

TOBACCO SETTLEMENT PROGRAM

Hospital of the University of Pennsylvania Tobacco Settlement Payment Data Review Year 2019

September 2018



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**

September 18, 2018

Mr. Joseph Huber
Chief Financial Officer
Hospital of the University of Pennsylvania
340 Spruce Street
Philadelphia, PA 19104

Re: Hospital of the University of Pennsylvania

Dear Mr. Huber:

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 DHS, the Department of the Auditor General performed a review¹ of Hospital of the University of Pennsylvania'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 could substantiate its fiscal year ended June 30, 2017 reported claims and 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

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

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 for the fiscal years ended June 30, 2015 and June 30, 2016.

The results of our review are as follows:

For Reported Claims:

Based on the PHC4 claims database for the fiscal year ended June 30, 2017, the facility reported 15 potentially eligible extraordinary expense claims, totaling \$7,934,076.77, for review. We attempted to review nine of these reported claims, representing at least 75% of the hospital’s total dollar value of the reported claims. We could not determine whether these extraordinary expense claims met the criteria to qualify as extraordinary expense claims because the provider chose not to submit documentation because the facility historically had been paid under the uncompensated care calculation method. Since the facility did not submit any documentation for our review, the facility should not be eligible for payment under the extraordinary expense calculation method, regardless of whether any of the 15 reported claims meet the criteria to qualify as extraordinary expense claims based on the facility’s self-review of these claims.

For MA Days:

For the total MA days for fiscal years ended June 30, 2015 and 2016, our results are as follows: (A-2)

For FYE 6/30/15	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	14,115	13,266	Reporting error
HMO Days	41,755	41,755	N/A
OOS Days	816	816	N/A

For FYE 6/30/16	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	14,115	9,870	Reporting error
HMO Days	43,509	43,509	N/A
OOS Days	494	494	N/A

The DHS will use the substantiated number of days to calculate Hospital of the University of Pennsylvania’s eligibility to receive, and if deemed eligible, its subsidy entitlement under the uncompensated care method. As stated above, since the facility did not submit any documentation for review, the facility should not be eligible for payment under the extraordinary expense calculation method. 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 2019 Tobacco Settlement subsidy entitlement payment. After all the reviews are completed, we will prepare for 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.

Since Hospital of the University of Pennsylvania chose to not submit any documentation for our review, the facility also waived the opportunity to submit for our review any "additional claims," or claims coded as have Medicare, Medicaid, or any other insurance when submitted to PHC4 for the fiscal year ended June 30, 2017, which the facility now believes qualify as self-pay claims and which have total charges above Hospital of the University of Pennsylvania's threshold of \$270,903.29.

We thank the staff of Hospital of the University of Pennsylvania 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

**HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA
REPORT DISTRIBUTION
2019 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 Managed Care
Department of Human Services

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

Mr. Joseph Huber
Chief Financial Officer
Hospital of the University of Pennsylvania

Mr. Joseph Paugh
Senior Reimbursement Specialist
University of the Pennsylvania Health
System

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.