

TOBACCO SETTLEMENT PROGRAM

Hospital of the University of Pennsylvania Tobacco Settlement Payment Data Review Year 2020

October 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

September 30, 2019

Mr. Joseph Huber
Chief Financial Officer
Hospital of the University of Pennsylvania
3400 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 the Hospital of the University of Pennsylvania's (facility) records to substantiate the claims data and days data it submitted to the Pennsylvania Health Care Cost Containment Council (PHC4) and 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 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 55 potentially eligible extraordinary expense claims, totaling \$29,656,670.79, for review. We attempted to review 38 of these reported claims, representing at least 80% of the hospital’s total dollar value of 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 55 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 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	8,618	10,313	Reporting Error
HMO Days	44,333	44,333	Not Applicable
OOS Days	430	1,422	Reporting Error

DHS will use all substantiated number of days to calculate this facility’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 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 2020 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. PHC4 and 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 having Medicare, Medicaid, or any other insurance when submitted

to 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 Hospital of the University of Pennsylvania - Philadelphia County - Tobacco Settlement Payment Data Review Year 2020's threshold of \$295,462.41.

We thank the staff of the 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 the 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 extending to the right.

Eugene A. DePasquale
Auditor General

**HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA
REPORT DISTRIBUTION
2020 TOBACCO SETTLEMENT PAYMENT DATA**

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

Mr. Joseph Paugh
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University of Pennsylvania Health System

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