

TOBACCO SETTLEMENT PROGRAM

Lancaster General Hospital 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 17, 2019

Mr. Joe Byorick
Chief Financial Officer
Lancaster General Hospital
555 North Duke Street
Post Office Box 3555
Lancaster, PA 17604

Re: Lancaster General Hospital

Dear Mr. Byorick:

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 Lancaster General Hospital'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

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

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 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 76 potentially eligible extraordinary expense claims, totaling \$12,034,871.52, for review. We reviewed 48 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 37 of these 48 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 37 of these 48 reported claims submitted by the facility qualify as 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	\$608,993.45	\$0	\$0	No – Not a self-pay claim	Claim should be removed from self-pay listing
2	\$567,635.90	\$612,030.90	\$0	Yes	An adjustment is needed to total charges
3	\$452,981.15	\$452,981.15	\$0	Yes	Not Applicable
4	\$369,253.00	\$0	\$0	No – Paid by the patient	Claim should be removed from self-pay listing
5	\$343,658.20	\$343,658.20	\$90,947.43	Yes	Not Applicable
6	\$342,210.55	\$342,210.55	\$0	Yes	Not Applicable
7	\$339,920.05	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
8	\$303,664.35	\$303,664.35	\$0	Yes	Not Applicable
9	\$293,871.10	\$293,871.10	\$0	Yes	Not Applicable
10	\$258,522.10	\$258,522.10	\$0	Yes	Not Applicable

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
11	\$251,392.65	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
12	\$249,081.60	\$249,081.60	\$200.00	Yes	Not Applicable
13	\$245,468.50	\$245,468.50	\$0	Yes	Not Applicable
14	\$232,049.75	\$0	\$0	No – Not a self-pay claim	Claim should be removed from self-pay listing
15	\$220,871.45	\$220,871.45	\$0	Yes	Not Applicable
16	\$198,209.50	\$266,509.50	\$0	Yes	An adjustment is needed to total charges
17	\$194,924.30	\$194,924.30	\$0	Yes	Not Applicable
18	\$182,718.60	\$182,718.60	\$0	Yes	Not Applicable
19	\$179,156.80	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
20	\$176,393.75	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
21	\$165,760.50	\$165,760.50	\$0	Yes	Not Applicable
22	\$158,565.95	\$158,565.95	\$22,199.23	Yes	Not Applicable
23	\$154,916.10	\$154,916.10	\$0	Yes	Not Applicable
24	\$152,267.69	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
25	\$148,314.53	\$148,314.53	\$0	Yes	Not Applicable
26	\$147,827.45	\$152,397.45	\$0	Yes	An adjustment is needed to total charges
27	\$145,189.40	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
28	\$144,981.15	\$144,981.15	\$0	Yes	Not Applicable
29	\$142,692.25	\$142,692.25	\$19,976.91	Yes	Not Applicable
30	\$142,165.60	\$142,165.60	\$0	Yes	Not Applicable
31	\$141,342.90	\$141,342.90	\$0	Yes	Not Applicable
32	\$134,254.70	\$134,254.70	\$0	Yes	Not Applicable
33	\$132,001.50	\$132,001.50	\$0	Yes	Not Applicable
34	\$129,526.19	\$129,526.19	\$0	Yes	Not Applicable
35	\$128,586.00	\$128,586.00	\$18,002.04	Yes	Not Applicable
36	\$127,986.52	\$127,986.52	\$0	Yes	Not Applicable

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
37	\$125,535.67	\$125,535.67	\$0	Yes	Not Applicable
38	\$122,516.65	\$122,516.65	\$0	Yes	Not Applicable
39	\$122,276.85	\$122,252.55	\$0	Yes	An adjustment is not necessary due to the insignificant difference identified
40	\$116,861.45	\$275,324.45	\$0	Yes	An adjustment is needed to total charges
41	\$111,027.90	\$111,027.90	\$0	Yes	Not Applicable
42	\$110,343.05	\$0	\$0	No – Paid by the patient	Claim should be removed from self-pay listing
43	\$108,627.40	\$108,627.40	\$0	Yes	Not Applicable
44	\$106,571.75	\$0	\$0	No – Paid by the patient	Claim should be removed from self-pay listing
45	\$105,894.20	\$105,894.20	\$0	Yes	Not Applicable
46	\$105,290.08	\$105,300.08	\$0	Yes	An adjustment is not necessary due to the insignificant difference identified
47	\$103,111.75	\$103,111.75	\$0	Yes	Not Applicable
48	\$100,254.35	\$100,254.35	\$0	Yes	Not Applicable

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	5,018	5,018	Not Applicable
HMO Days	24,023	24,015	Change in payer type
OOS Days	344	344	Not Applicable

DHS will use all substantiated reported claims and number of days to calculate the facility'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, DHS will allow the facility to choose the method to be used to calculate the facility's 2020 Tobacco Settlement subsidy entitlement payment. 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.

As a reminder, the facility may submit for our review any 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 this facility's threshold of \$71,987.76. 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 Lancaster General Hospital 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 flourish extending to the right.

Eugene A. DePasquale
Auditor General

**LANCASTER GENERAL HOSPITAL
REPORT DISTRIBUTION
2020 TOBACCO SETTLEMENT PAYMENT DATA**

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