

TOBACCO SETTLEMENT PROGRAM

Lehigh Valley Hospital – Schuylkill South Tobacco Settlement Payment Data Review Year 2020

April 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

April 4, 2019

Mr. Bernie Koskulitz
Director, Strategic Reimbursement
Lehigh Valley Health Network
700 East Broad Street
Hazleton, PA 18201

Re: Lehigh Valley Hospital – Schuylkill South

Dear Mr. Koskulitz:

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 Lehigh Valley Hospital – Schuylkill South’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 two potentially eligible extraordinary expense claims for review. We could not determine whether these two reported 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 method. Since the facility did not submit any documentation for our review, the facility should not be eligible for payment under the extraordinary expense method, regardless of whether either of these two reported claims meet the criteria to qualify as extraordinary expense claims based on the facility’s self-review of these claims, for the 2020 Tobacco Settlement Payment Year.

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	1,522	1,522	N/A
HMO Days	11,378	11,378	N/A
OOS Days	9	9	N/A

The DHS will use the substantiated number of days to calculate Lehigh Valley Hospital – Schuylkill South’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. 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.

Since Lehigh Valley Hospital – Schuylkill South chose to not submit any claims documentation for our review, the facility also waives the opportunity to submit for our review any “additional claims,” or 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 Lehigh Valley Hospital, Schuylkill South - Schuylkill County - Tobacco Settlement Payment Data Review Year 2020's threshold of \$30,722.35.

We thank the staff of Lehigh Valley Health Network 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

**LEHIGH VALLEY HOSPITAL – SCHUYLKILL SOUTH
REPORT DISTRIBUTION
2020 TOBACCO SETTLEMENT PAYMENT DATA**

This report was initially distributed to:

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Mr. Bernie Koskulitz
Director, Strategic Reimbursement
Lehigh Valley Health Network

Mr. Chester Pientka
Cost Reimbursement Accountant
Lehigh Valley Health Network

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