

TOBACCO SETTLEMENT PROGRAM

Children's Hospital of Philadelphia Tobacco Settlement Payment Data Review Year 2020

July 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

July 3, 2019

Mr. Thomas Todorow
Chief Financial Officer
Children's Hospital of Philadelphia
100 East Penn Street
Philadelphia, PA 19107

Re: Children's Hospital of Philadelphia

Dear Mr. Todorow:

The Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq., mandated the Department of Human Services (DHS) to make payments to hospitals for a portion of uncompensated care services provided by these facilities. Hospitals that qualify can receive payments using either an uncompensated care approach or an extraordinary expense approach. The uncompensated care score of each hospital is determined by using three-year averages from five main data elements (for a total of fifteen data elements). These data elements are uncompensated care costs, net patient revenues, Medicare supplemental security income (Medicare SSI) days, Medical Assistance (MA) days and total inpatient days. A hospital qualifies for an extraordinary expense payment based on their number of qualified claims. Qualified claims are those claims in which the cost of the claim exceeds twice the average cost of all claims for that particular facility and for which the hospital provided inpatient services to an uninsured patient.

At the request of the DHS, the Department of the Auditor General performed a review¹ of Children's Hospital of Philadelphia's records to substantiate the claims data and days data it submitted to the Pennsylvania Health Care Cost Containment Council (PHC4) and the DHS, respectively.

The purpose of our review was to determine whether this facility reported any potentially eligible extraordinary expense claims for the fiscal year ended June 30, 2018 and, if so, verify whether corresponding patients were uninsured and the facility received no compensation from third party payers such as Medicare, Medicaid, or Blue Cross. Payments made by the patients

¹ This review was not required to be and was not conducted in accordance with professional auditing or attestation standards.

themselves toward their financial obligations may have reduced the allowable costs of the respective claim when determining eligibility. We also determined whether this facility could substantiate total MA days as reported on its submitted MA-336 cost reports, if filed with the DHS, for the fiscal year ended June 30, 2017.

The results of our review are as follows:

For Reported Claims:

Based on the PHC4 claims database for the fiscal year ended June 30, 2018, the facility reported 187 potentially eligible extraordinary expense claims, totaling \$172,618,942.00, for review. We reviewed 97 of these reported claims, representing at least 80% of the hospital’s total dollar value of reported claims.² The results of our review disclosed that two of these 97 reported potentially eligible extraordinary expense claims met the criteria to qualify as extraordinary expense claims. The chart below details our results and explains any adjustments that should be made to the PHC4 Database. Since we determined that two of these 97 reported claims submitted by the facility qualify as extraordinary expense claims, this facility could be eligible for payment under the extraordinary expense method for the 2020 Tobacco Settlement Payment Year.

Claim No.	Originally Reported Total Charges	Substantiated Total Charges Based on Account Notes	Patient Payments Applied to Account	Qualify (Y/N) – Reason for Not Qualifying	Adjustment(s) Needed
1	\$8,149,649.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
2	\$6,223,687.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
3	\$5,708,453.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
4	\$5,279,181.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
5	\$4,884,891.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
6	\$3,974,690.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
7	\$3,954,487.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing

² The facility is responsible for self-reviewing the remaining claims during the PHC4 “open window” period.

Claim No.	Originally Reported Total Charges	Substantiated Total Charges Based on Account Notes	Patient Payments Applied to Account	Qualify (Y/N) – Reason for Not Qualifying	Adjustment(s) Needed
8	\$3,722,344.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
9	\$3,697,115.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
10	\$3,661,271.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
11	\$3,505,743.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
12	\$3,074,244.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
13	\$2,879,290.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
14	\$2,271,581.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
15	\$2,090,268.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
16	\$1,984,638.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
17	\$1,947,611.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
18	\$1,810,082.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
19	\$1,713,952.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
20	\$1,670,225.00	\$1,670,225.55	\$0	Yes	An adjustment to total charges is not necessary due to the insignificant difference identified

Claim No.	Originally Reported Total Charges	Substantiated Total Charges Based on Account Notes	Patient Payments Applied to Account	Qualify (Y/N) – Reason for Not Qualifying	Adjustment(s) Needed
21	\$1,564,258.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
22	\$1,531,078.00	\$1,531,075.37	\$0	Yes	An adjustment to total charges is not necessary due to the insignificant difference identified
23	\$1,517,687.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
24	\$1,490,095.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
25	\$1,472,930.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
26	\$1,461,387.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
27	\$1,411,362.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
28	\$1,403,933.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
29	\$1,368,350.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
30	\$1,346,460.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
31	\$1,339,762.00	\$0	\$0	No – Paid by patient	Claim should be removed from self-pay listing
32	\$1,303,883.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
33	\$1,163,134.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing

Claim No.	Originally Reported Total Charges	Substantiated Total Charges Based on Account Notes	Patient Payments Applied to Account	Qualify (Y/N) – Reason for Not Qualifying	Adjustment(s) Needed
34	\$1,145,734.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
35	\$1,144,886.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
36	\$1,046,808.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
37	\$1,040,080.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
38	\$1,025,740.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
39	\$1,010,764.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
40	\$1,008,036.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
41	\$1,000,609.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
42	\$958,496.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
43	\$955,622.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
44	\$946,649.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
45	\$941,009.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
46	\$938,217.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
47	\$935,560.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing

Claim No.	Originally Reported Total Charges	Substantiated Total Charges Based on Account Notes	Patient Payments Applied to Account	Qualify (Y/N) – Reason for Not Qualifying	Adjustment(s) Needed
48	\$915,128.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
49	\$906,880.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
50	\$888,803.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
51	\$885,625.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
52	\$882,728.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
53	\$872,262.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
54	\$865,032.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
55	\$856,172.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
56	\$854,798.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
57	\$828,726.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
58	\$828,620.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
59	\$804,759.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
60	\$790,512.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
61	\$756,474.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing

Claim No.	Originally Reported Total Charges	Substantiated Total Charges Based on Account Notes	Patient Payments Applied to Account	Qualify (Y/N) – Reason for Not Qualifying	Adjustment(s) Needed
62	\$746,864.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
63	\$718,579.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
64	\$706,059.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
65	\$705,346.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
66	\$697,217.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
67	\$691,900.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
68	\$689,006.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
69	\$688,656.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
70	\$682,136.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
71	\$681,840.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
72	\$673,588.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
73	\$653,350.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
74	\$646,326.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
75	\$624,969.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing

Claim No.	Originally Reported Total Charges	Substantiated Total Charges Based on Account Notes	Patient Payments Applied to Account	Qualify (Y/N) – Reason for Not Qualifying	Adjustment(s) Needed
76	\$617,275.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
77	\$604,462.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
78	\$597,398.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
79	\$587,517.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
80	\$585,633.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
81	\$574,361.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
82	\$566,350.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
83	\$557,105.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
84	\$555,076.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
85	\$547,658.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
86	\$539,176.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
87	\$537,185.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
88	\$536,619.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
89	\$532,091.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing

Claim No.	Originally Reported Total Charges	Substantiated Total Charges Based on Account Notes	Patient Payments Applied to Account	Qualify (Y/N) – Reason for Not Qualifying	Adjustment(s) Needed
90	\$531,052.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
91	\$529,404.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
92	\$529,385.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
93	\$528,441.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
94	\$523,142.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
95	\$523,072.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
96	\$521,061.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing
97	\$518,653.00	\$0	\$0	No – Paid by insurance	Claim should be removed from self-pay listing

For MA Days:

For the total MA days for fiscal year ended June 30, 2017, our results are as follows:

For FYE 6/30/17	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	5,016	5,016	Not Applicable
HMO Days	47,467	47,467	Not Applicable
OOS Days	26,541	26,541	Not Applicable

The DHS will use all substantiated reported claims and number of days to calculate Children’s Hospital of Philadelphia’s eligibility to receive, and if deemed eligible, its subsidy entitlement under both the extraordinary expense and uncompensated care methods. If eligible under both methods, the DHS will allow the facility to choose the method to be used to calculate the facility’s 2020 Tobacco Settlement subsidy entitlement payment. The DHS establishes the date that these payments will be distributed to all eligible hospitals.

Our office is currently reviewing all facilities that are potentially eligible for a 2020 Tobacco Settlement subsidy entitlement payment. After all the reviews are completed, we will prepare for the DHS' use a report detailing the results of all of our reviews. The PHC4 and the DHS will contact you with instructions regarding entering adjustments to your facility's originally submitted claims and MA days data based on the results of our review.

As a reminder, Children's Hospital of Philadelphia may submit for our review any claims coded as having Medicare, Medicaid, or any other insurance when submitted to the PHC4 for the fiscal year ended June 30, 2018, which the facility now believes qualify as self-pay claims, and which have total charges above this facility's threshold of \$283,327.51. We refer to these types of claims as "additional claims" and these additional claims must be submitted to the Department of the Auditor General no later than October 31, 2019. The results of our review of each facility's submitted additional claims data will be detailed in individualized reports sent to each respective hospital that submitted additional claims.

We thank the staff of Children's Hospital of Philadelphia for the cooperation extended to us during the course of our review. If you have any questions, please feel free to contact Tracie Fountain, CPA, Director, Bureau of Children and Youth Services Audits at 717-787-1159.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eugene A. DePasquale
Auditor General

**CHILDREN’S HOSPITAL OF PHILADELPHIA
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2020 TOBACCO SETTLEMENT PAYMENT DATA**

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