

TOBACCO SETTLEMENT PROGRAM

UPMC Hamot Tobacco Settlement Payment Data Review Year 2021

June 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

May 29, 2020

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 DHS, the Department of the Auditor General performed a review¹ of UPMC Hamot'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

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 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 24 potentially eligible extraordinary expense claims for review. The results of our review disclosed that 17 of the 24 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 17 of the 24 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 (Y/N) – Reason for Not Qualifying	Adjustment(s) Needed
1	\$1,003,456.90	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
2	\$407,318.50	\$407,318.50	\$0	Yes	Not Applicable
3	\$362,021.80	\$362,021.80	\$0	Yes	Not Applicable
4	\$350,961.55	\$350,961.55	\$0	Yes	Not Applicable
5	\$325,060.90	\$325,060.90	\$0	Yes	Not Applicable
6	\$267,511.00	\$267,511.00	\$0	Yes	Not Applicable
7	\$259,664.00	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
8	\$253,860.70	\$253,860.70	\$0	Yes	Not Applicable
9	\$250,700.25	\$250,700.25	\$0	Yes	Not Applicable
10	\$248,081.00	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
11	\$245,608.10	\$245,608.10	\$8,400.00	Yes	Not Applicable
12	\$245,391.60	\$245,391.60	\$0	Yes	Not Applicable
13	\$229,432.55	\$229,432.55	\$0	Yes	Not Applicable
14	\$223,065.10	\$0	\$0	No – Not a self-pay claim	Claim should be removed from self-pay listing
15	\$219,815.05	\$219,815.05	\$0	Yes	Not Applicable
16	\$216,100.30	\$216,100.30	\$0	Yes	Not Applicable

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
17	\$215,737.05	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
18	\$194,448.45	\$0	\$0	No – Paid by MA	Claim should be removed from self-pay listing
19	\$185,450.90	\$185,450.90	\$0	Yes	Not Applicable
20	\$171,628.40	\$171,628.40	\$0	Yes	Not Applicable
21	\$165,839.75	\$165,839.75	\$0	Yes	Not Applicable
22	\$165,108.55	\$0	\$0	No – Still an active claim	Claim should be removed from self-pay listing
23	\$160,467.80	\$160,467.80	\$4,900.00	Yes	Not Applicable
24	\$158,951.90	\$158,951.90	\$50.00	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	94,550	94,550	Not Applicable

For FYE 6/30/18	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	3,516	3,516	Not Applicable

For FYE 6/30/18 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Best Healthcare	8,474	8,474	Not Applicable
Gateway Health	2,782	2,782	Not Applicable
MedPlus	56	56	Not Applicable
Health America	9	9	Not Applicable
Other PA MA Managed (SM)	1,779	1,779	Not Applicable
Aetna	2,292	2,292	Not Applicable

For FYE 6/30/18 OOS Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
New York	1,454	1,454	Not Applicable
Ohio	72	72	Not Applicable
Other – Vermont	2	2	Not Applicable
Other – Missouri	7	7	Not Applicable
Other – PA and ZZ ²	56	56	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.

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 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, 2019, which the facility now believes qualify as self-pay claims, and which have total charges above this facility’s threshold of \$157,627.67. 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, 2020. 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 the Bureau of Children and Youth Services Audits at 717-787-1159.

Sincerely,



Eugene A. DePasquale
Auditor General

² The out-of-state days that are listed as Pennsylvania are for patients with out-of-state insurance but reside in Pennsylvania. The code “ZZ” is for patients with out-of-state insurance but the state of residence is unknown.

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UPMC Hamot

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