

October 26, 2016

Dear Participating Hospital:

**SUBJECT: OIG Findings on Electronic Health Record to Eligible Hospitals in Multiple States**

Since the implementation of the Medicaid Electronic Health Record Federal Incentive Payment Program in 2011, the Office of the Inspector General (OIG) has conducted audits to ensure that each state distributes funds according to the Federal guidelines.

You may have been made aware of the recent audit of many states' Electronic Health Record (EHR) Incentive Payment Program by the Office of the Inspector General (OIG). In the most recent audit, the OIG noted that our state along with many others distributed payment amounts that the audit does not agree with, meaning that our state overpaid hospital providers in our state by over 9 million dollars to 19 hospitals. You might ask, "How did this happen?"

Five to six years ago, our calculations were based on section 1903 (t)(5) (C) of the act and Final Rule, page 44,498, allowing us to use specific data sources such as Medicare cost reports and hospital accounting records. Washington State elected to use Medicare cost reports to ensure that the Medicaid payments were calculated in the same manner as the Medicare share and to ensure consistency among all hospitals' reporting methodology.

When performing the most recent audit, the OIG elected to use current hospital accounting records as their source instead of using the historic Medicare cost reports that Health Care Authority (HCA) provided. The OIG noted the discrepancies, but did not reconcile the two data sources to determine which is most accurate. They determined that the data they obtained was more accurate than the data HCA originally used many years ago.

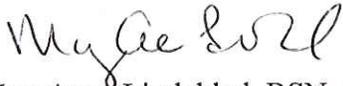
We would like to address any rumors, concerns, or questions that may have emerged in light of this audit. We want to make it clear that the hospitals in Washington State have not been singled out, every State participating in the program was subject to the OIG audit and many had similar challenges. *We agree that in some instances the OIG's calculations are different from the original calculations Medicaid made 5-6 years ago. We are not certain which calculation is correct. Only after the calculations are adjusted to account for data source and methodological discrepancies will a true over- or underpayment, if one exists, be identified.*

We also want to make it clear that we do not concur with the findings of the OIG. We will be doing an internal analysis of our Hospital Audit procedures given the guidance we were given at the onset of the program and determine if any adjustments should be made. *HCA will work with CMS and the hospitals to identify and refund unallowable costs, if any.*

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If you have any questions please direct them to the Washington State EHR Incentive Payment team by emailing your questions to [HealthIT@hca.wa.gov](mailto:HealthIT@hca.wa.gov) and put audit in the subject line.

Sincerely,



MaryAnn Lindeblad, BSN, MPH  
Medicaid Director

cc: Virginia Odell-Eliason, Stakeholder Engagement and Communications Manager, HIT, HCA