

# TOBACCO SETTLEMENT PROGRAM

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## UPMC Pinnacle Lancaster 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 1, 2018

Ms. Patrice Taleff  
System Vice President, Revenue Cycle  
UPMC Pinnacle  
P.O. Box 8700  
Harrisburg, PA 17105

Re: UPMC Pinnacle Lancaster

Dear Ms. Taleff:

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 review<sup>1</sup> of UPMC Pinnacle Lancaster'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 obligations may have reduced the allowable costs of the respective claim when determining

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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.

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 one potentially eligible extraordinary expense claim for review. The results of our review disclosed that this extraordinary expense claim did not meet the criteria to qualify as an extraordinary expense claim. The chart below details our results and explains any adjustments that should be made to the PHC4 Database. Since the facility did not report any claims that would qualify as an extraordinary expense claim, this facility is not eligible for payment under the extraordinary expense method for the 2019 Tobacco Settlement Payment Year because, as detailed below, no additional claims were submitted.

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	\$261,673.87	\$0	\$0	N – Paid by patient	Claim should be removed from self-pay listing

**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	726	726	N/A
HMO Days	2,492	2,492	N/A
OOS Days	51	51	N/A

For FYE 6/30/16	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	870	860	Change in payer type
HMO Days	3,834	3,840	Change in payer type
OOS Days	50	10	Change in payer type

The DHS will use all substantiated claims (including additional claims) and number of days to calculate each hospital'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 each respective facility to choose the method to be used to calculate the facility's 2019 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 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 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.

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, UPMC Pinnacle Lancaster had not submitted any additional claims for our review and, therefore, is not eligible for payment under the extraordinary expense method for the 2019 Tobacco Settlement Payment Year. 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 Pinnacle 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 flourish extending to the right.

Eugene A. DePasquale  
Auditor General

**UPMC PINNACLE LANCASTER  
REPORT DISTRIBUTION  
2019 TOBACCO SETTLEMENT PAYMENT DATA**

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