

TOBACCO SETTLEMENT PROGRAM

UPMC Hamot Tobacco Settlement Payment Data Review Year 2020

July 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



**Commonwealth of Pennsylvania
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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

July 8, 2019

Mr. Bradley Dinger
Chief Financial Officer
UPMC Hamot
201 State Street
Erie, PA 16550

Re: UPMC Hamot

Dear Mr. Dinger:

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 UPMC Hamot'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 themselves toward their financial obligations may have reduced the allowable costs of the

¹ 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 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 27 potentially eligible extraordinary expense claims, totaling \$7,956,229.45, for review. We reviewed 18 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 13 of these 18 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 13 of these 18 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 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	\$626,284.45	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
2	\$556,822.75	\$556,822.75	\$0	Yes	Not Applicable
3	\$528,316.75	\$528,316.75	\$0	Yes	Not Applicable
4	\$445,521.70	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
5	\$441,084.45	\$441,084.45	\$0	Yes	Not Applicable
6	\$438,242.65	\$438,242.65	\$0	Yes	Not Applicable
7	\$422,580.45	\$422,580.45	\$0	Yes	Not Applicable
8	\$384,651.30	\$384,651.30	\$0	Yes	Not Applicable
9	\$345,738.40	\$345,738.40	\$0	Yes	Not Applicable
10	\$335,959.90	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
11	\$262,017.75	\$262,017.75	\$0	Yes	Not Applicable
12	\$261,651.20	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
13	\$256,977.70	\$256,977.70	\$0	Yes	Not Applicable
14	\$244,463.85	\$244,463.85	\$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
15	\$242,210.10	\$242,210.10	\$0	Yes	Not Applicable
16	\$219,590.50	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
17	\$205,017.70	\$205,017.70	\$0	Yes	Not Applicable
18	\$199,443.85	\$199,443.85	\$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	3,218	3,218	N/A
HMO Days	14,841	14,841	N/A
OOS Days	1,728	1,728	N/A

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

As a reminder, UPMC Hamot may submit for our review any 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 this facility’s threshold of \$144,073.89. 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 UPMC Hamot 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

**UPMC HAMOT
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2020 TOBACCO SETTLEMENT PAYMENT DATA**

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UPMC Hamot

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