

# TOBACCO SETTLEMENT PROGRAM

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## St. Christopher's Hospital for Children Tobacco Settlement Payment Data Review Year 2019

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November 2018



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

November 5, 2018

Mr. George Rizzuto  
Chief Financial Officer  
St. Christopher's Hospital for Children  
160 East Erie Avenue  
Philadelphia, PA 19134

Re: St. Christopher's Hospital for Children

Dear Mr. Rizzuto:

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 St. Christopher's Hospital for Children'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, 2017 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

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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.

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 years ended June 30, 2015 and June 30, 2016.

The results of our review are as follows:

**For Claims:**

Based on the PHC4 claims database for the fiscal year ended June 30, 2017, the facility did not report any potentially eligible extraordinary expense claims.

Furthermore, we instructed all hospitals that they may submit for our review, by October 31, 2018, any claims coded as having Medicare, Medicaid, or any other insurance when submitted to the PHC4 for the fiscal year ended June 30, 2017, which the facility believes qualify as self-pay claims, and which have total charges above the respective hospitals’ charge thresholds; we refer to these types of claims as “additional claims.” However, as of October 31, 2018, St. Christopher’s Hospital for Children had not submitted any additional claims for review.

Therefore, because St. Christopher’s Hospital for Children did not report any potentially eligible extraordinary expense claims to the PHC4 and did not submit any additional claims to our department, this facility is not eligible for payment under the extraordinary expense method for the 2019 Tobacco Settlement Payment Year.

**For MA Days:**

For the total MA days for fiscal years ended June 30, 2015 and 2016, our results are as follows:

For FYE 6/30/15	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	2,098	2,322	Change in payer type
HMO Days	27,015	31,214	Change in payer type
OOS Days	914	839	Change in payer type

For FYE 6/30/16	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	1,636	1,852	Change in payer type
HMO Days	25,688	29,498	Change in payer type
OOS Days	758	846	Change in payer type

The DHS will use the substantiated number of days to calculate St. Christopher's Hospital for Children's eligibility to receive, and if deemed eligible, its subsidy entitlement under uncompensated care 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 2019 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 DHS will contact you with instructions regarding entering adjustments to your facility's MA days data based on the results of our review.

We thank the staff of St. Christopher's Hospital for Children 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 at the end.

Eugene A. DePasquale  
Auditor General

**ST. CHRISTOPHER'S HOSPITAL FOR CHILDREN  
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2019 TOBACCO SETTLEMENT PAYMENT DATA**

This report was initially distributed to:

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