

TOBACCO SETTLEMENT PROGRAM

UPMC Hamot Tobacco Settlement Payment Data Year 2022

July 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov**

**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

July 15, 2021

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.

Upon request from DHS, we developed procedures to be performed for each facility that may be eligible to receive a payment for the provision of uncompensated care services to determine the eligibility of reported claims and the accuracy of days data reported by the facility. DHS agreed that the procedures were appropriate to meet its needs and approved the procedures. We obtained records from UPMC Hamot (facility) and performed the established procedures to substantiate the claims data and days data it submitted to the Pennsylvania Health Care Cost Containment Council (PHC4) and DHS, respectively.¹

¹ This engagement was not required to be and was not conducted in accordance with professional auditing or attestation standards.

The purpose of this engagement was to determine whether this facility reported any potentially eligible extraordinary expense claims for the fiscal year ended June 30, 2020 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 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, 2019. We obtained computer processed data from the facility (i.e. account notes and billing information for claims and census reports for days) to determine the eligibility of reported claims and the accuracy of days data reported by the facility. Because of the extensive amount of time that would be required to visit the facility and perform procedures to evaluate the reliability of this data in the facility’s information system, DHS management stated that the performance of such procedures is not necessary to meet DHS’ needs. As such, we have classified this computer processed data as data of undetermined reliability.

The results of our procedures are as follows:

For Reported Claims:

Based on the PHC4 claims database for the fiscal year ended June 30, 2020, the facility reported 24 potentially eligible extraordinary expense claims. The results of our procedures 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 your facility should make 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 2022 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	\$526,295.15	\$0.00	\$0.00	No – Paid by MA	Claim should be removed from self-pay listing
2	\$515,911.65	\$515,911.65	\$0.00	Yes	Not Applicable
3	\$498,684.30	\$0.00	\$0.00	No – Not a self-pay claim	Claim should be removed from self-pay listing
4	\$453,638.00	\$453,638.00	\$0.00	Yes	Not Applicable
5	\$442,883.80	\$442,883.80	\$0.00	Yes	Not Applicable
6	\$414,427.05	\$414,427.05	\$0.00	Yes	Not Applicable
7	\$378,524.40	\$0.00	\$0.00	No – Paid by MA	Claim should be removed from self-pay listing
8	\$315,414.05	\$315,414.05	\$0.00	Yes	Not Applicable

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
9	\$261,814.75	\$0.00	\$0.00	No – Paid by MA	Claim should be removed from self-pay listing
10	\$256,564.75	\$256,564.75	\$0.00	Yes	Not Applicable
11	\$245,951.35	\$245,951.35	\$0.00	Yes	Not Applicable
12	\$236,901.65	\$236,901.65	\$0.00	Yes	Not Applicable
13	\$236,802.50	\$236,802.50	\$0.00	Yes	Not Applicable
14	\$233,010.30	\$233,010.30	\$0.00	Yes	Not Applicable
15	\$232,425.75	\$232,425.75	\$0.00	Yes	Not Applicable
16	\$219,495.60	\$219,495.60	\$0.00	Yes	Not Applicable
17	\$214,997.00	\$214,997.00	\$0.00	Yes	Not Applicable
18	\$200,676.25	\$200,676.25	\$0.00	Yes	Not Applicable
19	\$196,226.70	\$0.00	\$0.00	No – Paid by MA	Claim should be removed from self-pay listing
20	\$193,908.30	\$193,908.30	\$0.00	Yes	Not Applicable
21	\$192,580.50	\$192,580.50	\$0.00	Yes	Not Applicable
22	\$184,836.25	\$0.00	\$0.00	No – Paid by MA	Claim should be removed from self-pay listing
23	\$173,605.70	\$173,605.70	\$0.00	Yes	Not Applicable
24	\$173,463.35	\$0.00	\$0.00	No – Paid by MA	Claim should be removed from self-pay listing

For Total Inpatient Days and Total MA Days:

For the total inpatient days and total MA days for fiscal year ended June 30, 2019, our results are as follows:

For FYE 6/30/19	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Total Inpatient Days	99,050	99,050	Not Applicable

For FYE 6/30/19	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	3,554	3,552	Change in Payer Class

For FYE 6/30/19 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Best Healthcare	9,378	9,378	Not Applicable
Gateway Health	2,730	2,730	Not Applicable
MedPlus	16	16	Not Applicable
Other PA MA Managed (SM)	1,564	1,564	Not Applicable
Aetna	2,371	2,371	Not Applicable

For FYE 6/30/19 OOS Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
New York	2,098	2,096	No overall variance ²
Ohio	92	82	
Virginia	2	0	
West Virginia	4	0	
Illinois	10	10	
Maine	4	4	
Mississippi	6	6	
Other – Pennsylvania ³	31	40	
Alabama	0	3	
Michigan	0	2	
North Carolina	0	4	

PHC4 will contact you with instructions regarding entering adjustments to your facility's originally submitted claims during the self-verification process. The facility's failure to remove any claims identified as not qualifying as extraordinary expense claims from the PHC4 self-pay claims listing during the self-verification process will result in the facility's records in the PHC4 database being inaccurate and DHS concluding that the facility is ineligible for payment under the extraordinary expense method. In addition to completing adjustments in the PHC4 database, any revisions to originally submitted days data on your facility's MA-336 Cost Report should be submitted through the iPACRs system based on the results of our procedures.

We are in the process of conducting engagements for all facilities that are potentially eligible for a 2022 Tobacco Settlement subsidy entitlement payment. After all the engagements are completed, we will prepare for DHS' use a report detailing the results of all of our engagements.

DHS will use each hospital's revised MA-336 Cost Report and PHC4 database to pull reported claims and number of days to calculate this facility's eligibility to receive, and if

² 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.

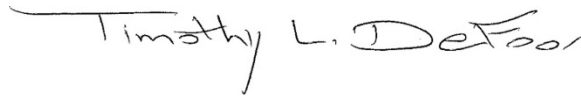
³ The out-of-state days that are listed as Pennsylvania are for patients with out-of-state insurance but reside in Pennsylvania.

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 2022 Tobacco Settlement subsidy entitlement payment. DHS establishes the date that these payments will be distributed to all eligible hospitals.

As a reminder, this facility may submit any claims coded as having Medicare, Medicaid, or any other insurance when submitted to the PHC4 for the fiscal year ended June 30, 2020, which the facility now believes qualify as self-pay claims, and which have total charges above this facility's threshold of \$169,388.64. We refer to these types of claims as "additional claims" and these additional claims must be submitted to us no later than October 31, 2021. We will include the results of our procedures for each facilities' submitted additional claims data 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 engagement. 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 that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first name.

Timothy L. DeFoor
Auditor General

**UPMC HAMOT
REPORT DISTRIBUTION
2022 TOBACCO SETTLEMENT PAYMENT DATA**

This report was initially distributed to:

Ms. Sally Kozak
Deputy Secretary
Office of Medical Assistance Programs
Department of Human Services

Mr. Alexander Matolyak
Director
Division of Audit and Review
Department of Human Services

Mr. R. Dennis Welker
Special Audit Services
Bureau of Audits
Office of the Budget

Ms. Tina Long
Director
Bureau of Financial Operations
Department of Human Services

Mr. David Bryan
Manager
Audit Resolution
Department of Human Services

Ms. Erica Eisenacher
HSPS
Bureau of Fiscal Management
Department of Human Services

Mr. Bradley Dinger
Chief Financial Officer
UPMC Hamot

Ms. Patricia Devlin
Director of Revenue Cycle
UPMC Health System

Mr. Gerald Enos
Manager of Revenue Cycle
UPMC Health System

Ms. Frances Voelker
Senior Director of Revenue Cycle
UPMC Health System

Mr. Christopher Stockhausen
Senior Director of Central Finance
UPMC Health System

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.