TOBACCO SETTLEMENT PROGRAM

Wellspan Ephrata Community Hospital

Tobacco Settlement Payment Data Review

Year 2021

October 2020

Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General

Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen

EUGENE A. DEPASQUALE
AUDITOR GENERAL

October 15, 2020

Mr. Michael O'Connor
Chief Financial Officer
Wellspan Health
3350 Whiteford Road
Post Office Box 2767
York, PA 17405

Re: Wellspan Ephrata Community Hospital

Dear Mr. Connor:

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[1] of Wellspan Ephrata Community Hospital'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

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

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, 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 33 potentially eligible extraordinary expense claims for review. The results of our review disclosed that 23 of the 33 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 23 of the 33 reported claims submitted by the facility qualify 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 (Yes/No) – Reason for Not Qualifying	Adjustment(s) Needed
1	$243,033.56	$243,033.56	$0	Yes	Not Applicable
2	$156,811.25	$0	$0	No - Paid by Insurance	Claim should be removed from self-pay listing
3	$132,907.25	$132,907.25	$26,581.45	Yes	Not Applicable
4	$124,679.91	$124,679.91	$24,935.99	Yes	Not Applicable
5	$120,026.75	$120,026.75	$1.00	Yes	Not Applicable
6	$117,068.25	$117,068.25	$23,413.66	Yes	Not Applicable
7	$115,100.52	$115,100.52	$23,020.11	Yes	Not Applicable
8	$113,776.52	$113,776.52	$0	Yes	Not Applicable
9	$110,410.54	$0	$0	No – Paid by the Patient	Claim should be removed from self-pay listing
10	$103,652.00	$103,652.00	$20,730.40	Yes	Not Applicable
11	$103,239.47	$103,239.47	$0	Yes	Not Applicable
12	$101,016.90	$101,016.90	$0	Yes	Not Applicable
13	$99,893.35	$99,893.35	$19,942.07	Yes	Not Applicable
14	$98,933.48	$98,933.48	$19,786.69	Yes	Not Applicable
15	$98,908.00	$0	$0	No – Paid by the Patient	Claim should be removed from self-pay listing
16	$97,543.75	$97,543.75	$19,508.75	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
17	$96,926.17	$0	0	No – Paid by Insurance	Claim should be removed from self-pay listing
18	$96,732.50	$96,732.50	$19,346.49	Yes	Not Applicable
19	$88,915.61	$0	$0	No – Paid by the Patient	Claim should be removed from self-pay listing
20	$86,140.38	$86,140.38	$17,228.08	Yes	Not Applicable
21	$85,618.44	$85,618.44	$100.00	Yes	Not Applicable
22	$85,395.81	$85,395.81	$17,079.17	Yes	Not Applicable
23	$84,959.50	$84,959.50	$16,991.89	Yes	Not Applicable
24	$84,379.14	$84,379.14	$16,875.83	Yes	Not Applicable
25	$84,279.50	$84,279.50	$16,855.89	Yes	Not Applicable
26	$83,333.99	$83,333.99	$0	Yes	Not Applicable
27	$82,921.21	$0	$0	No – Paid by Insurance	Claim should be removed from self-pay listing
28	$82,406.69	$82,406.69	$16,481.34	Yes	Not Applicable
29	$81,871.25	$0	$0	No – Paid by the Patient	Claim should be removed from self-pay listing
30	$81,363.50	$81,363.50	$16,272.69	Yes	Not Applicable
31	$80,867.02	$0	$0	No – Paid by the Patient	Claim should be removed from self-pay listing
32	$80,142.39	$0	$0	No – Paid by the Patient	Claim should be removed from self-pay listing
33	$80,137.16	$0	$0	No – Paid by the Patient	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, 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	44,385	29,664	Reporting Error

For FYE 6/30/18	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	1,689	706	Reporting Error

For FYE 6/30/18 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Aetna Better Health	182	182	Not Applicable
Amerihealth Caritas	676	467	Reporting Error
Community Behavioral Health	6	6	Not Applicable
Gateway	1,085	1,085	Not Applicable
Generic MA Managed Care	0	3	Reporting Error
Keystone Mercy	30	30	Not Applicable
United HC Community Healthy PA	275	263	Reporting Errors
UPMC for Best Health	277	277	Not Applicable
Performance	1,804	1,804	Not Applicable

For FYE 6/30/18 OOS Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Maryland	3	3	Not Applicable
New Jersey	17	17	Not Applicable
Virginia	4	4	Not Applicable
Other - Arizona	21	21	Not Applicable
Other - Florida	8	8	Not Applicable
Other - California	7	7	Not Applicable
Other - Michigan	6	6	Not Applicable
Other - Connecticut	0	2	Reporting Error
Other - Indiana	0	5	Reporting Error
Other - Massachusetts	0	2	Reporting Error
Other - South Carolina	0	3	Reporting Error

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.

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 $79,981.60. 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 Wellspan Health 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,

Eugene A. DePasquale
Auditor General

WELLSPAN EPHRATA COMMUNITY HOSPITAL
REPORT DISTRIBUTION
2021 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. R. Dennis Welker
Special Audit Services
Bureau of Audits
Office of the Budget

Mr. David Bryan
Manager
Audit Resolution
Department of Human Services

Mr. Michael O'Connor
Chief Financial Officer
Wellspan Health

Mr. Victor Correa
Director of Reimbursement
Wellspan Health

Mr. Cameron Tome
Reimbursement & Financial Analyst
Wellspan Health

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

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

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

Mr. John Childress
Senior Financial Analyst
Wellspan Health

Ms. Dixie Hudson
Director of Customer Service
Wellspan Ephrata Community Hospital

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.