

TOBACCO SETTLEMENT PROGRAM

J.C. Blair Memorial Hospital Tobacco Settlement Payment Data Review Year 2020

April 2019

IMPORTANT DISCLAIMER: The Pennsylvania Department of the Auditor General's preliminary audit information and draft audit reports are subject to further analysis and revision and are not to be considered final. Therefore, this document is a preliminary draft, is made available for discussion purposes only, and is not to be considered a final public document. It is your responsibility to safeguard this document against unauthorized use and strictly limit and control the sharing of the audit information and the distribution of the draft audit report. Limiting the circulation of this information and the draft report is critical in maintaining the integrity of the Department's audit process. In addition, due to the preliminary nature of the audit information, the draft findings and recommendations, and the draft report as a whole, early disclosure could result in the dissemination of erroneous and incomplete audit information and recommendations. The Right-to-Know Law's exceptions entirely protect any of DAG's work papers and investigative materials, notes, correspondence and reports from unauthorized use and/or disclosure.¹ Unauthorized use and/or disclosure of preliminary audit information and draft audit reports will be pursued by the Department through civil litigation to the fullest extent allowed by law. Please see Section 1602 of Article XVI of The Fiscal Code, which is part of the Department's inquisitorial powers, 72 P.S. § 1602.



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**

April 17, 2019

Mr. Jeff Trapp
Director of Fiscal Services
J.C. Blair Memorial Hospital
1225 Warm Springs Avenue
Huntingdon, PA 16652

Re: J.C. Blair Memorial Hospital

Dear Mr. Trapp:

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 J.C. Blair Memorial 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

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 three potentially eligible extraordinary expense claims for review. The results of our review disclosed that one of the three reported potentially eligible extraordinary expense claims met the criteria to qualify as an extraordinary expense claim. The chart below details our results and explains any adjustments that should be made to the PHC4 Database. Since we determined that one of the three reported claims submitted by the facility qualifies as an extraordinary expense claim, 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	\$32,902.79	\$0	\$0	N – Paid by the patient	Claim should be removed from self-pay listing
2	\$31,331.66	\$31,331.66	\$0	Y	N/A
3	\$29,749.29	\$0	\$0	N – Paid by MA	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	257	257	N/A
HMO Days	2,533	2,533	N/A
OOS Days	5	5	N/A

The DHS will use all substantiated claims and number of days to calculate J.C. Blair Memorial 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, J.C. Blair Memorial 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 the facility's threshold of \$28,516.45. 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 J.C. Blair Memorial 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,

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

**J.C. BLAIR MEMORIAL 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 Managed Care
Department of Human Services

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

Mr. Jeff Trapp
Director of Fiscal Services
J.C. Blair Memorial Hospital

Mr. Jared Shope
Senior Accountant
J.C. Blair Memorial 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.