$82,034,624
1001913350005	390107	UPMC PASSAVANT	$5,405,706	4.80%	5.0%	Separate Rpt	$2,086,498	$8,995,976	$1,342,663	$12,425,137	$27,952,185	$15,527,047	$357,072	-	$3,808,617	$3,451,545	$18,978,592	$1,269,041	$277,502,491
1000019040192	390164	UPMC PRESBYTERIAN SHADYSIDE	$32,823,899	23.00%	16.9%	Separate Rpt	$44,323,826	$137,878,894	$38,352,869	$220,555,590	$372,181,381	$151,625,792	$2,008,822	-	$22,585,079	$20,576,257	$172,202,049	$20,570,438	$1,356,709,587
1007599200016	390102	UPMC ST MARGARET	$7,176,618	8.90%	8.4%	Separate Rpt	$1,251,459	$11,153,945	$2,871,953	$15,277,358	$29,717,408	$14,440,051	$118,154	-	$2,278,447	$2,160,293	$16,600,343	$1,315,794	$185,091,554
1007352030001	390272	VALLEY FORGE	$2,807,216	0.00%	0.0%	Separate Rpt	$93,233	$2,910,462	$243,009	$3,246,704	$2,452,762	-$793,943	$229,489	-	$493,314	$263,825	-$530,118	$2,038,120	$9,525,369
1007284970027	390146	WARREN GENERAL	$1,477,723	19.80%	10.0%	Separate Rpt	$550,466	$4,408,765	$609,221	$5,568,451	$15,034,746	$9,466,294	-	-	$6,409	$6,409	$9,472,703	$250,241	$59,567,991
1007389110009	390042	WASHINGTON	$14,269,635	18.60%	13.5%	Separate Rpt	$2,887,750	$18,772,574	$4,336,381	$25,996,705	$59,811,565	$33,814,860	$148,017	-	$3,219,579	$3,071,562	$36,886,422	$8,604,430	$224,451,881
1030055690001	390150	WASHINGTON HEALTH SYSTEM - GREENE	$2,813,836	33.50%	21.1%	Separate Rpt	$362,779	$3,898,913	$566,240	$4,827,932	$9,166,497	$4,338,565	$37,413	-	$565,177	$527,764	$4,866,329	$196,492	$24,423,886
1007383590002	390125	WAYNE COUNTY MEMORIAL	$1,410,090	13.60%	10.9%	Separate Rpt	$464,134	$5,372,566	$1,085,957	$6,922,657	$25,785,059	$18,862,402	$504,264	-	$1,340,943	$836,679	$19,699,081	$327,801	$70,824,832
1007424870006	390138	WAYNESBORO	$2,652,445	12.40%	9.4%	Separate Rpt	$807,580	$3,097,072	$1,056,229	$4,960,881	$13,021,230	$8,060,349	$1,198,629	-	$3,330,969	$2,132,340	$10,192,689	$23,612	$50,139,626
1027049030001	390327	WELLSPAN SURGERY AND REHAB HOSPITAL	$265,091	11.40%	6.5%	Separate Rpt	$494,968	$1,973,977	$419,583	$2,888,528	$12,343,189	$9,454,661	$609	-	$404,193	$403,584	$9,858,246	$66,464	$55,024,619
1007277200094	390050	WEST PENN - ALLEGHENY GENERAL	$24,456,949	12.40%	10.5%	Separate Rpt	$15,355,580	$29,877,283	$10,140,190	$55,373,053	$105,981,251	$50,608,198	$237,461	-	$38,909,795	$38,672,334	$89,280,532	$4,695,381	$611,106,836
1007552330001	510001	WEST VIRGINIA UNIV HSP	$60,150,823	37.00%	34.7%	Separate Rpt	$53,392,974	$1,744,907	$2,106,217	$57,244,099	$153,833,903	$96,589,805	$913,944	-	$8,651,236	$7,737,292	$104,327,097	$10,287,034	$690,183,852
1007277200061	390090	WESTERN PENN HOSP	$7,015,204	26.30%	12.0%	Separate Rpt	$5,450,977	$20,379,215	$10,044,220	$35,874,411	$54,219,877	$18,345,466	$174,309	-	$13,505,484	$13,331,175	$31,676,641	$3,080,381	$325,519,571
1007277200082	390267	WESTERN PENN HOSP-FORBES REG CAMPUS	$8,449,194	18.60%	13.1%	Separate Rpt	$3,539,762	$10,316,309	$1,855,937	$15,712,008	$47,592,214	$31,880,206	$135	-	$9,450,909	$9,450,774	$41,330,980	$1,569,759	$199,541,281
1007748470028	390145	WESTMORELAND HOSP ASSC	$7,140,299	17.30%	10.0%	Separate Rpt	$2,376,227	$14,861,341	$3,533,775	$20,771,343	$43,664,650	$22,893,307	$269,568	-	$1,917,016	$1,647,448	$24,540,756	$1,007,525	$237,123,609
1023729660001	390137	WILKES-BARRE GENERAL HOSPITAL	$2,063,791	7.40%	9.0%	Separate Rpt	$4,659,200	$17,490,912	$3,865,466	$26,015,578	$75,027,622	$49,012,044	$385,694	-	$3,608,803	$3,223,109	$52,235,153	$93,018	$243,330,469
1007548350018	390045	WILLIAMSPORT	$5,342,093	14.50%	9.1%	Separate Rpt	$2,996,818	$17,256,499	$2,929,024	$23,182,342	$69,981,873	$46,799,532	$1,088,948	-	$2,429,700	$1,340,752	$48,140,283	$833,101	$227,799,638
1007703740004	390112	WINDBER	$881,271	4.40%	8.8%	Separate Rpt	$133,563	$1,150,009	$434,818	$1,718,390	$177,480,680	$175,762,290	-	-	-	-	$175,762,290	$257,019	$27,307,712
1001965470059	390046	YORK HOSPITAL	$55,816,118	21.90%	9.7%	Separate Rpt	$12,650,388	$45,696,172	$12,737,790	$71,084,350	$157,950,225	$86,865,875	$1,451,388	-	$7,977,630	$6,526,242	$93,392,117	$2,445,072	$690,672,750

Note A: Windber (Medicaid ID #1007703740004; Medicare ID #390112) received DSH payments of $257,019 in FYE 2016, however, the hospital did not meet the federal standards to receive DSH payments. Therefore, the Department will recoup the DSH payments made to Windber. As of 11/6/19, no payments have been recoupe

Note B: Tyler Memorial (Medicaid ID #1026074360001; Medicare ID #390192) received DSH payments of $257,019 in FYE 2016, however, the hospital did not meet the federal standards to receive DSH payments. Therefore, the Department will recoup the DSH payments made to Tyler Memorial. As of 11/6/19, no payments have been recoupe

Commonwealth of Pennsylvania
Schedule of Annual Reporting Requirements - DSH Report - State Owned Hospitals
Fiscal Year Ended - June 30, 2016

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A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q			
Hospital Name	State Estimated Hospital-Specific DSH Limit	Medicaid IP Utilization Rate	Low-Income Utilization Rate	State-defined DSH Eligibility Statistic	Regular IP/OP Medicaid FFS Rate Payments *	IP/OP Medicaid MCO Payments	Supplemental/ Enhanced IP/OP Medicaid Payments	Total Medicaid IP/OP Payments	Total Cost of Care-Medicaid IP/OP Services **	Total Medicaid Uncompensated Care Cost	Total IP/OP Indigent Care/Self-Pay Revenue	Total Applicable Section 1011 Payments	Total IP/OP Uninsured Cost of Care	Total Uninsured Uncompensated Care Cost	Total Eligible Uncompensated Care Costs	Total DSH Payments Received	Medicaid Provider Number	Medicare Provider Number	Total Hospital Costs
CLARKS SUMMIT STATE HOSPITAL	$35,492,182	21.25%	94%	N/A	$11,246,020	-	-	$11,246,020	$11,246,020	-	$4,173,342	-	$38,481,993	$34,308,651	$34,308,651	$35,492,182	100308518-0065	39-4012	$53,535,459
DANVILLE STATE HOSPITAL	$28,214,043	17.96%	96%	N/A	$8,171,853	-	-	$8,171,853	$8,171,853	-	$3,347,172		$34,713,481	$31,366,309	$31,366,309	$28,214,043	100308518-0059	39-4004	$45,441,376
NORRISTOWN STATE HOSPITAL	$65,541,650	6.16%	89%	N/A	$4,356,981	-	-	$4,356,981	$4,356,981	-	$1,248,801	-	$64,604,801	$63,356,000	$63,356,000	$65,541,650	100308518-0060	39-4001	$80,628,772
TORRANCE STATE HOSPITAL	$56,971,751	11.82%	86%	N/A	$7,854,708	-	-	$7,854,708	$7,854,708	-	$2,645,070	-	$55,754,708	$53,109,638	$53,109,638	$56,971,751	100308518-0062	39-4026	$72,915,540
WARREN STATE HOSPITAL	$31,946,370	16.49%	94%	N/A	$7,975,065	-	-	$7,975,065	$7,975,065	-	$3,090,032	-	$36,453,178	$33,363,146	$33,363,146	$31,946,370	100308518-0066	39-4016	$47,248,366
WERNERSVILLE STATE HOSPITAL	$45,545,718	16.98%	96%	N/A	$11,597,657	-	-	$11,597,657	$11,597,657	-	$5,233,868	-	$54,971,094	$49,737,226	$49,737,226	$45,545,718	100308518-0070	39-4014	$69,065,319
																$ 263,711,714			

INDEPENDENCE STATEMENT

Centers for Medicare & Medicaid Services
Commonwealth of Pennsylvania

Maher Duessel is independent of the Commonwealth of Pennsylvania and its DHS hospitals for the Medicaid state plan rate year ending June 30, 2016.

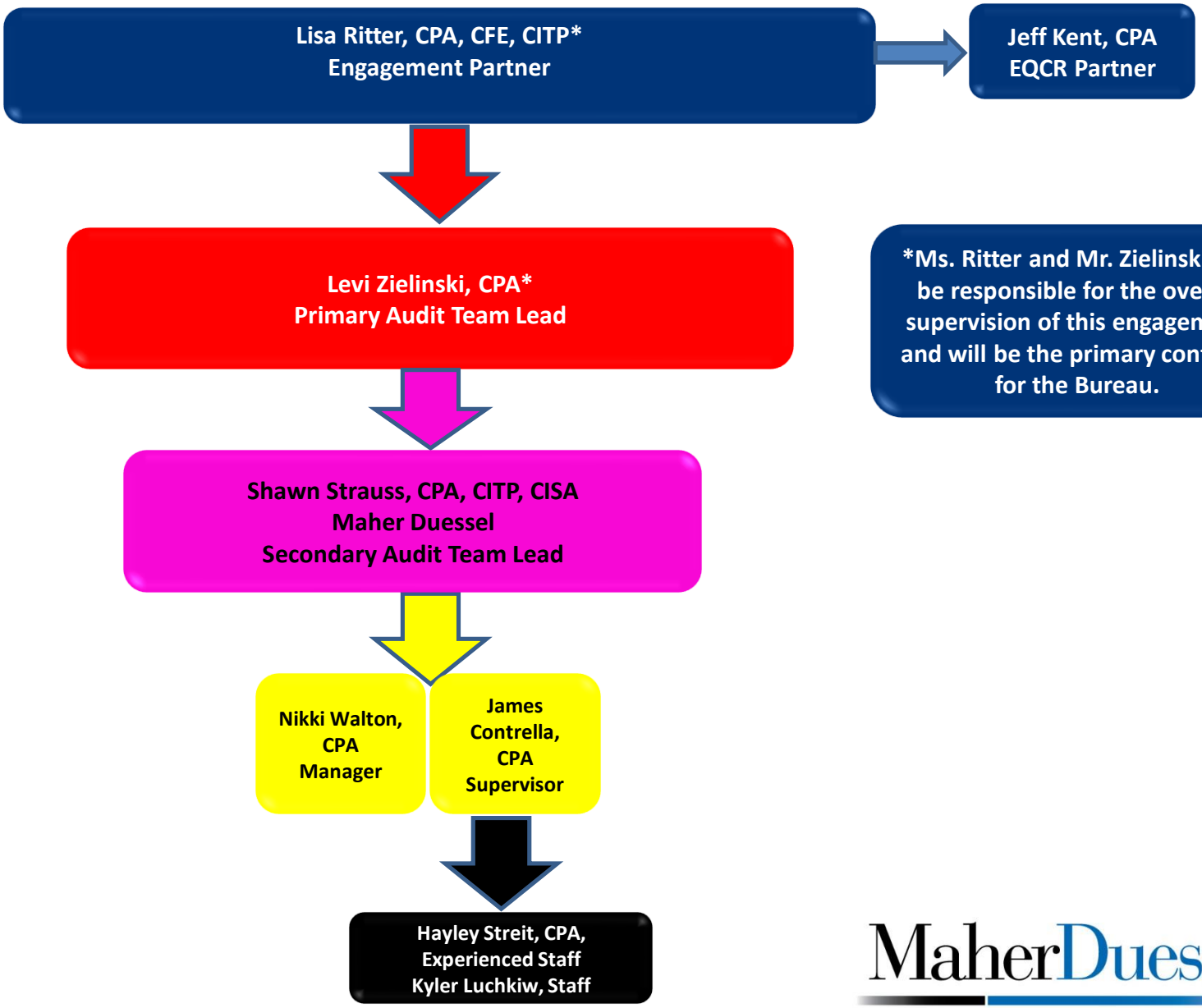
Maher Duessel

Harrisburg, Pennsylvania
December 4, 2019

MaherDuessel

APPENDIX F: ORGANIZATION CHART

West Virginia Bureau for Medical Services: DSH Audit Services



MaherDuessel

MaherDuessel

APPENDIX G: PRICING FORM

Exhibit A: PRICING PAGE
All inclusive price for each audit period:

SFY 2017 (July 1, 2016 – June 30, 2017)

				Total Cost for Audit Period SFY2017
Total Cost SFY2017 Audit				175,500

Optional Renewal Periods:

SFY 2018 (July 1, 2017 – June 30, 2018)

				Total Cost for Audit Period SFY2018
Total Cost SFY2018 Audit				175,500

SFY 2019 (July 1, 2018 – June 30, 2019)

				Total Cost for Audit Period SFY2019
Total Cost SFY2019 Audit				175,500

SFY 2020 (July 1, 2019 – June 30, 2020)

				Total Cost for Audit Period SFY2020
Total Cost SFY2020 Audit				175,500

Grand Total for four (4) Year Contract Period (A+B+C+D)

$ 702,000.00

Notes

1. The Vendors Grand Total Not to Exceed Cost will include all general and administrative staffing (secretarial, clerical, etc.), travel, supplies and other resource costs necessary to perform all services within the scope of this procurement.
2. The cost bid proposal will be evaluated based on the Grand Total.
3. The Vendor will invoice monthly in arrears. Payment will be issued in equal monthly increments during the contract period for each audit year, with the last payment withheld until a final audit report is delivered and accepted by the Bureau.

Maher Duessel
(Company)

Lisa A. Ritter, CPA, CFE, CITP, Partner
(Representative Name, Title)

717.232.1230
(Contact Phone/Fax Number)

8-Jan-20
(Date)

MaherDuessel

APPENDIX H: BID FORMS

DESIGNATED CONTACT: Vendor appoints the individual identified in this Section as the Contract Administrator and the initial point of contact for matters relating to this Contract.

(Name, Title)

Lisa A. Ritter, CPA, CFE, CITP, Partner

(Printed Name and Title)

Maher Duessel, 3003 North Front Street,Suite 101, Harrisburg, PA 17110

(Address)

717.232.1230/717.232.8230

(Phone Number) / (Fax Number)

lritter@md-cpas.com

(email address)

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

Maher Duessel

(Company)

(Authorized Signature) (Representative Name, Title)

Lisa A. Ritter, CPA, CFE, CITP, Partner

(Printed Name and Title of Authorized Representative)

January 8, 2020

(Date)

717.232.1230/717.232.8230

(Phone Number) (Fax Number)

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: CRFQ 0511 BMS2000000002

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:
(Check the box next to each addendum received)

- [X] Addendum No. 1
- [X] Addendum No. 2
- [ ] Addendum No. 3
- [ ] Addendum No. 4
- [ ] Addendum No. 5
- [ ] Addendum No. 6
- [ ] Addendum No. 7
- [ ] Addendum No. 8
- [ ] Addendum No. 9
- [ ] Addendum No. 10

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Maher Duessel
Company

Authorized Signature

January 8, 2020
Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.

West Virginia Ethics Commission

Disclosure of Interested Parties to Contracts

Pursuant to *W. Va. Code* § 6D-1-2, a state agency may not enter into a contract, or a series of related contracts, that has/have an actual or estimated value of $1 million or more until the business entity submits to the contracting state agency a Disclosure of Interested Parties to the applicable contract. In addition, the business entity awarded a contract is obligated to submit a supplemental Disclosure of Interested Parties reflecting any new or differing interested parties to the contract within 30 days following the completion or termination of the applicable contract.

For purposes of complying with these requirements, the following definitions apply:

"Business entity" means any entity recognized by law through which business is conducted, including a sole proprietorship, partnership or corporation, but does not include publicly traded companies listed on a national or international stock exchange.

"Interested party" or *"Interested parties"* means:

(1) A business entity performing work or service pursuant to, or in furtherance of, the applicable contract, including specifically sub-contractors;
(2) the person(s) who have an ownership interest equal to or greater than 25% in the business entity performing work or service pursuant to, or in furtherance of, the applicable contract. (This subdivision does not apply to a publicly traded company); and
(3) the person or business entity, if any, that served as a compensated broker or intermediary to actively facilitate the applicable contract or negotiated the terms of the applicable contract with the state agency. (This subdivision does not apply to persons or business entities performing legal services related to the negotiation or drafting of the applicable contract.)

"State agency" means a board, commission, office, department or other agency in the executive, judicial or legislative branch of state government, including publicly funded institutions of higher education: Provided, that for purposes of W. Va. Code § 6D-1-2, the West Virginia Investment Management Board shall not be deemed a state agency nor subject to the requirements of that provision.

The contracting business entity must complete this form and submit it to the contracting state agency prior to contract award and to complete another form within 30 days of contract completion or termination.

This form was created by the State of West Virginia Ethics Commission, 210 Brooks Street, Suite 300, Charleston, WV 25301-1804. Telephone: (304)558-0664; fax: (304)558-2169; e-mail: ethics@wv.gov; website: www.ethics.wv.gov.

Revised June 8, 2018

West Virginia Ethics Commission

Disclosure of Interested Parties to Contracts

(Required by *W. Va. Code* § 6D-1-2)

Name of Contracting Business Entity: Maher Duessel **Address:** 3003 North Front Street, Suite 101 Harrisburg, PA 17110

Name of Authorized Agent: Lisa A. Ritter, CPA, CFE, CITP **Address:** Same as above.

Contract Number: CRFQ 0511 BMS2000000002 **Contract Description:** Disproportionate Share Audit Services

Governmental agency awarding contract: West Virginia Bureau for Medical Services

☐ **Check here if this is a Supplemental Disclosure**

List the Names of Interested Parties to the contract which are known or reasonably anticipated by the contracting business entity for each category below *(attach additional pages if necessary)*:

1. **Subcontractors or other entities performing work or service under the Contract**
   ☑ Check here if none, otherwise list entity/individual names below.

2. **Any person or entity who owns 25% or more of contracting entity (not applicable to publicly traded entities)**
   ☑ Check here if none, otherwise list entity/individual names below.

3. **Any person or entity that facilitated, or negotiated the terms of, the applicable contract (excluding legal services related to the negotiation or drafting of the applicable contract)**
   ☑ Check here if none, otherwise list entity/individual names below.

Signature: Lisa A Ritter Date Signed: January 8, 2020

Notary Verification

State of Pennsylvania, County of Dauphin:

I, Stacey Lee Slie, the authorized agent of the contracting business entity listed above, being duly sworn, acknowledge that the Disclosure herein is being made under oath and under the penalty of perjury.

Taken, sworn to and subscribed before me this 8 day of January, 2020.

Notary Public's Signature

To be completed by State Agency:

Date Received by State Agency: _____

Date submitted to Ethics Commission: _____

Governmental agency submitting Disclosure: _____

Commonwealth of Pennsylvania - Notary Seal
Stacey Lee Slie, Notary Public
Allegheny County
My commission expires November 14, 2022
Commission number 1343361
Member, Pennsylvania Association of Notaries

WV STATE GOVERNMENT

HIPAA BUSINESS ASSOCIATE ADDENDUM

This Health Insurance Portability and Accountability Act of 1996 (hereafter, HIPAA) Business Associate Addendum ("Addendum") is made a part of the Agreement ("Agreement") by and between the State of West Virginia ("Agency"), and Business Associate ("Associate"), and is effective as of the date of execution of the Addendum.

The Associate performs certain services on behalf of or for the Agency pursuant to the underlying Agreement that requires the exchange of information including protected health information protected by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) (the "HITECH Act"), any associated regulations and the federal regulations published at 45 CFR parts 160 and 164 (sometimes collectively referred to as "HIPAA"). The Agency is a "Covered Entity" as that term is defined in HIPAA, and the parties to the underlying Agreement are entering into this Addendum to establish the responsibilities of both parties regarding HIPAA-covered information and to bring the underlying Agreement into compliance with HIPAA.

Whereas it is desirable, in order to further the continued efficient operations of Agency to disclose to its Associate certain information which may contain confidential individually identifiable health information (hereafter, Protected Health Information or PHI); and

Whereas, it is the desire of both parties that the confidentiality of the PHI disclosed hereunder be maintained and treated in accordance with all applicable laws relating to confidentiality, including the Privacy and Security Rules, the HITECH Act and its associated regulations, and the parties do agree to at all times treat the PHI and interpret this Addendum consistent with that desire.

NOW THEREFORE: the parties agree that in consideration of the mutual promises herein, in the Agreement, and of the exchange of PHI hereunder that:

1. **Definitions.** Terms used, but not otherwise defined, in this Addendum shall have the same meaning as those terms in the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.

    a. **Agency Procurement Officer** shall mean the appropriate Agency individual listed at: http://www.state.wv.us/admin/purchase/vrc/agencyli.html.

    b. **Agent** shall mean those person(s) who are agent(s) of the Business Associate, in accordance with the Federal common law of agency, as referenced in 45 CFR § 160.402(c).

    c. **Breach** shall mean the acquisition, access, use or disclosure of protected health information which compromises the security or privacy of such information, except as excluded in the definition of Breach in 45 CFR § 164.402.

    d. **Business Associate** shall have the meaning given to such term in 45 CFR § 160.103.

    e. **HITECH Act** shall mean the Health Information Technology for Economic and Clinical Health Act. Public Law No. 111-05. 111th Congress (2009).

f. **Privacy Rule** means the Standards for Privacy of Individually Identifiable Health Information found at 45 CFR Parts 160 and 164.

g. **Protected Health Information or PHI** shall have the meaning given to such term in 45 CFR § 160.103, limited to the information created or received by Associate from or on behalf of Agency.

h. **Security Incident** means any known successful or unsuccessful attempt by an authorized or unauthorized individual to inappropriately use, disclose, modify, access, or destroy any information or interference with system operations in an information system.

i. **Security Rule** means the Security Standards for the Protection of Electronic Protected Health Information found at 45 CFR Parts 160 and 164.

j. **Subcontractor** means a person to whom a business associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of such business associate.

2. **Permitted Uses and Disclosures.**

a. **PHI Described.** This means PHI created, received, maintained or transmitted on behalf of the Agency by the Associate. This PHI is governed by this Addendum and is limited to the minimum necessary, to complete the tasks or to provide the services associated with the terms of the original Agreement, and is described in Appendix A.

b. **Purposes.** Except as otherwise limited in this Addendum, Associate may use or disclose the PHI on behalf of, or to provide services to, Agency for the purposes necessary to complete the tasks, or provide the services, associated with, and required by the terms of the original Agreement, or as required by law, if such use or disclosure of the PHI would not violate the Privacy or Security Rules or applicable state law if done by Agency or Associate, or violate the minimum necessary and related Privacy and Security policies and procedures of the Agency. The Associate is directly liable under HIPAA for impermissible uses and disclosures of the PHI it handles on behalf of Agency.

c. **Further Uses and Disclosures**. Except as otherwise limited in this Addendum, the Associate may disclose PHI to third parties for the purpose of its own proper management and administration, or as required by law, provided that (i) the disclosure is required by law, or (ii) the Associate has obtained from the third party reasonable assurances that the PHI will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party by the Associate; and, (iii) an agreement to notify the Associate and Agency of any instances of which it (the third party) is aware in which the confidentiality of the information has been breached. To the extent practical, the information should be in a limited data set or the minimum necessary information pursuant to 45 CFR § 164.502, or take other measures as necessary to satisfy the Agency's obligations under 45 CFR § 164.502.

3. **Obligations of Associate.**

a. **Stated Purposes Only.** The PHI may not be used by the Associate for any purpose other than as stated in this Addendum or as required or permitted by law.

b. **Limited Disclosure.** The PHI is confidential and will not be disclosed by the Associate other than as stated in this Addendum or as required or permitted by law. Associate is prohibited from directly or indirectly receiving any remuneration in exchange for an individual's PHI unless Agency gives written approval and the individual provides a valid authorization. Associate will refrain from marketing activities that would violate HIPAA, including specifically Section 13406 of the HITECH Act. Associate will report to Agency any use or disclosure of the PHI, including any Security Incident not provided for by this Agreement of which it becomes aware.

c. **Safeguards.** The Associate will use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information, to prevent use or disclosure of the PHI, except as provided for in this Addendum. This shall include, but not be limited to:

i. Limitation of the groups of its workforce and agents, to whom the PHI is disclosed to those reasonably required to accomplish the purposes stated in this Addendum, and the use and disclosure of the minimum PHI necessary or a Limited Data Set;

ii. Appropriate notification and training of its workforce and agents in order to protect the PHI from unauthorized use and disclosure;

iii. Maintenance of a comprehensive, reasonable and appropriate written PHI privacy and security program that includes administrative, technical and physical safeguards appropriate to the size, nature, scope and complexity of the Associate's operations, in compliance with the Security Rule;

iv. In accordance with 45 CFR §§ 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain, or transmit protected health information on behalf of the business associate agree to the same restrictions, conditions, and requirements that apply to the business associate with respect to such information.

d. **Compliance With Law.** The Associate will not use or disclose the PHI in a manner in violation of existing law and specifically not in violation of laws relating to confidentiality of PHI, including but not limited to, the Privacy and Security Rules.

e. **Mitigation.** Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Associate of a use or disclosure of the PHI by Associate in violation of the requirements of this Addendum, and report its mitigation activity back to the Agency.

f. **Support of Individual Rights.**

i. **Access to PHI.** Associate shall make the PHI maintained by Associate or its agents or subcontractors in Designated Record Sets available to Agency for inspection and copying, and in electronic format, if requested, within ten (10) days of a request by Agency to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.524 and consistent with Section 13405 of the HITECH Act.

ii. **Amendment of PHI.** Within ten (10) days of receipt of a request from Agency for an amendment of the PHI or a record about an individual contained in a Designated Record Set, Associate or its agents or subcontractors shall make such PHI available to Agency for amendment and incorporate any such amendment to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.526.

iii. **Accounting Rights.** Within ten (10) days of notice of a request for an accounting of disclosures of the PHI, Associate and its agents or subcontractors shall make available to Agency the documentation required to provide an accounting of disclosures to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR §164.528 and consistent with Section 13405 of the HITECH Act. Associate agrees to document disclosures of the PHI and information related to such disclosures as would be required for Agency to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528. This should include a process that allows for an accounting to be collected and maintained by Associate and its agents or subcontractors for at least six (6) years from the date of disclosure, or longer if required by state law. At a minimum, such documentation shall include:

- the date of disclosure;
- the name of the entity or person who received the PHI, and if known, the address of the entity or person;
- a brief description of the PHI disclosed; and
- a brief statement of purposes of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure.

iv. **Request for Restriction**. Under the direction of the Agency, abide by any individual's request to restrict the disclosure of PHI, consistent with the requirements of Section 13405 of the HITECH Act and 45 CFR § 164.522, when the Agency determines to do so (except as required by law) and if the disclosure is to a health plan for payment or health care operations and it pertains to a health care item or service for which the health care provider was paid in full "out-of-pocket."

v. **Immediate Discontinuance of Use or Disclosure.** The Associate will immediately discontinue use or disclosure of Agency PHI pertaining to any individual when so requested by Agency. This includes, but is not limited to, cases in which an individual has withdrawn or modified an authorization to use or disclose PHI.

g. **Retention of PHI.** Notwithstanding section 4.a. of this Addendum, Associate and its subcontractors or agents shall retain all PHI pursuant to state and federal law and shall continue to maintain the PHI required under Section 3.f. of this Addendum for a period of six (6) years after termination of the Agreement, or longer if required under state law.

h. **Agent's, Subcontractor's Compliance.** The Associate shall notify the Agency of all subcontracts and agreements relating to the Agreement, where the subcontractor or agent receives PHI as described in section 2.a. of this Addendum. Such notification shall occur within 30 (thirty) calendar days of the execution of the subcontract and shall be delivered to the Agency Procurement Officer. The Associate will ensure that any of its subcontractors, to whom it provides any of the PHI it receives hereunder, or to whom it provides any PHI which the Associate creates or receives on behalf of the Agency, agree to the restrictions and conditions which apply to the Associate hereunder. The Agency may request copies of downstream subcontracts and agreements to determine whether all restrictions, terms and conditions have been flowed down. Failure to ensure that downstream contracts, subcontracts and agreements contain the required restrictions, terms and conditions may result in termination of the Agreement.

j. **Federal and Agency Access.** The Associate shall make its internal practices, books, and records relating to the use and disclosure of PHI, as well as the PHI, received from, or created or received by the Associate on behalf of the Agency available to the U.S. Secretary of Health and Human Services consistent with 45 CFR § 164.504. The Associate shall also make these records available to Agency, or Agency's contractor, for periodic audit of Associate's compliance with the Privacy and Security Rules. Upon Agency's request, the Associate shall provide proof of compliance with HIPAA and HITECH data privacy/protection guidelines, certification of a secure network and other assurance relative to compliance with the Privacy and Security Rules. This section shall also apply to Associate's subcontractors, if any.

k. **Security.** The Associate shall take all steps necessary to ensure the continuous security of all PHI and data systems containing PHI. In addition, compliance with 74 FR 19006 Guidance Specifying the Technologies and Methodologies That Render PHI Unusable, Unreadable, or Indecipherable to Unauthorized Individuals for Purposes of the Breach Notification Requirements under Section 13402 of Title XIII is required, to the extent practicable. If Associate chooses not to adopt such methodologies as defined in 74 FR 19006 to secure the PHI governed by this Addendum, it must submit such written rationale, including its Security Risk Analysis, to the Agency Procurement Officer for review prior to the execution of the Addendum. This review may take up to ten (10) days.

l. **Notification of Breach.** During the term of this Addendum, the Associate shall notify the Agency and, unless otherwise directed by the Agency in writing, the WV Office of Technology immediately by e-mail or web form upon the discovery of any Breach of unsecured PHI; or within 24 hours by e-mail or web form of any suspected Security Incident, intrusion or unauthorized use or disclosure of PHI in violation of this Agreement and this Addendum, or potential loss of confidential data affecting this Agreement. Notification shall be provided to the Agency Procurement Officer at www.state.wv.us/admin/purchase/vrc/agencyli.htm and,

unless otherwise directed by the Agency in writing, the Office of Technology at incident@wv.gov or https://apps.wv.gov/ot/ir/Default.aspx.

The Associate shall immediately investigate such Security Incident, Breach, or unauthorized use or disclosure of PHI or confidential data. Within 72 hours of the discovery, the Associate shall notify the Agency Procurement Officer, and, unless otherwise directed by the Agency in writing, the Office of Technology of: (a) Date of discovery; (b) What data elements were involved and the extent of the data involved in the Breach; (c) A description of the unauthorized persons known or reasonably believed to have improperly used or disclosed PHI or confidential data; (d) A description of where the PHI or confidential data is believed to have been improperly transmitted, sent, or utilized; (e) A description of the probable causes of the improper use or disclosure; and (f) Whether any federal or state laws requiring individual notifications of Breaches are triggered.

Agency will coordinate with Associate to determine additional specific actions that will be required of the Associate for mitigation of the Breach, which may include notification to the individual or other authorities.

All associated costs shall be borne by the Associate. This may include, but not be limited to costs associated with notifying affected individuals.

If the Associate enters into a subcontract relating to the Agreement where the subcontractor or agent receives PHI as described in section 2.a. of this Addendum, all such subcontracts or downstream agreements shall contain the same incident notification requirements as contained herein, with reporting directly to the Agency Procurement Officer. Failure to include such requirement in any subcontract or agreement may result in the Agency's termination of the Agreement.

m. **Assistance in Litigation or Administrative Proceedings.** The Associate shall make itself and any subcontractors, workforce or agents assisting Associate in the performance of its obligations under this Agreement, available to the Agency at no cost to the Agency to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against the Agency, its officers or employees based upon claimed violations of HIPAA, the HIPAA regulations or other laws relating to security and privacy, which involves inaction or actions by the Associate, except where Associate or its subcontractor, workforce or agent is a named as an adverse party.

4. Addendum Administration.

a. **Term.** This Addendum shall terminate on termination of the underlying Agreement or on the date the Agency terminates for cause as authorized in paragraph (c) of this Section, whichever is sooner.

b. **Duties at Termination.** Upon any termination of the underlying Agreement, the Associate shall return or destroy, at the Agency's option, all PHI received from, or created or received by the Associate on behalf of the Agency that the Associate still maintains in any form and retain no copies of such PHI or, if such return or destruction is not feasible, the Associate shall extend the protections of this Addendum to the PHI and limit further uses and disclosures to the purposes that make the return or destruction of the PHI infeasible. This shall also apply to all agents and subcontractors of Associate. The duty of the Associate and its agents

and subcontractors to assist the Agency with any HIPAA required accounting of disclosures survives the termination of the underlying Agreement.

c. **Termination for Cause.** Associate authorizes termination of this Agreement by Agency, if Agency determines Associate has violated a material term of the Agreement. Agency may, at its sole discretion, allow Associate a reasonable period of time to cure the material breach before termination.

d. **Judicial or Administrative Proceedings.** The Agency may terminate this Agreement if the Associate is found guilty of a criminal violation of HIPAA. The Agency may terminate this Agreement if a finding or stipulation that the Associate has violated any standard or requirement of HIPAA/HITECH, or other security or privacy laws is made in any administrative or civil proceeding in which the Associate is a party or has been joined. Associate shall be subject to prosecution by the Department of Justice for violations of HIPAA/HITECH and shall be responsible for any and all costs associated with prosecution.

e. **Survival.** The respective rights and obligations of Associate under this Addendum shall survive the termination of the underlying Agreement.

5. **General Provisions/Ownership of PHI.**

a. **Retention of Ownership.** Ownership of the PHI resides with the Agency and is to be returned on demand or destroyed at the Agency's option, at any time, and subject to the restrictions found within section 4.b. above.

b. **Secondary PHI.** Any data or PHI generated from the PHI disclosed hereunder which would permit identification of an individual must be held confidential and is also the property of Agency.

c. **Electronic Transmission.** Except as permitted by law or this Addendum, the PHI or any data generated from the PHI which would permit identification of an individual must not be transmitted to another party by electronic or other means for additional uses or disclosures not authorized by this Addendum or to another contractor, or allied agency, or affiliate without prior written approval of Agency.

d. **No Sales.** Reports or data containing the PHI may not be sold without Agency's or the affected individual's written consent.

e. **No Third-Party Beneficiaries.** Nothing express or implied in this Addendum is intended to confer, nor shall anything herein confer, upon any person other than Agency, Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

f. **Interpretation.** The provisions of this Addendum shall prevail over any provisions in the Agreement that may conflict or appear inconsistent with any provisions in this Addendum. The interpretation of this Addendum shall be made under the laws of the state of West Virginia.

g. **Amendment.** The parties agree that to the extent necessary to comply with applicable law they will agree to further amend this Addendum.

h. **Additional Terms and Conditions.** Additional discretionary terms may be included in the release order or change order process.

AGREED:

Name of Agency:_____

Signature:_____

Title:_____

Date:_____

Name of Associate: Maher Duessel

Signature:

Title: Partner

Date: January 8, 2020

Form - WVBAA-012004
Amended 06.26.2013

APPROVED AS TO FORM THIS 26th
DAY Of January 20 13
Patrick Morrisey
Attorney General
BY _____

Appendix A

(To be completed by the Agency's Procurement Officer prior to the execution of the Addendum, and shall be made a part of the Addendum. PHI not identified prior to execution of the Addendum may only be added by amending Appendix A and the Addendum, via Change Order.)

Name of Associate: _____

Name of Agency: Bureau for Medical Services (BMS)

Describe the PHI (do not include any actual PHI). If not applicable, please indicate the same.

Claim ID, Claim Header Status, Paid Date, Bill Type, Claim Type, Plan Provider Number, Provider Name, Member ID, Member First Name, Member Last Name, Member Middle Name, Control Number, Claim Line Number, Claim Line Status, Date of Service-From, Date of Service-To, Revenue Code, Revenue Code Description, Modifier, Billed Units, Services Units, Line Billed Amount, Line Paid Amount, Coordination of Benefits Amount, Medicare Paid Amount, State Fiscal Year, Total Paid Amount, and End Date.

10 VENDOR DEFAULT:

10.1 The following shall be considered a vendor default under this Contract.

10.1.1 Failure to perform Contract Services in accordance with the requirements contained herein.

10.1.2 Failure to comply with other specifications and requirements contained herein.

10.1.3 Failure to comply with any laws, rules, and ordinances applicable to the Contract Services provided under this Contract.

10.1.4 Failure to remedy deficient performance upon request.

10.2 The following remedies shall be available to Agency upon default.

10.2.1 Immediate cancellation of the Contract.

10.2.2 Immediate cancellation of one or more release orders issued under this Contract.

10.2.3 Any other remedies available in law or equity.

11. MISCELLANEOUS:

11.1 Contract Manager: During its performance of this Contract, Vendor must designate and maintain a primary contract manager responsible for overseeing Vendor's responsibilities under this Contract. The Contract manager must be available during normal business hours to address any customer service or other issues related to this Contract. Vendor should list its Contract manager and his or her contact information below.

Contract Manager: Lisa A. Ritter, CPA, CFE, CITP, Partner
Telephone Number: 717.232.1230
Fax Number: 717.232.8230
Email Address: lritter@md-cpas.com

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(i), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

ALL CONTRACTS: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (*W. Va. Code* §61-5-3) that: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Maher Duessel

Authorized Signature: _____ Date: January 8, 2020

State of Pennsylvania

County of Dauphin, to-wit:

Taken, subscribed, and sworn to before me this 8 day of January, 2020.

My Commission expires November 14, 2022.

AFFIX SEAL HERE

Commonwealth of Pennsylvania - Notary Seal
Stacey Lee Slie, Notary Public
Allegheny County
My commission expires November 14, 2022
Commission number 1343361
Member, Pennsylvania Association of Notaries

NOTARY PUBLIC _____