

July 12, 2010

Emma Forkner, Director  
South Carolina Department of Health and Human Services  
Post Office Box 8206  
Columbia, SC 29202-8206

Dear Emma:

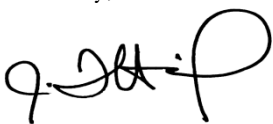
As you are probably aware, Clifton-Gunderson has begun their requests for audit data for their review of the 2007 DSH Year Disproportionate Share payments; allowing only 30 days for submission. Keeping in mind these same data requests for 2005 and 2006 took hospitals months to complete, we feel such a limited amount of time to prepare this data will cause most hospitals to be late in their submissions or to deliver incomplete or inaccurate data. The CMS timeline in the DSH review standards require Clifton-Gunderson to deliver their completed report for all three DSH Years to your office by September 30, 2010. The rule allows SCDHHS 90 days to complete your own summary of the audit results which are due to CMS December 31, 2010. We are requesting you extend Clifton-Gunderson's due date to your office 30 days which will likewise allow them to extend the hospital's due date.

Additionally as we initially agreed, we would like to request again that South Carolina hospitals be allowed to review the results of their own 2005 and 2006 audit results and be allowed to comment to SCDHHS on those findings before the CMS reports are prepared by your staff. Clifton-Gunderson committed to having these reports completed by February 1, 2010. We feel our early efforts warrant the opportunity to review our results before they are distributed to CMS. In numerous communications with other states, we have learned audit requests are being made to other states for all three years at once which makes efforts by hospitals much more efficient. This has consequently moved South Carolina from the leader in the preparation of these audits (and I might add the negotiator of the audit standards for the entire country) to near the end in the final process.

SCHA has also participated with AHA and a number of other states to encourage CMS to delay the required due date of the 2007 report one year until December 31, 2011 and to extend the actual cash impact of findings from DSH Year 2011 to 2012. We request you take every opportunity available to you at the state level to encourage the same of CMS.

Thank you in advance for your consideration and assistance in this matter. Please feel free to contact me regarding this issue.

Sincerely,



J. Thornton Kirby  
President & CEO