

# TOBACCO SETTLEMENT PROGRAM

---

## Wellspan Philhaven Hospital Tobacco Settlement Payment Data Review Year 2020

---

November 2019



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**

November 13, 2019

Mr. Phillip Hess  
Chief Executive Officer  
Wellspan Philhaven Hospital  
283 South Butler Road  
Post Office Box 550  
Mount Gretna, PA 17604

Re: Wellspan Philhaven Hospital

Dear Mr. Hess:

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<sup>1</sup> of Wellspan Philhaven 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, 2018 and, if so, verify whether corresponding patients were uninsured and the facility received no compensation from

---

<sup>1</sup> 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 MA days as reported on its submitted MA-336 cost reports, if filed with 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 two potentially eligible extraordinary expense claims for review. The results of our review disclosed that neither of these two 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 neither of these two reported claims submitted by the facility qualify as extraordinary expense claims and the facility did not submit any additional claims as described below, the facility is not 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	\$45,103.00	\$0	\$0	No – Adjusted Allowable Total Charges were below the facility’s threshold	Claim should be removed from self-pay listing
2	\$44,150.00	\$0	\$0	No – Adjusted Allowable Total Charges were below the facility’s threshold	Claim should be removed from self-pay listing

**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	917	917	Not Applicable
HMO Days	18,543	19,657	Undetermined
OOS Days	0	37	Undetermined

DHS will use the number of days to calculate this facility's eligibility to receive, and if deemed eligible, its subsidy entitlement under the uncompensated care method. DHS establishes the date 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 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 a reminder, this facility was to submit for our review, by October 31, 2019, 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 believed qualified as self-pay claims, and which had total charges above the facility's threshold of \$41,132.14; we refer to these types of claims as "additional claims." However, as of October 31, 2019, Wellspan Philhaven Hospital did not submit any additional claims for our review. For those facilities that submitted additional claims for our review, the results of our review of these facilities' submitted additional claims data will be detailed in individualized reports sent to each such respective hospital.

We thank the staff of Wellspan Philhaven Hospital 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,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eugene A. DePasquale  
Auditor General

**WELLSPAN PHILHAVEN HOSPITAL  
REPORT DISTRIBUTION  
2020 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. Phillip Hess**  
Chief Executive Officer  
Wellspan Philhaven Hospital

**Mr. Matthew Rodgers**  
Senior Controller  
Wellspan Philhaven Hospital

**Ms. Carrie Gingrich**  
Controller  
Wellspan Philhaven Hospital

**Mr. Victor Correa-Rivera**  
Director, Reimbursement and Financial  
Analysis  
Wellspan Health

**Mr. John Childress**  
Senior Financial Analyst  
Wellspan Health

**Mr. Cameron Tome**  
Reimbursement and Financial Analysis  
Wellspan Health

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).