

# TOBACCO SETTLEMENT PROGRAM

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## Pottstown Hospital Tobacco Settlement Payment Data Review Year 2021

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November 2020



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

November 5, 2020

Ms. Debbie Konarski  
Chief Financial Officer  
Pottstown Hospital  
1600 East High Street  
Pottstown, PA 19464

Re: Pottstown Hospital

Dear Ms. Konarski:

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 review<sup>1</sup> of Pottstown 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, 2019 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 themselves toward their financial obligations may have reduced the allowable costs of the

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

respective claim when determining eligibility. We also determined whether this facility could substantiate total inpatient days and total MA days as reported on its submitted MA-336 cost reports, if filed with DHS, for the fiscal year ended June 30, 2018.

The results of our review are as follows:

**For Reported Claims:**

Based on the PHC4 claims database for the fiscal year ended June 30, 2019, the facility reported three potentially eligible extraordinary expense claims for review. The results of our review disclosed that two of the three 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 two of the three reported claims submitted by the facility qualify as extraordinary expense claims, this facility could be eligible for payment under the extraordinary expense method for the 2021 Tobacco Settlement Payment Year.

Claim No.	Originally Reported Total Charges	Substantiated Total Charges Based on Account Notes	Patient Payments Applied to Account	Qualify (Yes/No) – Reason for Not Qualifying	Adjustment(s) Needed
1	\$241,380.96	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
2	\$227,578.32	\$227,578.32	\$0	Yes	Not Applicable
3	\$136,110.14	\$136,110.14	\$0	Yes	Not Applicable

**For Total Inpatient Days and Total MA Days:**

For the total inpatient days and total MA days for fiscal year ended June 30, 2018, our results are as follows:

For FYE 6/30/18	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Total Inpatient Days 7/1/17 – 9/30/17	9,255	9,484	Reporting Error
Total Inpatient Days 10/1/17 – 6/30/18	28,813	28,831	Reporting Error

For FYE 6/30/18	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days 7/1/17 – 9/30/17	268	268	Not Applicable
FFS Days 10/1/17 – 6/30/18	468	718	Reporting Error

For FYE 6/30/18 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
7/1/17 – 9/30/17			
Aetna Better Health	146	146	Not Applicable
Amerihealth Mercy	22	22	Not Applicable
Gateway	24	24	Not Applicable
Health Partners	138	133	No overall variance <sup>2</sup>
Magellan	801	806	
Key First	558	558	Not Applicable
UPMC	6	6	Not Applicable
UHC Community Plan	80	80	Not Applicable
10/1/17 – 6/30/18			
Aetna Better Health	400	400	Not Applicable
Amerihealth Mercy	108	108	Not Applicable
Gateway	23	32	Reporting Error
Health Partners	303	317	Reporting Error
Key First	1,629	1,637	Reporting Error
Magellan	166	1,291	Reporting Error
UPMC	24	21	Reporting Error
UHC Community Plan	248	248	Not Applicable

For FYE 6/30/18 OOS Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
7/1/17 – 9/30/17	0	0	Not Applicable
10/1/17 – 6/30/18			
Delaware	4	3	No Overall Variance <sup>3</sup>
New Jersey	8	6	
New York	5	4	
Other – North Carolina	3	7	
Other - Michigan	4	4	Not Applicable

DHS will use all substantiated reported claims and number of days to calculate this 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 2021 Tobacco Settlement subsidy entitlement payment. DHS establishes the date that these payments will be distributed to all eligible hospitals.

<sup>2</sup> There is no overall variance when comparing the submitted HMO days to the provider's supporting documentation, however, the supporting documentation included the breakdown between vendors as noted.

<sup>3</sup> There is no overall variance when comparing the submitted out-of-state days to the provider's supporting documentation, however, the supporting documentation included the breakdown between the states as noted.

Our office is currently reviewing all facilities that are potentially eligible for a 2021 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 applicable.

As a reminder, this facility was to submit for our review, by October 31, 2020, any claims coded as having Medicare, Medicaid, or any other insurance when submitted to the PHC4 for the fiscal year ended June 30, 2019, which the facility believed qualified as self-pay claims, and which had total charges above the facility's threshold of \$127,469.89; we refer to these types of claims as "additional claims." However, as of October 31, 2020, Pottstown Hospital had not submitted any additional claims for our review. For those facilities that submitted additional claims for our review, the results of our review of these facilities' submitted additional claims data will be detailed in individualized reports sent to each such respective hospital.

We thank the staff of Pottstown Hospital for the cooperation extended to us during the course of our review. If you have any questions, please feel free to contact Tracie L. 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

**POTTSTOWN HOSPITAL  
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2021 TOBACCO SETTLEMENT PAYMENT DATA**

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