

TOBACCO SETTLEMENT PROGRAM

Doylestown Hospital Tobacco Settlement Payment Data Review Year 2020

August 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen**

**EUGENE A. DePASQUALE
AUDITOR GENERAL**

July 26, 2019

Mr. Dan Upton
Vice President and Chief Financial Officer
Doylestown Hospital
595 West State Street
Doylestown, PA 18901

Re: Doylestown Hospital

Dear Mr. Upton:

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 Doylestown Hospital'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 themselves toward their financial obligations may have reduced the allowable costs of the

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

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 ten potentially eligible extraordinary expense claims, totaling \$994,523.21, for review. We reviewed eight 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 four of these eight 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 four of these eight 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. | \$132,630.68 | \$132,630.68 | \$0 | Yes | Not Applicable |
| 2. | \$122,394.93 | \$0 | \$0 | No – Paid by the patient | Claim should be removed from self-pay listing |
| 3. | \$116,543.76 | \$116,543.76 | \$0 | Yes | Not Applicable |
| 4. | \$111,899.51 | \$111,899.51 | \$0 | Yes | Not Applicable |
| 5. | \$98,958.26 | \$0 | \$0 | No – Paid by Medicare | Claim should be removed from self-pay listing |
| 6. | \$87,903.86 | \$0 | \$0 | No – Paid by MA | Claim should be removed from self-pay listing |
| 7. | \$85,479.05 | \$85,479.05 | \$0 | Yes | Not Applicable |
| 8. | \$84,405.86 | \$0 | \$0 | No – Paid by the patient | 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.

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 | 1,066 | 1,066 | Not Applicable |
| HMO Days | 2,465 | 2,435 | Undetermined |
| OOS Days | 0 | 4 | Undetermined |

The DHS will use all substantiated reported claim and number of days to calculate Doylestown Hospital'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, Doylestown Hospital 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 \$72,747.29. 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 Doylestown Hospital 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,



Eugene A. DePasquale
Auditor General

**DOYLESTOWN HOSPITAL
REPORT DISTRIBUTION
2020 TOBACCO SETTLEMENT PAYMENT DATA**

This report was initially distributed to:

Ms. Leesa Allen
Executive Deputy Secretary
Department of Human Services

Ms. Johanna Fabian-Marks
Chief of Staff
Department of Human Services

Mr. R. Dennis Welker
Special Audit Services
Bureau of Audits
Office of the Budget

Ms. Tina Long
Director
Bureau of Financial Operations
Department of Human Services

Mr. David Bryan
Manager
Audit Resolution
Department of Human Services

Ms. Erica Eisenacher
HSPS
Bureau of Fiscal Management
Department of Human Services

Mr. Alexander Matolyak
Director
Division of Audit and Review
Department of Human Services

Mr. Dan Upton
Vice President and Chief Financial Officer
Doylestown Hospital

Ms. Betsy Seebert
Chief Accounting Officer
Doylestown Hospital

Mr. Frank Doll
Director of Patient Accounts
Doylestown Hospital

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.