

# TOBACCO SETTLEMENT PROGRAM

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## Roxborough Memorial Hospital Tobacco Settlement Payment Data Review Year 2019

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October 2018



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

September 27, 2018

Mr. Russ Hicswa  
Controller  
Roxborough Memorial Hospital  
5800 Ridge Avenue  
Philadelphia, PA 19128

Re: Roxborough Memorial Hospital

Dear Mr. Hicswa:

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 attempted to perform a review<sup>1</sup> of Roxborough 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 could substantiate its fiscal year ended June 30, 2017 reported claims and 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

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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.

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 for the fiscal years ended June 30, 2015 and June 30, 2016.

The results of our review are as follows:

**For Reported Claims:**

Based on the PHC4 claims database for the fiscal year ended June 30, 2017, the facility reported five potentially eligible extraordinary expense claims, totaling \$833,960.34, for review. We attempted to review four of these reported claims, representing at least 75% of the hospital's total dollar value of the reported claims. We could not determine whether these extraordinary expense claims met the criteria to qualify as extraordinary expense claims because the provider did not respond to our requests for documentation. Since the facility did not submit any documentation for our review, the facility should not be eligible for payment under the extraordinary expense method for the 2019 Tobacco Settlement Payment Year, regardless of whether any of the five reported claims meet the criteria to qualify as extraordinary expense claims based on the facility's self-review of these claims.

**For MA Days:**

We attempted to review the total MA days for fiscal years ended June 30, 2015 and 2016; however, we could not substantiate the originally submitted number of days because the provider did not respond to our requests for documentation.

Since Roxborough Memorial Hospital did not respond to our requests for documentation, the facility should not be eligible to receive a subsidy entitlement under either the extraordinary expense method or the uncompensated care method.

Our office is currently reviewing all facilities that are potentially eligible for a 2019 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. 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 Roxborough Memorial Hospital did 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, 2017, which the facility now believes qualify as self-pay claims and which have total charges above Roxborough Memorial Hospital's threshold of \$103,975.83.

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 flourish extending to the right.

Eugene A. DePasquale  
Auditor General

**ROXBOROUGH MEMORIAL HOSPITAL  
REPORT DISTRIBUTION  
2019 TOBACCO SETTLEMENT PAYMENT DATA**

This report was initially distributed to:

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**Mr. Russ Hicswa**  
Controller  
Roxborough Memorial Hospital

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