

TOBACCO FUND PAYMENTS SUMMARY REPORT

Hospitals' Subsidy Entitlement to
Extraordinary Expense and
Uncompensated Care Payments
Received from the Department of
Human Services in September 2013

January 2016



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

January 7, 2016

The Honorable Tom Wolf
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

RE: Department of the Auditor General - 2013 Summary Report: Hospital Extraordinary Expense and Uncompensated Care Payments

Dear Governor Wolf:

The Tobacco Settlement Act (Act) (Act 77 of 2001, as amended, 35 P.S. § 5701.101 *et seq.*) mandates that the Department of Human Services (DHS) make payments to hospitals for a portion of uncompensated care services provided by these facilities. On September 9, 2013, DHS calculated payment entitlements totaling \$56,539,807 to fund a total of 152 hospitals for uncompensated care under the extraordinary expense (EE) approach and the uncompensated care (UC) approach.

Under the EE approach, 63 hospitals were allocated a total of \$8,480,971. These payments were based on claims data submitted by the hospitals to the Pennsylvania Health Care Cost Containment Council (PHC4). Under the UC approach, 89 additional hospitals were allocated a total of \$48,058,836. As provided for in the Act, these payments were based on three-year averages from five main data elements (for a total of fifteen data elements). These data elements are UC costs, net patient revenues, Medicare Supplemental Security Income (Medicare SSI) days, Medical Assistance (MA) days, and total inpatient days.

The Department of the Auditor General (DAG) conducted reviews of the data submitted by each of these hospitals to determine whether each hospital received what it was entitled to under the requirements of this Act. This report summarizes the results of our 152 reviews and includes recommendations for improving the program's data collection and payment process.

DAG performed reviews of the documentation submitted to PHC4 by all 63 hospitals that received the EE payments made on September 9, 2013. The purpose of these reviews was to determine whether proper documentation existed to support the claims submitted as EE-eligible claims and to determine whether each hospital received the payment to which it was entitled. The results of these reviews determined that a redistribution of the original payments is required. A

total of 28 hospitals were overpaid, while 35 hospitals were underpaid, resulting in a need for the redistribution of \$774,272.

DAG also performed reviews of the documentation submitted to PHC4 and DHS by all 89 hospitals that received UC payments made on September 9, 2013. The purpose of these reviews was to determine whether proper documentation existed for the fifteen data elements utilized by DHS for each of the hospitals and to determine whether each hospital received the payment to which it was entitled. The results of these reviews determined that a redistribution of the original payments is required. We determined that a total of 58 hospitals were overpaid, while 31 hospitals were underpaid, resulting in a redistribution of \$684,136.

One hospital's payment, Kidspace Hospital, was capped due to the upper payment limit or the UC cost cap and, therefore, no adjustment was made to its original payment. One hospital, Brandywine Hospital, did originally qualify for payment under the UC approach as its UC score fell above the median UC score for all hospitals. One hospital, Geisinger Wyoming Valley, did not originally qualify for payment under the UC approach as its UC score fell below the median UC score for all hospitals. As a result of our reviews, the median UC score decreased from 19.7715% to 19.6281%; thus, excluding Brandywine Hospital from qualifying for payment under the UC approach and, qualifying Geisinger Wyoming Valley for payment under the UC approach. Therefore, a total of 90 hospitals are included in the redistribution of UC payments, as shown beginning on page 26 of this report. DHS should process all EE and UC adjustments detailed in this report.

Regarding the EE and UC subsidy entitlement adjustments detailed in our 2010, 2011, and 2012 Summary Reports, DHS's position, as detailed their response beginning on page 29 of this report, is that neither the Tobacco Settlement Act nor the approved State Plan requires DHS to recalculate and redistribute payments after payments are made. The DHS states in their response that payments are made based on the best available data at that point in time as they must report the identity of qualifying hospitals and their payment amounts to the General Assembly by November 30 of each year. However, we believe, as detailed in the Findings and Recommendations section of this report, that DHS defines the "endpoint" of a claim's eligibility as when the PHC4 website application has been inactivated and the data is forwarded to the DHS, while we define the "endpoint" as when each hospital attests during our review that each eligible account has been closed and all collection efforts have ceased. We believe that the "endpoint" used by DHS allows hospitals to continue to collect on claims already deemed uncompensated for tobacco settlement calculation purposes and, therefore, creates a difference between the DHS analysis and our analysis. Therefore, in addition to processing all adjustments detailed in this report, we once again recommend that DHS should process all adjustments detailed in our 2010, 2011, and 2012 summary reports as well as ensure that each hospital receives the amount of Tobacco Settlement subsidy to which each is entitled.

Furthermore, as detailed our Findings and Recommendations section of this report, we recommend that DHS develop a process that would ensure a more reliable database of hospitals' claims from which EE payments are determined and that DHS establish a penalty for all hospitals failing to adhere to this revised process. This is the **eighth consecutive summary report** (2006 – 2013 payment years) that contained this recommendation. DHS's position, as detailed in their response, is that because the PHC4 website provides hospitals the opportunity to review and update

their self-pay records, DHS uses the most effective and efficient means to collect the information from the hospitals. However, we have found during the course of our reviews over the last eight years that while a large percentage of hospitals utilize the PHC4 website to review and update their self-pay records, no process has been established by either DHS or PHC4 to review the accuracy of the revised documentation submitted by hospitals. Therefore, we believe that the database may be unreliable and require the development and implementation of a mandatory process to include a review of all revised data submitted by hospitals and the assessment of penalties against all hospitals failing to submit revised documentation based on updated self-pay records.

Given the limited amount of Tobacco Settlement funds that remain available for distribution to qualifying hospitals providing indigent care, I am hopeful that DHS will work with my Department to find a cooperative solution for ensuring that each qualified hospital receives the subsidy amount to which it is legally entitled.

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

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BACKGROUND

Beginning in June 2002, hospitals that qualified for payments under the Tobacco Settlement Act¹ (Act) could receive funds using either an extraordinary expense approach or an uncompensated care approach. Under the extraordinary expense (EE) approach, payment is based on a hospital's number of qualified claims. Qualified claims are those claims in which the cost of the claim exceeded twice the average cost of all claims for a particular hospital and for which the hospital provided inpatient services to an uninsured patient. Under the uncompensated care (UC) approach, payment is based on the level of UC at each hospital and is determined by using three-year averages from five main data elements (for a total of fifteen data elements). These data elements are UC costs, net patient revenues, Medicare SSI days, MA days, and total inpatient days.

It should be noted that the 2013 UC payment was to be calculated based on three-year averages of these data elements for the fiscal years ended June 30, 2009, 2010, and 2011. However, due to previous errors in data used by the Centers for Medicare and Medicaid Services (CMS) to calculate the Medicare SSI days for the fiscal years ended June 30, 2006, 2007, 2008, and 2009, DHS chose to calculate the 2013 Medicare SSI days data element based on three-year averages of Medicare SSI days for the fiscal years ended June 30, 2008, 2009, and 2010, as these years represent the most recent data available for Medicare SSI days.

To calculate the EE payments it made to the 63 hospitals in September 2013, DHS used claims data for the period July 1, 2010 to June 30, 2011 submitted by hospitals to PHC4. To calculate the UC payments it made to the 89 hospitals in September 2013, DHS used: 1) UC costs and net patient revenues submitted to PHC4 for fiscal years ended June 30, 2009, 2010, and 2011; 2) patients' census records supporting MA days and total inpatient days, as included on the facility's MA cost reports submitted to DHS for fiscal years ended June 30, 2009, 2010, and 2011; and 3) the Medicare SSI days, as determined by the CMS for fiscal years ended June 30, 2008, 2009, and 2010.

¹ Act 77 of 2001, as amended, 35 P.S. § 5701.101 *et seq.*

SCOPE, OBJECTIVE AND METHODOLOGY

Extraordinary Expense Approach

The Department of the Auditor General (DAG) performed reviews of the data submitted to PHC4 by the 63 hospitals that received extraordinary expense (EE) payments made on September 9, 2013 and analyzed the applicable claims data for the period July 1, 2010 to June 30, 2011. The objective of our reviews was to determine whether the hospitals could substantiate their reported claims and verify that the patient was uninsured and that the hospitals did not receive any compensation from third party payers such as Medicare, Medicaid, or Blue Cross. Payments made by the patient themselves toward their financial obligation reduced the allowable costs of the respective claim when determining eligibility. In conducting our reviews, we allowed hospitals to include eligible claims not initially reported.

The methodology in support of our objective included:

- Reviewing Chapter 11 of the Act and other pertinent information.
- Reviewing hospital charity care and bad debt policies and procedures.
- Interviewing hospital personnel about the procedures followed to determine each patient's payer classification status.
- Verifying receipt of the tobacco payment by the hospital.
- Verifying the accuracy of the claims data submitted by the hospital to PHC4 and subsequently by PHC4 to DHS, as well as the cost to charge ratios utilized by DHS.
- Examining patients' records to verify self-pay status and to determine if any payments were made by the patient toward their financial obligation.
- Verifying claims met the minimum claim charge to qualify as EE.
- Reviewing any additional hospital claims for the period July 1, 2010 to June 30, 2011 not originally submitted to determine eligibility.
- Recalculating the hospital's EE tobacco payment entitlement based on revised information.

Uncompensated Care Approach

DAG performed reviews of the data submitted to PHC4 and DHS by the 89 hospitals that received the September 2013 uncompensated care (UC) payments and analyzed data for the fiscal years ended June 30, 2009, June 30, 2010, and June 30, 2011 (June 30, 2008, June 30, 2009, and June 30, 2010 for Medicare SSI days). The objective of these reviews was to determine whether proper documentation existed for the fifteen data elements utilized by DHS for each of the hospitals.

SCOPE, OBJECTIVE AND METHODOLOGY (Continued)

The methodology in support of our objective included:

- Reviewing Chapter 11 of the Act and other pertinent information.
- Reviewing hospital charity care policies and procedures.
- Interviewing hospital personnel about the procedures followed to submit the original data and any revisions, if applicable, to PHC4.
- Verifying receipt of the tobacco payment by the hospital.
- Verifying the accuracy of the bad debt expense and charity care costs, which are factors of UC costs, and net patient revenue submitted by the hospital to PHC4 and subsequently by PHC4 to DHS, as well as the cost to charge ratios utilized by DHS.
- Verifying the accuracy of the fee-for-service days, Health Maintenance Organization (HMO) days, and out-of-state days, which are factors of total MA days, and total inpatient days submitted by the hospital to DHS.
- Verifying the accuracy of the Medicare SSI days utilized by DHS based on data from the CMS website database.
- Recalculating the hospital's UC score using the verified fifteen data elements.
- Recalculating the hospital's UC tobacco payment entitlement based on revised information.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Extraordinary Expense Claims Data Utilized By DHS Was Not Entirely Accurate Resulting In A Need For A Redistribution Of \$774,272 Among 63 Hospitals.

Condition: We determined that of the 520 extraordinary expense (EE) claims totaling \$15,535,165 originally reported by the 63 hospitals, 460 (88 percent) were allowable. We further determined that another 41 claims, not originally included in PHC4 database of claims for the same period, were allowable. (See Exhibits 1 and 2.)

To date, DHS has not processed any of our identified under or over payments nor taken any corrective actions in response to the findings included in our 2010 Tobacco Fund Payments Summary Report (released May 23, 2014), our 2011 Tobacco Fund Payments Summary Report (released on October 2, 2014), or our 2012 Tobacco Fund Payments Summary Report (released on April 15, 2015). As a result of this inaction, hospitals that were overpaid received what are tantamount to annual interest free loans. In the case of Lancaster General Hospital, although the hospital was underpaid in the 2013 payment year, a net overpayment amount remains for the 2010, 2011, 2012, and 2013 payments in excess of \$8.4 million. Meanwhile, Abington Memorial Hospital has a net underpayment amount for the 2010, 2011, 2012, and 2013 payments of just over \$1 million. In addition, if DHS never redistributes these funds, hospitals that were overpaid will be allowed to keep state funds that they are not legally entitled to, and hospitals that were underpaid will be denied their entitled subsidy amounts for the indigent care they provided. Therefore, it is imperative that DHS collect and redistribute our identified overpayments.

Criteria: Act 77 of 2001, Chapter 11², gives DHS the responsibility to collect the necessary data, determine eligibility, and calculate and make EE payments to qualified hospitals on an annual basis.

Cause: During our review of hospitals' EE claims, we found that the hospitals' initial payer designations given to these claims when patients began hospital stays either subsequently changed or were never updated to reflect changes that occurred during or after their hospital stays. This resulted in changes to the hospitals' "compensated" or "uncompensated" status for certain EE claims. Such incorrect statuses of claims are provided by many hospitals to PHC4, which then forwards the incorrect data to DHS where it is used to calculate EE payments. This problem causes concern related to DHS' use of PHC4 database since that database does not always contain finalized payer designations.

Because of similar findings reported in previous years, PHC4, in conjunction with DHS, initiated a process in January 2005 that gave hospitals an additional claims verification opportunity prior to final tobacco payments being calculated and processed. Although PHC4's website allows hospitals access to EE claims data in order to make revisions, for the 2013 payment, 20% of the hospitals did not take any action to verify their claims data, and another 8% logged onto the website but did not submit their final confirmations. Additionally, of the 72% of hospitals that did review and revise their claims data, only 28% of these hospitals actually received a 2013 EE payment (48

² 35 P.S. §§ 5701.1101 to 5701.1108.

FINDINGS AND RECOMMENDATIONS (Continued)

hospitals). Our results found that 21 out of these 48 hospitals (44%) revised their claims data inaccurately, as adjustments were still necessary based on our reviews.

The DAG has been reviewing hospitals' EE claims and hospitals' entitlements to EE payments received since the 2002 initial payment year. The DAG's methodology considers DHS' subsidy payments to represent estimated payments based on qualifying claims data available at the time the DHS payments are made, and that the purpose of our reviews is to adjust these estimated payments to actual based on the most recent data available for the qualifying claims related to the payment year under review.

However, in its response to our 2010 summary report (the DAG decided to not request responses from the DHS or PHC4 to our 2011 and 2012 summary reports because these reports were released in such close succession of each other), the DHS took exception to the DAG's position stating that they disagree with the payment discrepancies identified by the DAG as the DHS must use the best information available at the time of the original calculation to determine eligibility and payment amounts. The DHS further stated that even though they are not required to make any funding adjustments, they will determine what adjustments, if any, they can make given the uncertainty of the program going forward.

It is the DAG's position that because hospitals' collection efforts for the respective claims continue after DHS' endpoint of receiving claims data from the PHC4, DAG's process requires hospitals to affirm that no further collection efforts will be pursued and that related accounts will be considered closed after our department confirms eligibility. This sets an endpoint after which no other changes can occur.

Effect: DHS initially distributed \$8,480,971 of EE tobacco payments for 2013 based on 520 claims totaling \$15,535,165 originally submitted by the 63 hospitals. As a result of our procedures, we determined that a total of 501 claims (460 of the 520 originally submitted claims and 41 additional claims submitted during our engagements) totaling \$14,916,946 qualified for payment. Since the total costs of the qualified claims exceeded the total amount of monies available for distribution, a share percentage was used to calculate each hospital's entitlement (See Exhibit 1).

Our calculated redistribution consists of the following:

	<u>Number</u>	<u>Total Amount</u>
Hospitals Overpaid	28	\$ 774,272
Hospitals Underpaid	<u>35</u>	<u>\$ (774,272)</u>
Total Hospitals	<u>63</u>	<u>\$ 0</u>

Recommendations: Because the outstanding payment for the 2014 payment year has been made, and the outstanding payment for the 2015 payment year is scheduled to be made in mid to late December 2015, we again recommend that DHS establish a mandatory requirement for hospitals to access PHC4's website during the claims verification process timeframes established by PHC4 and make accurate revisions, as necessary, to previously submitted claims data. As this is the **eighth consecutive report** that DHS has chosen not to fully address this recommendation, we

FINDINGS AND RECOMMENDATIONS (Continued)

again recommend that DHS establish a penalty for all hospitals failing to adhere to this revised mandatory process.

We further recommend that DHS collect all overpayments from, and make additional payments to, hospitals based upon the results of our 2013 payment individual reviews.

Finally, we again recommend that DHS process all of the over and underpayment adjustments detailed in our 2010, 2011, and 2012 summary reports to ensure each hospital receives the amount of Tobacco Settlement subsidy to which each is entitled for each respective payment year.

Department of Human Services' Response: See pages 29 through 32 of this report for the DHS's complete response to this finding.

Pennsylvania Health Care Cost Containment Council's Response: See pages 33 and 34 of this report for the PHC4's complete response to this finding.

Auditor's Conclusion: In response to the DHS and the PHC4, the Department of the Auditor General's recognizes that the DHS is required by the Tobacco Settlement Act and by its approved State Plan to make EE payments to qualifying hospitals on an annual basis and that the DHS must report the identity of qualifying hospitals and their payment amounts to the General Assembly by November 30 of each year. The DAG also understands that the DHS uses a "snapshot" or "point in time" calculation, however, this does not establish an "endpoint" at which time the hospitals cease collection efforts on the qualified accounts. This lack of an established endpoint with the hospitals allows the hospitals to continue to collect on claims that have already been considered to be uncompensated and, therefore, qualified under the Extraordinary Expense approach; thus opening the possibility that a hospital could be paid twice for the same claim.

The DAG also recognizes that a large percentage of the hospitals utilize the PHC4 website to review and update their self-pay records, however, there is no secondary review of the documentation submitted by the hospitals to ensure the accuracy of that data other than the reviews conducted by the DAG. This lack of oversight gives hospitals the opportunity to inflate the number of self-pay claims or the total charges of self-pay claims in the given fiscal year in order to receive a larger payment. Therefore, the position of the DAG remains the same and this finding will stand as presented.

FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 2: Uncompensated Care Data Elements Utilized By DHS Were Not Entirely Accurate Resulting In A Need For A Redistribution Of \$684,136 Among 90 Hospitals.

Condition: We determined that the uncompensated care (UC) data submitted to PHC4 and DHS by the individual hospitals was not entirely accurate which led to revisions in the median UC score and individual UC scores for individual hospitals. (See Exhibits 4 and 5.)

Criteria: Act 77 of 2001, Chapter 11³, gives DHS the responsibility to collect the necessary data, determine eligibility, and calculate and make UC payments to qualified hospitals on an annual basis.

Cause: The DAG has been reviewing hospitals' entitlements to UC payments received since the 2010 payment year. Data initially submitted by the hospitals to PHC4 and DHS was not always accurate based on our review of the source documentation, such as audited financial statements and patient census reports. The financial data inaccuracies are due the PHC4's lack of oversight to ensure that all hospitals are submitting data in a consistent manner. For instance, some hospitals submit data per their independently audited financial statements, while others use internal non-audited documentation which is less reliable. For days data, the census reports may not reflect adjustments to the cost reports made by the DHS to reflect actual paid days. Hospitals do not always have documentation of these changes and the DAG does not currently have access to the changes made by the DHS. These issues resulted in revisions to the hospitals' UC scores.

The DHS response to our 2010 summary report (again, the DAG decided to not request responses from the DHS or PHC4 for the 2011 and 2012 summary reports because these reports were released in such close succession of each other) stated that they disagree with the DAG's methodology used to recalculate the UC entitlements. The DHS stated that they are required to determine eligibility and calculate payments based on data from all hospitals, while the DAG uses revised data from a subset of those hospitals, specifically only the hospitals that have received UC and EE payments from DHS. The DHS further stated that because the DAG does not include hospitals which, at the time DHS payments are made, did not qualify for payments under either the EE or UC approach, the DAG's methodology is inaccurate. The DHS also stated that they would not be establishing or implementing any new policies, procedures, or practices for the program at that time, including processing the DAG's UC subsidy payment adjustments.

It is the DAG's position that the DAG does not have the authority to audit, or review, entities which have not received state funding. However, the DAG would complete the reviews of all such hospitals for each respective year at the DHS' request.

Effect: DHS initially determined that 89 hospitals qualified for UC payments and distributed \$48,058,836 of UC entitlements for 2013. As a result of our procedures, we determined that one of the 89 hospitals that DHS initially determined qualified, Brandywine Hospital, did not actually qualify for the payment they received. We also determined that one of the hospitals that DHS initially determined unqualified, Geisinger Wyoming Valley, did qualify for payment under the UC approach; thus, based on the results of our reviews, 89 hospitals qualified for UC payments.

³ Ibid.

FINDINGS AND RECOMMENDATIONS (Continued)

We adjusted hospitals' UC scores based on our review of their documentation, which resulted in a need for DHS to redistribute funds as summarized below.

	<u>Number</u>	<u>Total Amount</u>
Hospitals Overpaid	58	\$ 684,136
Hospitals Underpaid	31	\$ (684,136)
Hospitals Capped	<u>1</u>	<u>\$ 0</u>
Total Hospitals	<u>90</u>	<u>\$ 0</u>

(Note: The totals above include Brandywine Hospital, Geisinger Wyoming Valley, and the one capped hospital, Kidspace.)

Recommendations: Because the outstanding payment for the 2014 payment year has been made, and the outstanding payment for the 2015 payment year is scheduled to be made in mid to late December 2015, we again recommend that DHS collect all overpayments from, and make additional payments to, hospitals based upon the results of our UC reviews for the 2010, 2011, and 2012 payment years.

We also recommend that DHS process all payment adjustments detailed in this (2013) summary report. Regarding Brandywine Hospital specifically, it should be required to return the UC payment it received due to the fact that its UC Score, based upon the results of our reviews, fell below the median UC Score needed to qualify for UC payment. It should also be noted that, based upon data received from DHS and PHC4, Brandywine Hospital had 2 self-pay claims which would potentially qualify it for an EE payment. Regarding Geisinger Wyoming Valley specifically, it should receive a payment based on the same recalculation of the median UC Score. Furthermore, while Geisinger Wyoming Valley received its initial payment under the EE approach, DHS should determine under which approach this hospital should be paid and adjust the initial payment accordingly. For the original payments made by the DHS, hospitals are given the choice of which approach they want to get paid under, typically choosing the higher payment. In this instance, Geisinger Wyoming Valley would most likely choose the UC method in order to receive the higher of the two payments. Based on Geisinger Wyoming Valley's choice, the calculations within this report would need to be revised based on the hospital's decision.

Finally, we recommend that DHS and PHC4 perform further inspection into hospitals' filing procedures which could alleviate the inconsistencies found within the financial data submissions. Working with the hospitals to properly report their financial data could minimize the over/underpayment discrepancies in the future. We will be requesting that DHS provide the DAG with details of their procedures for making adjustments to the submitted cost reports and provide the DAG with information regarding amended or adjusted cost reports.

Department of Human Services' Response: See pages 29 through 32 of this report for the DHS's complete response to this finding.

Pennsylvania Health Care Cost Containment Council's Response: See pages 33 and 34 of this report for the PHC4's complete response to this finding.

FINDINGS AND RECOMMENDATIONS (Continued)

Auditor's Conclusion: The Department of the Auditor General performed reviews of the data elements used to calculate the UC score for all hospitals that received either the uncompensated care payment or the extraordinary expense payment. For the 2013 payment year, there were 43 hospitals which either did not qualify for payment under either approach or could not receive a tobacco settlement payment because of the upper payment limit (UPL) cap. The DAG does include these hospitals in the final calculation, as shown on pages 16 through 25, using the same data as the DHS used in the original calculation. As stated above, the DAG does not have the authority to audit, or review, entities which have not received state funding. However, the DAG would complete the reviews of all such hospitals for each respective year at the DHS' request. Therefore, the position of the DAG remains the same and this finding will stand as presented.

EXHIBIT 1 – EXTRAORDINARY EXPENSE RECALCULATIONS

DHS EE PAYMENTS BASED ON REPORTED CLAIMS

ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS

<u>HOSPITAL</u>	<u>DHS EE PAYMENTS BASED ON REPORTED CLAIMS</u>				<u>ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS</u>				
	<u>No. of FY 10-11 Extraordinary Expense Claims</u>	<u>Total Cost of EO Expense Claims FY 10-11</u>	<u>% Share of EO Expense</u>	<u>Allocated EE Tobacco Money</u>	<u>No. of FY 10-11 Extraordinary Expense Claims</u>	<u>Audited Costs of EE Claims FY 10-11</u>	<u>% Share of EO Expense</u>	<u>Reallocated Tobacco Money</u>	<u>Payment Limitation Based on Cost of FY 10-11 Extraordinary Expense Claims</u>
ABINGTON MEMORIAL HOSPITAL	17	486,008.13	3.1284	265,321.99	21	660,297.04	4.4265	375,409	375,409
ALLE-KISKI MEDICAL CENTER	5	74,136.72	0.4772	40,472.79	5	74,418.55	0.4989	42,310	42,310
ALLEGHENY GENERAL HOSPITAL	32	1,436,639.68	9.2477	784,291.62	31	1,388,219.49	9.3063	789,267	789,267
BRYAN MAWR HOSPITAL	8	293,187.35	1.8872	160,057.10	7	267,932.87	1.7962	152,332	152,332
BRYAN MAWR REHABILITATION HOSPITAL	1	57,816.57	0.3722	31,563.28	1	57,816.55	0.3876	32,871	32,871
BUTLER COUNTY MEMORIAL HOSPITAL	12	208,943.74	1.3450	114,066.75	9	167,170.87	1.1207	95,044	95,044
CHARLES COLE MEMORIAL HOSPITAL	1	22,725.21	0.1463	12,406.17	1	23,133.23	0.1551	13,152	13,152
CHESTER COUNTY HOSPITAL	9	310,452.48	1.9984	169,482.50	7	120,121.00	0.8053	68,294	68,294
CHS BERWICK HOSPITAL	2	35,785.82	0.2304	19,536.23	2	34,173.93	0.2291	19,429	19,429
CLARION HOSPITAL	1	19,280.61	0.1241	10,525.69	1	21,002.20	0.1408	11,941	11,941
DOYLESTOWN HOSPITAL	11	253,468.71	1.6316	138,373.86	10	232,990.27	1.5619	132,466	132,466
ELK REGIONAL HEALTH CENTER	2	23,786.48	0.1531	12,985.54	1	11,963.31	0.0802	6,802	6,802
ELLWOOD CITY HOSPITAL	1	19,559.89	0.1259	10,678.15	0	0.00	0.0000	0	0
EPHRATA COMMUNITY HOSPITAL	5	239,536.05	1.5419	130,767.74	5	239,536.05	1.6058	136,187	136,187
EVANGELICAL COMMUNITY HOSPITAL	3	57,802.63	0.3721	31,555.66	4	72,132.80	0.4836	41,011	41,011
FORBES REGIONAL HOSPITAL	16	340,415.70	2.1913	185,840.04	16	333,778.97	2.2376	189,769	189,769
FRICK COMMUNITY HEALTH CENTER	3	44,489.05	0.2864	24,287.50	3	34,888.16	0.2339	19,836	19,836
GEISINGER BLOOMSBURG	1	10,150.47	0.0653	5,541.35	0	0.00	0.0000	0	0
GEISINGER WYOMING VALLEY	3	107,755.11	0.6936	58,825.77	3	107,739.16	0.7223	61,255	61,255
GETTYSBURG HOSPITAL	6	154,132.93	0.9922	84,144.38	6	135,646.84	.9093	77,121	77,121
GOOD SAMARITAN HOSPITAL	11	288,826.05	1.8592	157,676.18	6	162,204.28	1.0874	92,221	92,221
GOOD SHEPHERD REHABILITATION HOSPITAL	1	126,846.62	0.8165	69,248.22	1	52,649.73	0.3530	29,934	29,934
GRAND VIEW HOSPITAL	14	312,079.14	2.0089	170,370.52	13	273,950.31	1.8365	155,753	155,753
GROVE CITY MEDICAL CENTER	2	23,094.47	0.1487	12,607.75	2	21,974.93	0.1473	12,494	12,494

EXHIBIT 1 – EXTRAORDINARY EXPENSE RECALCULATIONS (Continued)

DHS EE PAYMENTS BASED ON REPORTED CLAIMS

ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS

<u>HOSPITAL</u>	<u>DHS EE PAYMENTS BASED ON REPORTED CLAIMS</u>				<u>ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS</u>				
	<u>No. of FY 10-11 Extraordinary Expense Claims</u>	<u>Total Cost of EO Expense Claims FY 10-11</u>	<u>% Share of EO Expense</u>	<u>Allocated EE Tobacco Money</u>	<u>No. of FY 10-11 Extraordinary Expense Claims</u>	<u>Audited Costs of EE Claims FY 10-11</u>	<u>% Share of EO Expense</u>	<u>Reallocated Tobacco Money</u>	<u>Payment Limitation Based on Cost of FY 10-11 Extraordinary Expense Claims</u>
HANOVER GENERAL HOSPITAL	4	95,629.51	0.6156	52,206.15	4	95,629.40	0.6411	54,370	54,370
HEART OF LANCASTER REGIONAL MEDICAL CENTER	4	137,460.36	0.8848	75,042.48	1	28,681.01	0.1923	16,306	16,306
HERITAGE VALLEY BEAVER	20	448,908.15	2.8896	245,068.34	19	401,882.12	2.6941	228,488	228,488
HERITAGE VALLEY SEWICKLEY	8	178,319.05	1.1478	97,348.09	8	173,258.75	1.1615	98,506	98,506
HOLY SPIRIT HOSPITAL	10	278,704.08	1.7940	152,150.38	9	237,106.60	1.5895	134,806	134,806
INDIANA REGIONAL MEDICAL CENTER	5	75,634.54	0.4869	41,290.48	4	62,283.81	0.4175	35,411	35,411
JEFFERSON REGIONAL MEDICAL CENTER	18	529,305.72	3.4071	288,959.05	18	526,575.44	3.5300	299,382	299,382
JENNERSVILLE REGIONAL HOSPITAL	2	35,488.87	0.2284	19,374.12	2	31,198.87	0.2092	17,738	17,738
JERSEY SHORE HOSPITAL	1	8,417.09	0.0542	4,595.07	1	8,417.09	0.0564	4,785	4,785
KANE COMMUNITY HOSPITAL	1	10,349.99	0.0666	5,650.28	1	10,349.99	0.0694	5,884	5,884
LANCASTER GENERAL HOSPITAL	23	894,085.68	5.7552	488,100.05	45	1,519,590.00	10.1870	863,957	863,957
LANCASTER REGIONAL MEDICAL CENTER	3	93,662.41	0.6029	51,132.27	1	31,595.56	0.2118	17,964	17,964
LANKENAU HOSPITAL	13	541,903.17	3.4882	295,836.26	13	541,906.38	3.6328	308,099	308,099
LATROBE AREA HOSPITAL	3	48,292.71	0.3109	26,364.00	3	48,292.67	0.3237	27,457	27,457
LEHIGH VALLEY HOSPITAL - HAZLETON	4	76,408.29	0.4918	41,712.88	4	76,406.89	0.5122	43,441	43,441
LEHIGH VALLEY HOSPITAL – MUHLENBERG	9	312,964.54	2.0146	170,853.88	11	371,360.63	2.4895	211,136	211,136
LEHIGH VALLEY HOSPITAL CENTER	61	2,677,198.11	17.2331	1,461,538.39	65	2,777,123.92	18.6172	1,578,923	1,578,923
MONONGAHELA VALLEY HOSPITAL	6	92,763.22	0.5971	50,641.38	6	92,792.67	0.6221	52,757	52,757
MOUNT NITTANY MEDICAL CENTER	8	254,682.85	1.6394	139,036.69	4	115,361.49	0.7734	65,588	65,588
OHIO VALLEY GENERAL HOSPITAL	2	53,929.66	0.3471	29,441.33	2	53,973.02	0.3618	30,686	30,686
PALMERTON HOSPITAL	3	53,641.61	0.3453	29,284.07	0	0.00	0.0000	0	0
PAOLI MEMORIAL HOSPITAL	10	323,495.16	2.0823	176,602.76	10	323,539.34	2.1689	183,947	183,947
PENN STATE HERSHEY REHABILITATION HOSPITAL	1	56,436.95	0.3633	30,810.11	1	62,135.79	0.4165	35,327	35,327
PHOENIXVILLE HOSPITAL	5	116,927.99	0.7527	63,833.43	5	116,622.99	0.7818	66,306	66,306
POTTSTOWN MEMORIAL MEDICAL CENTER	10	230,954.44	1.4867	126,082.85	6	159,364.15	1.0683	90,606	90,606

EXHIBIT 1 – EXTRAORDINARY EXPENSE RECALCULATIONS (Continued)

DHS EE PAYMENTS BASED ON REPORTED CLAIMS

ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS

<u>HOSPITAL</u>	<u>DHS EE PAYMENTS BASED ON REPORTED CLAIMS</u>				<u>ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS</u>				
	<u>No. of FY 10-11 Extraordinary Expense Claims</u>	<u>Total Cost of EO Expense Claims FY 10-11</u>	<u>% Share of EO Expense</u>	<u>Allocated EE Tobacco Money</u>	<u>No. of FY 10-11 Extraordinary Expense Claims</u>	<u>Audited Costs of EE Claims FY 10-11</u>	<u>% Share of EO Expense</u>	<u>Reallocated Tobacco Money</u>	<u>Payment Limitation Based on Cost of FY 10-11 Extraordinary Expense Claims</u>
REGIONAL HOSPITAL OF SCRANTON	8	218,307.27	1.4052	119,178.50	3	86,501.03	0.5799	49,180	49,180
RIDDLE MEMORIAL HOSPITAL	1	69,438.73	0.4470	37,908.06	1	69,438.05	0.4655	39,479	39,479
ROXBOROUGH MEMORIAL HOSPITAL	3	64,771.31	0.4169	35,360.01	0	0.00	0.0000	0	0
ST. CLAIR MEMORIAL HOSPITAL	16	373,208.23	2.4023	203,742.17	16	373,194.66	2.5018	212,178	212,178
ST. LUKE'S MINERS MEMORIAL MEDICAL CENTER	2	29,094.11	0.1873	15,883.08	2	29,694.29	0.1991	16,883	16,883
ST. MARY HOSPITAL	29	755,617.23	4.8639	412,507.23	26	675,684.73	4.5296	384,158	384,158
TROY COMMUNITY HOSPITAL	1	7,268.90	0.0468	3,968.24	1	7,268.90	0.0487	4,133	4,133
TYRONE HOSPITAL	1	24,145.77	0.1544	13,181.68	1	24,287.29	0.1628	13,808	13,808
UPMC – PASSAVANT	10	276,940.78	1.7827	151,187.76	10	275,648.67	1.8479	156,719	156,719
UPMC – ST. MARGARET	7	202,133.19	1.3011	110,348.73	7	203,962.06	1.3673	115,962	115,962
WESTMORELAND HOSPITAL	18	392,414.30	2.5260	214,227.16	18	425,366.23	2.8516	241,840	241,840
WILKES-BARRE GENERAL HOSPITAL	6	184,704.51	1.1889	100,834.05	5	153,493.67	1.0290	87,268	87,268
WILLIAMSPORT HOSPITAL	12	291,878.87	1.8788	159,342.77	8	160,459.14	1.0757	91,228	91,228
WINDBER HOSPITAL	5	72,757.96	0.4683	39,720.09	5	72,757.96	0.4878	41,366	41,366
TOTALS	520	15,535,165	100.00	8,480,971	501	14,916,946	100.00	8,480,971	8,480,971

EXHIBIT 2 - EXTRAORDINARY EXPENSE
ADDITIONAL CLAIMS LISTING

**Additional EE Eligible Claims Identified as a Result of
Auditor General Reviews**

<u>Hospital</u>	<u>Number of Claims</u>
Abington Memorial Hospital	7
Lancaster General Hospital	24
Lehigh Valley Hospital Center	4
Lehigh Valley Hospital - Muhlenberg	2
Penn State Hershey Rehabilitation Hospital	1
St. Mary Medical Center	1
UPMC - St. Margaret	1
Westmoreland Hospital	<u>1</u>
Total	<u>41</u>

EXHIBIT 3 - EXTRAORDINARY EXPENSE OVER/(UNDER) PAYMENTS

<u>Hospital</u>	<u>DHS Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DHS Overpayment (Underpayment)</u>
ABINGTON MEMORIAL HOSPITAL	\$265,322	\$375,409	(\$110,087)
ALLE-KISKI MEDICAL CENTER	\$40,473	\$42,310	(\$1,838)
ALLEGHENY GENERAL HOSPITAL	\$784,292	\$789,267	(\$4,975)
BRYN MAWR HOSPITAL	\$160,057	\$152,332	\$7,725
BRYN MAWR REHABILITATION HOSPITAL	\$31,563	\$32,871	(\$1,308)
BUTLER COUNTY MEMORIAL HOSPITAL	\$114,067	\$95,044	\$19,022
CHARLES COLE MEMORIAL HOSPITAL	\$12,406	\$13,152	(\$746)
CHESTER COUNTY HOSPITAL	\$169,483	\$68,294	\$101,188
CHS BERWICK HOSPITAL	\$19,536	\$19,429	\$107
CLARION HOSPITAL	\$10,526	\$11,941	(\$1,415)
DOYLESTOWN HOSPITAL	\$138,374	\$132,466	\$5,908
ELK REGIONAL HEALTH CENTER	\$12,986	\$6,802	\$6,184
ELLWOOD CITY HOSPITAL	\$10,678	\$0	\$10,678
EPHRATA COMMUNITY HOSPITAL	\$130,768	\$136,187	(\$5,420)
EVANGELICAL COMMUNITY HOSPITAL	\$31,556	\$41,011	(\$9,455)
FORBES REGIONAL HOSPITAL	\$185,840	\$189,769	(\$3,929)
FRICK COMMUNITY HEALTH CENTER	\$24,288	\$19,836	\$4,452
GEISINGER BLOOMSBURG	\$5,541	\$0	\$5,541
GEISINGER WYOMING VALLEY	\$58,826	\$61,255	(\$2,429)
GETTYSBURG HOSPITAL	\$84,144	\$77,121	\$7,023
GOOD SAMARITAN HOSPITAL	\$157,676	\$92,221	\$65,455
GOOD SHEPHERD REHABILITATION HOSPITAL	\$69,248	\$29,934	\$39,314
GRAND VIEW HOSPITAL	\$170,371	\$155,753	\$14,617
GROVE CITY MEDICAL CENTER	\$12,608	\$12,494	\$114
HANOVER GENERAL HOSPITAL	\$52,206	\$54,370	(\$2,164)
HEART OF LANCASTER REGIONAL MEDICAL CENTER	\$75,042	\$16,306	\$58,736
HERITAGE VALLEY BEAVER	\$245,068	\$228,488	\$16,580
HERITAGE VALLEY SEWICKLEY	\$97,348	\$98,506	(\$1,157)
HOLY SPIRIT HOSPITAL	\$152,150	\$134,806	\$17,344
INDIANA REGIONAL MEDICAL CENTER	\$41,290	\$35,411	\$5,879
JEFFERSON REGIONAL MEDICAL CENTER	\$288,959	\$299,382	(\$10,423)
JENNERVILLE REGIONAL HOSPITAL	\$19,374	\$17,738	\$1,636
JERSEY SHORE HOSPITAL	\$4,595	\$4,785	(\$190)

EXHIBIT 3 - EXTRAORDINARY EXPENSE OVER/(UNDER) PAYMENTS
(Continued)

<u>Hospital</u>	<u>DHS Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DHS Overpayment (Underpayment)</u>
KANE COMMUNITY HOSPITAL	\$5,650	\$5,884	(\$234)
LANCASTER GENERAL HOSPITAL	\$488,100	\$863,957	(\$375,857)
LANCASTER REGIONAL MEDICAL CENTER	\$51,132	\$17,964	\$33,169
LANKENAU HOSPITAL	\$295,836	\$308,099	(\$12,262)
LATROBE AREA HOSPITAL	\$26,364	\$27,457	(\$1,093)
LEHIGH VALLEY HOSPITAL - HAZLETON	\$41,713	\$43,441	(\$1,728)
LEHIGH VALLEY HOSPITAL - MUHLENBERG	\$170,854	\$211,136	(\$40,282)
LEHIGH VALLEY HOSPITAL CENTER	\$1,461,538	\$1,578,923	(\$117,385)
MONONGAHELA VALLEY HOSPITAL	\$50,641	\$52,757	(\$2,116)
MOUNT NITTANY MEDICAL CENTER	\$139,037	\$65,588	\$73,448
OHIO VALLEY GENERAL HOSPITAL	\$29,441	\$30,686	(\$1,245)
PALMERTON HOSPITAL	\$29,284	\$0	\$29,284
PAOLI MEMORIAL HOSPITAL	\$176,603	\$183,947	(\$7,344)
PENN STATE HERSHEY REHABILITATION HOSPITAL	\$30,810	\$35,327	(\$4,517)
PHOENIXVILLE HOSPITAL	\$63,833	\$66,306	(\$2,472)
POTTSTOWN MEMORIAL MEDICAL CENTER	\$126,083	\$90,606	\$35,477
REGIONAL HOSPITAL OF SCRANTON	\$119,179	\$49,180	\$69,999
RIDDLE MEMORIAL HOSPITAL	\$37,908	\$39,479	(\$1,571)
ROXBOROUGH MEMORIAL HOSPITAL	\$35,360	\$0	\$35,360
ST. CLAIR MEMORIAL HOSPITAL	\$203,742	\$212,178	(\$8,436)
ST. LUKE'S MINERS MEMORIAL MEDICAL CENTER	\$15,883	\$16,883	(\$999)
ST. MARY HOSPITAL	\$412,507	\$384,158	\$28,349
TROY COMMUNITY HOSPITAL	\$3,968	\$4,133	(\$164)
TYRONE HOSPITAL	\$13,182	\$13,808	(\$627)
UPMC - PASSAVANT	\$151,188	\$156,719	(\$5,531)
UPMC - ST. MARGARET	\$110,349	\$115,962	(\$5,613)
WESTMORELAND HOSPITAL	\$214,227	\$241,840	(\$27,613)
WILKES-BARRE GENERAL HOSPITAL	\$100,834	\$87,268	\$13,566
WILLIAMSPORT HOSPITAL	\$159,343	\$91,228	\$68,114
WINDBER HOSPITAL	\$39,720	\$41,366	(\$1,646)
TOTALS	\$8,480,971	\$8,480,971	(\$0)
TOTALS	\$8,480,971	\$8,480,971	(\$0)

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS

AG UC Re-Calculation for FY 2012 - 2013

Money Pot:	\$48,058,836.38
DHS Median UC Score:	19.7715539242365
AG Adjusted Median UC Score:	19.6280954347618

County	Hospital	DHS UC Score	DHS Payment	AG Adjusted UC Score	AG Payment
Montgomery	ABINGTON MEMORIAL HOSPITAL 1	14.1021	\$0.00	14.1066	\$0.00
Washington	ADVANCED SURGICAL HOSPITAL 2	0.5915	\$0.00		\$0.00
Philadelphia	ALBERT EINSTEIN MEDICAL CENTER	44.3982	\$2,248,978.77	44.5817	\$2,254,612.72
Allegheny	ALLE-KISKI MEDICAL CENTER 1	14.8599	\$0.00	15.1327	\$0.00
Lackawanna	ALLIED SERVICES REHABILITATION HOSP. 2	5.8767	\$0.00		\$0.00
Blair	ALTOONA HOSPITAL	20.2429	\$514,447.08	20.277	\$514,478.81
Philadelphia	AMERICAN ONCOLOGIC HOSPITAL 2	8.7454	\$0.00		\$0.00
Philadelphia	ARIA HEALTH	25.9209	\$1,016,388.91	26.5716	\$1,040,215.39
Armstrong	ARMSTRONG COUNTY MEMORIAL HOSPITAL	22.6924	\$199,926.59	22.649	\$199,220.75
Susquehanna	BARNES KASSON COUNTY HOSPITAL	26.9315	\$23,945.05	26.8219	\$23,808.94
Philadelphia	BELMONT CENTER FOR COMP TREATMENT	62.0278	\$660,022.74	61.6149	\$505,982.36
Columbia	BLOOMSBURG HOSPITAL INC 1	17.2706	\$0.00	16.9735	\$0.00
McKean	BRADFORD REGIONAL MEDICAL CENTER	38.4082	\$189,323.49	38.1095	\$187,546.79
Chester	BRANDYWINE HOSPITAL 4	22.5436	\$223,363.27	17.1437	\$0.00
Montgomery	BROOKE GLEN BEHAVIORAL HOSPITAL	58.2691	\$725,183.06	58.6589	\$554,299.06
Jefferson	BROOKVILLE HOSPITAL 2	6.8326	\$0.00		\$0.00
Montgomery	BRYN MAWR HOSPITAL 1	6.7243	\$0.00	6.2523	\$0.00
Chester	BRYN MAWR REHAB 1	8.75	\$0.00	8.6455	\$0.00

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

4 denoted the hospital originally qualified for payment under uncompensated care approach, however, based on results of our review, the hospital does not qualify for payment.

Note: If the “AG Adjusted UC Score” Column is blank, the UC score did not change from the “DHS UC Score”.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DHS UC Score	DHS Payment	AG Adjusted UC Score	AG Payment
Clinton	BUCKTAIL MEDICAL CENTER 2	7.4869	\$0.00		\$0.00
Butler	BUTLER COUNTY MEMORIAL HOSPITAL 1	16.8415	\$0.00	16.8888	\$0.00
Washington	CANONSBURG GENERAL HOSPITAL 2	9.0726	\$0.00		\$0.00
Cumberland	CARLISLE REGIONAL MEDICAL CENTER 2	11.8891	\$0.00		\$0.00
Franklin	CHAMBERSBURG HOSPITAL	21.6109	\$325,572.16	21.1796	\$318,561.55
Potter	CHARLES COLE MEMORIAL HOSPITAL 1	16.0238	\$0.00		\$0.00
Chester	CHESTER COUNTY HOSPITAL 1	16.8968	\$0.00	16.7673	\$0.00
Philadelphia	CHESTNUT HILL HEALTH SYSTEM 2	15.594	\$0.00		\$0.00
Philadelphia	CHILDRENS HOSPITAL OF PHILADELPHIA	42.6463	\$1,644,045.94	42.6571	\$1,641,794.40
Allegheny	CHILDRENS HOSPITAL OF PITTSBURGH OF UPMC	53.1098	\$1,064,957.02	53.082	\$1,062,674.60
Columbia	CHS BERWICK HOSPITAL 1	13.7258	\$0.00	13.5931	\$0.00
Clarion	CLARION HOSPITAL 1	19.1832	\$0.00		\$0.00
Clarion	CLARION PSYCHIATRIC CENTER 2	62.0443	\$0.00		\$0.00
Clearfield	CLEARFIELD HOSPITAL 2	17.7559	\$0.00		\$0.00
Lackawanna	COMMUNITY MEDICAL CENTER	23.1228	\$351,067.99		\$350,498.95
Cambria	CONEMAUGH VALLEY MEMORIAL HOSP	20.5069	\$745,426.13	20.8162	\$754,111.16
Erie	CORRY MEMORIAL HOSPITAL 2	10.7363	\$0.00		\$0.00
Delaware	CROZER CHESTER MEDICAL CENTER	30.0061	\$1,244,779.77	30.2539	\$1,259,348.99
Delaware	DELAWARE COUNTY MEMORIAL HOSP	24.9147	\$385,099.19	24.8837	\$385,369.24
Chester	DEVEREUX CHILDREN'S BEHAVIOR HEALTH CENTER	89.0618	\$147,978.95	88.9925	\$143,962.59
Lycoming	DIVINE PROVIDENCE WILLIAMSPORT	33.9023	\$49,277.45	37.8654	\$54,795.89

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.
 2 denotes the hospital did not qualify to receive a tobacco payment.

Note: If the “AG Adjusted UC Score” Column is blank, the UC score did not change from the “DHS UC Score”.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DHS UC Score	DHS Payment	AG Adjusted UC Score	AG Payment
Bucks	DOYLESTOWN HOSPITAL 1,3	8.5272	\$0.00	8.6482	\$0.00
Clearfield	DUBOIS REGIONAL MEDICAL CENTER	32.3593	\$382,936.62		\$382,315.92
Montgomery	EAGLEVILLE HOSPITAL	27.6708	\$107,881.89	27.2474	\$108,174.33
Northampton	EASTON HOSPITAL 2	13.1383	\$0.00		\$0.00
Elk	ELK REGIONAL HEALTH CENTER 1	11.5531	\$0.00		\$0.00
Lawrence	ELLWOOD CITY HOSPITAL 1	18.3664	\$0.00	18.3638	\$0.00
Susquehanna	ENDLESS MOUNTAIN HEALTH SYSTEM 2	10.1219	\$0.00		\$0.00
Lancaster	EPHRATA COMMUNITY HOSPITAL 1	17.5389	\$0.00	15.0798	\$0.00
Union	EVANGELICAL COMMUNITY HOSPITAL 1	14.6329	\$0.00	13.9143	\$0.00
Philadelphia	FAIRMOUNT BEHAVIORAL HEALTH 2	62.3987	\$0.00		\$0.00
Luzerne	FIRST HOSPITAL WYOMING VALLEY 2	56.3192	\$0.00		\$0.00
Bucks	FOUNDATIONS BEHAVIORAL HEALTH 2	62.7097	\$0.00		\$0.00
Westmoreland	FRICK COMMUNITY HEALTH CENTER 1	18.5275	\$0.00		\$0.00
Philadelphia	FRIENDS HOSPITAL	46.2112	\$684,535.44	56.6384	\$837,634.81
Fulton	FULTON COUNTY MEDICAL CENTER 2	10.6881	\$0.00		\$0.00
Montour	GEISINGER MEDICAL CENTER	24.0267	\$935,418.24	23.6009	\$919,107.54
Luzerne	GEISINGER WYOMING VALLEY 1,5	19.7472	\$0.00	19.7337	\$323,293.68
Adams	GETTYSBURG HOSPITAL 1	19.059	\$0.00	19.3158	\$0.00
Carbon	GNADEN HUETTEN MEMORIAL HOSPITAL	23.1384	\$99,285.74	21.361	\$95,022.62
Lebanon	GOOD SAMARITAN HOSPITAL 1	15.4675	\$0.00	14.9248	\$0.00
Lehigh	GOOD SHEPHERD HOME & REHAB CTR 1	14.3964	\$0.00		\$0.00

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

3 denotes the hospital had one or more data elements that were unable to be verified.

5 denoted the hospital originally qualified for payment under extraordinary expense approach, however, based on results of our review, the hospital should qualify under uncompensated care approach.

Note: If the “AG Adjusted UC Score” Column is blank, the UC score did not change from the “DHS UC Score”.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DHS UC Score	DHS Payment	AG Adjusted UC Score	AG Payment
Bucks	GRANDVIEW HOSPITAL 1,3	12.2732	\$0.00	12.3357	\$0.00
Mercer	GROVE CITY MEDICAL CENTER 1	15.9876	\$0.00	15.9331	\$0.00
Erie	HAMOT MEDICAL CENTER	19.7716	\$456,365.92		\$455,626.19
York	HANOVER GENERAL HOSPITAL 1	11.0857	\$0.00	11.2231	\$0.00
Luzerne	HAZLETON GENERAL HOSPITAL 1	14.96	\$0.00	14.272	\$0.00
Montour	HEALTHSOUTH PENN STATE GEISINGER 2	8.9579	\$0.00		\$0.00
Blair	HEALTHSOUTH ALTOONA 2	12.6833	\$0.00		\$0.00
Allegheny	HEALTHSOUTH HARMARVILLE REHAB CTR 2	12.3178	\$0.00		\$0.00
Erie	HEALTHSOUTH LAKE ERIE INST REHAB 2	16.4511	\$0.00		\$0.00
Centre	HEALTHSOUTH NITTANY VALLEY REHAB 2	10.0429	\$0.00		\$0.00
Berks	HEALTHSOUTH REHAB HOSP of READING 2	12.3212	\$0.00		\$0.00
Cumberland	HEALTHSOUTH REHAB OF MECHANICSBURG 2	4.5054	\$0.00		\$0.00
Allegheny	HEALTHSOUTH REHAB OF SEWICKLEY 2	8.7169	\$0.00		\$0.00
York	HEALTHSOUTH REHAB OF YORK 2	6.4627	\$0.00		\$0.00
Lancaster	HEART of LANCASTER REGIONAL MED CTR 1	12.0129	\$0.00	13.2074	\$0.00
Fayette	HIGHLAND HOSPITAL AND HEALTH CTR 2	37.8924	\$0.00		\$0.00
Montgomery	HOLY REDEEMER HOSPITAL 2	19.0476	\$0.00		\$0.00
Cumberland	HOLY SPIRIT HOSPITAL 1	16.936	\$0.00	16.9432	\$0.00
Montgomery	HORSHAM PSYCH HOSPITAL 2	47.2538	\$0.00		\$0.00
Philadelphia	HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA	27.221	\$1,852,616.71	27.0986	\$1,850,409.32
Indiana	INDIANA HOSPITAL 1,3	15.2644	\$0.00	15.0762	\$0.00

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

3 denotes the hospital had one or more data elements that were unable to be verified.

Note: If the “AG Adjusted UC Score” Column is blank, the UC score did not change from the “DHS UC Score”.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DHS UC Score	DHS Payment	AG Adjusted UC Score	AG Payment
Huntingdon	J C BLAIR MEMORIAL HOSPITAL	29.3607	\$89,492.46	30.2539	\$92,065.43
Lawrence	JAMESON MEMORIAL HOSPITAL	21.8326	\$272,511.45		\$272,069.73
Philadelphia	JEANES HOSPITAL 2	17.407	\$0.00		\$0.00
Allegheny	JEFFERSON REGIONAL MED CTR 1	9.6504	\$0.00	9.6737	\$0.00
Chester	JENNERVILLE REGIONAL HOSPITAL 1	19.4738	\$0.00	19.5757	\$0.00
Lycoming	JERSEY SHORE HOSPITAL 1	8.3128	\$0.00	8.304	\$0.00
Luzerne	JOHN HEINZ INSTIT. OF REHAB MED 2	6.0019	\$0.00		\$0.00
McKean	KANE COMMUNITY HOSPITAL 1,3	11.5493	\$0.00	11.5813	\$0.00
Philadelphia	KENSINGTON HOSPITAL	96.6389	\$178,711.67	96.5231	\$178,208.25
Lehigh	KIDSPEACE	72.398	\$155,332.08	72.6485	\$155,332.08
Philadelphia	KIRKBRIDE PSYCH HOSPITAL	76.0123	\$180,133.60	80.0053	\$189,340.01
Lancaster	LANCASTER GENERAL HOSPITAL 1	19.2458	\$0.00	18.9059	\$0.00
Lancaster	LANCASTER REGIONAL MED. CENTER 1	19.0237	\$0.00	19.2852	\$0.00
Lancaster	LANCASTER REHAB. HOSPITAL 2	9.0576	\$0.00		\$0.00
Montgomery	LANKENAU HOSPITAL 1	15.6101	\$0.00	15.9501	\$0.00
Montgomery	LANSDALE HOSPITAL 2	10.5189	\$0.00		\$0.00
Westmoreland	LATROBE AREA HOSPITAL INC 1	17.078	\$0.00		\$0.00
Lehigh	LEHIGH VALLEY HOSPITAL CENTER 1	19.2155	\$0.00	18.426	\$0.00
Lehigh	LEHIGH VALLEY HOSP. MUHLENBERG 1	10.496	\$0.00	10.4484	\$0.00
Mifflin	LEWISTOWN HOSPITAL	27.6945	\$164,797.66	27.6149	\$164,543.84
Clinton	LOCK HAVEN HOSPITAL	23.666	\$33,612.36	23.7206	\$34,659.29

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

3 denotes the hospital had one or more data elements that were unable to be verified.

Note: If the “AG Adjusted UC Score” Column is blank, the UC score did not change from the “DHS UC Score”.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DHS UC Score	DHS Payment	AG Adjusted UC Score	AG Payment
Bucks	LOWER BUCKS HOSPITAL	23.3609	\$235,127.18	23.5471	\$237,337.35
Philadelphia	MAGEE REHAB HOSPITAL	21.1161	\$166,787.47	21.2968	\$167,942.70
Allegheny	MAGEE WOMENS HOSPITAL	36.8325	\$1,031,252.37		\$1,029,580.82
Centre	MEADOWS PSYCHIATRIC CENTER 2	58.7195	\$0.00		\$0.00
Crawford	MEADVILLE MEDICAL CENTER	23.3915	\$218,377.57	24.0337	\$222,450.20
Beaver	MEDICAL CENTER BEAVER PA INC 1	19.0721	\$0.00	19.0564	\$0.00
Bradford	MEMORIAL HOSPITAL TOWANDA	25.4013	\$37,679.03	25.3766	\$37,581.29
York	MEMORIAL HOSPITAL YORK	22.8727	\$132,334.35	22.8449	\$131,959.16
Delaware	MERCY CATHOLIC MEDICAL CENTER-FITZGERALD	33.4002	\$507,672.91	33.3221	\$505,664.40
Philadelphia	MERCY HOSPITAL OF PHILADELPHIA	59.6031	\$845,862.87	59.6939	\$845,778.26
Lackawanna	MERCY HOSPITAL SCRANTON 1,3	12.9693	\$0.00		\$0.00
Luzerne	MERCY SPECIAL CARE HOSPITAL 2	3.9667	\$0.00		\$0.00
Montgomery	MERCY SUBURBAN HOSPITAL	20.116	\$174,701.67	20.1229	\$174,478.15
Wyoming	MERCY TYLER MEMORIAL HOSPITAL 2	17.4856	\$0.00		\$0.00
Somerset	MEYERSDALE COMMUNITY HOSPITAL 2	11.2863	\$0.00		\$0.00
Lackawanna	MID VALLEY HOSPITAL ASSN 2	6.8973	\$0.00		\$0.00
Erie	MILLCREEK COMMUNITY HOSPITAL	43.4579	\$263,685.37	43.4776	\$263,377.11
Cambria	MINERS HOSPITAL OF NORTHERN CAMBRIA 2	16.077	\$0.00		\$0.00
Schuylkill	MINERS MEMORIAL MEDICAL CENTER 1	13.8019	\$0.00	13.6363	\$0.00
Washington	MONONGAHELA VALLEY HOSPITAL INC 1	19.375	\$0.00	15.7066	\$0.00
Montgomery	MONTGOMERY CO EMERGENCY SERVICE, INC	62.8103	\$376,189.73	62.8226	\$375,653.29

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2 denotes the hospital did not qualify to receive a tobacco payment.

3 denotes the hospital had one or more data elements that were unable to be verified.

Note: If the “AG Adjusted UC Score” Column is blank, the UC score did not change from the “DHS UC Score”.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DHS UC Score	DHS Payment	AG Adjusted UC Score	AG Payment
Lackawanna	MOSES TAYLOR HOSPITAL	23.6674	\$366,722.82	24.6746	\$381,709.56
Centre	MOUNT NITANNY MEDICAL CENTER 1,3	13.0504	\$0.00	12.3482	\$0.00
Lycoming	MUNCY VALLEY HOSPITAL 2	6.935	\$0.00		\$0.00
Blair	NASON HOSPITAL ASSOCIATION	23.0339	\$54,080.25	23.4006	\$54,856.38
Philadelphia	NAZARETH HOSPITAL	20.6169	\$279,678.60	20.6288	\$279,337.18
Philadelphia	NPHS-ST JOSEPH HOSPITAL	76.3518	\$1,109,306.03	76.3415	\$1,107,358.77
Allegheny	OHIO VALLEY GENERAL HOSPITAL 1	13.9333	\$0.00	13.8458	\$0.00
Carbon	PALMERTON HOSPITAL 1	9.5976	\$0.00	8.8849	\$0.00
Chester	PAOLI MEMORIAL HOSPITAL 1	4.7815	\$0.00	5.0537	\$0.00
Philadelphia	PENN PRESBYTERIAN MEDICAL CTR UPHS	33.7525	\$702,238.67	34.2851	\$712,163.04
Dauphin	PENN STATE HERSHEY REHAB. 1,3	13.323	\$0.00	14.4135	\$0.00
Dauphin	PENN STATE MILTON S HERSHEY MEDICAL CENTER	25.1153	\$983,788.86	25.1626	\$984,045.65
Philadelphia	PENNSYLVANIA HOSPITAL UPHS	32.0047	\$1,118,589.71	31.8881	\$1,112,705.81
Dauphin	PENNSYLVANIA PSYCHIATRIC INSTITUTE	47.5875	\$247,860.12	49.1798	\$255,738.67
Lebanon	PHILHAVEN HOSPITAL	47.0114	\$351,882.30	45.6717	\$341,300.60
Chester	PHOENIXVILLE HOSPITAL 1,3	12.6994	\$0.00		\$0.00
Dauphin	PINNACLE HEALTH HOSPITALS	21.9697	\$913,147.76	21.9816	\$912,162.57
Monroe	POCONO HOSPITAL	20.9989	\$312,906.01		\$312,398.83
Montgomery	POTTSTOWN MEMORIAL MED. CENTER 1	12.965	\$0.00	12.2649	\$0.00
Jefferson	PUNXSUTAWNEY AREA HOSPITAL	23.9515	\$46,696.21		\$46,620.52
Berks	READING HOSPITAL AND MED CENTER	20.9185	\$922,352.42	20.9479	\$922,046.52

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3 denotes the hospital had one or more data elements that were unable to be verified.

Note: If the “AG Adjusted UC Score” Column is blank, the UC score did not change from the “DHS UC Score”.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DHS UC Score	DHS Payment	AG Adjusted UC Score	AG Payment
Delaware	RIDDLE MEMORIAL HOSPITAL 1	9.579	\$0.00	9.3258	\$0.00
Bradford	ROBERT PACKER HOSPITAL	20.0945	\$337,849.83	20.0634	\$336,779.78
Philadelphia	ROXBOROUGH MEMORIAL HOSPITAL 1,3	16.5442	\$0.00		\$0.00
Franklin	ROXBURY PSYCHIATRIC HOSPITAL 2	43.6495	\$0.00		\$0.00
Lehigh	SACRED HEART HOSPITAL	27.4718	\$231,682.50	27.4496	\$231,119.98
Schuylkill	SCHUYLKILL MED CTR - EAST NORWEGIAN 2	10.768	\$0.00		\$0.00
Schuylkill	SCHUYLKILL MED CTR - SOUTH JACKSON ST	31.5388	\$356,202.33	31.8289	\$358,896.44
Allegheny	SEWICKLEY VALLEY HOSPITAL 1	14.7516	\$0.00	14.5897	\$0.00
Mercer	SHARON REGIONAL HEALTH CENTER	24.7901	\$301,802.78	24.8014	\$301,451.07
Tioga	SOLDIERS AND SAILORS MEMORIAL HOSPITAL	29.3409	\$88,171.55	29.2037	\$87,616.91
Somerset	SOMERSET HOSPITAL CENTER FOR HEALTH	19.9246	\$115,611.90	19.6281	\$113,316.63
Greene	SOUTHWEST REGIONAL MEDICAL CENTER	29.1374	\$119,554.31	29.5701	\$120,867.57
Allegheny	SOUTHWOOD PSYCHIATRIC HOSPITAL	74.0003	\$114,345.50	74.5909	\$185,995.10
Allegheny	ST CLAIR MEMORIAL HOSPITAL 1	9.857	\$0.00	9.5987	\$0.00
Berks	ST JOSEPH MEDICAL CENTER	29.2202	\$340,718.98	28.9926	\$337,517.91
Lehigh	ST LUKES HOSPITAL - BETHLEHEM	22.8442	\$987,209.87	22.8715	\$986,675.77
Bucks	ST LUKES HOSPITAL QUAKERTOWN	22.9664	\$91,731.30	22.7217	\$90,606.59
Bucks	ST MARY HOSPITAL - LANGHORNE 1	6.5409	\$0.00	6.5158	\$0.00
Erie	ST VINCENT HEALTH CENTER	28.2695	\$730,425.74		\$729,241.79
Northumberland	SUNBURY COMMUNITY HOSPITAL	29.9014	\$68,658.68	30.8373	\$68,462.95
Philadelphia	TEMPLE UNIVERSITY HSP	60.9865	\$3,447,104.97	61.064	\$3,445,954.72

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3 denotes the hospital had one or more data elements that were unable to be verified.

Note: If the “AG Adjusted UC Score” Column is blank, the UC score did not change from the “DHS UC Score”.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DHS UC Score	DHS Payment	AG Adjusted UC Score	AG Payment
Allegheny	THE CHILDRENS HOME OF PITTSBURGH	75.7	\$89,571.63	75.8633	\$89,619.35
Allegheny	THE CHILDRENS INSTITUTE OF PITTSBURGH	47.4382	\$176,401.63	47.5567	\$176,555.64
Philadelphia	THOMAS JEFFERSON UNIVERSITY HOSPITAL	28.7889	\$1,962,639.63	28.572	\$1,954,519.13
Philadelphia	THS-HAHNEMANN HOSPITAL	46.7134	\$1,515,079.00	46.0039	\$1,490,344.50
Philadelphia	THS-ST CHRISTOPHER'S HOSPITAL 2	72.7832	\$0.00		\$0.00
Crawford	TITUSVILLE HOSPITAL	25.7195	\$50,962.41	25.5666	\$50,577.35
Bradford	TROY COMMUNITY HOSPITAL 1	13.0955	\$0.00		\$0.00
Blair	TYRONE HOSPITAL 1	13.5427	\$0.00	13.5142	\$0.00
Fayette	UNIONTOWN HOSPITAL ASSOCIATION	26.9297	\$319,403.03		\$318,885.31
Bedford	UPMC BEDFORD	24.7231	\$44,146.87		\$44,075.31
Mercer	UPMC HORIZON	20.9545	\$205,056.71		\$204,724.33
Allegheny	UPMC MCKEESPORT	31.411	\$478,633.65	31.2815	\$476,544.35
Allegheny	UPMC Mercy	29.9994	\$1,089,873.66	30.0498	\$1,091,168.83
Venango	UPMC NORTHWEST	21.992	\$209,982.57	21.874	\$208,517.12
Allegheny	UPMC PASSAVANT 1	5.8533	\$0.00		\$0.00
Allegheny	UPMC PRESBYTERIAN SHADYSIDE	25.4402	\$3,223,506.20	25.421	\$3,215,852.40
Allegheny	UPMC ST MARGARET 1	10.7235	\$0.00	10.6843	\$0.00
Montgomery	VALLEY FORGE MEDICAL CENTER	62.3679	\$280,620.01	60.8489	\$273,341.79
Warren	WARREN GENERAL HOSPITAL	25.5924	\$98,643.98	25.7105	\$99,937.81
Washington	WASHINGTON HOSPITAL	21.1513	\$384,416.50	21.2331	\$385,278.19
Wayne	WAYNE COUNTY MEMORIAL HOSPITAL	20.1686	\$89,912.02	20.0723	\$89,337.78

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.
 2 denotes the hospital did not qualify to receive a tobacco payment.

Note: If the “AG Adjusted UC Score” Column is blank, the UC score did not change from the “DHS UC Score”.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DHS UC Score	DHS Payment	AG Adjusted UC Score	AG Payment
Franklin	WAYNESBORO HOSPITAL	20.2373	\$58,648.33	21.1253	\$61,107.03
Allegheny	WEST PENN-ALLEGHENY GENERAL HOSP. 1	18.3953	\$0.00	18.6681	\$0.00
Allegheny	WESTERN PENNSYLVANIA HOSPITAL	28.6379	\$670,014.23	28.6682	\$669,635.71
Allegheny	WESTERN PENNSYLVANIA HOSP. - FORBES 1	13.6505	\$0.00	13.6234	\$0.00
Westmoreland	WESTMORELAND HOSPITAL 1	18.5345	\$0.00	18.5291	\$0.00
Luzerne	WILKES-BARRE GENERAL HOSPITAL 1,3	17.1685	\$0.00		\$0.00
Lycoming	WILLIAMSPORT HOSPITAL 1	17.492	\$0.00	18.3707	\$0.00
Somerset	WINDBER HOSPITAL 1	16.9252	\$0.00	15.6168	\$0.00
York	YORK HOSPITAL	25.0143	\$1,027,918.43	25.2856	\$1,040,979.19
		Totals:	\$48,058,836.41		\$48,058,836.39

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3 denotes the hospital had one or more data elements that were unable to be verified.

Note: If the “AG Adjusted UC Score” Column is blank, the UC score did not change from the “DHS UC Score”.

EXHIBIT 5 – UNCOMPENSATED CARE OVER/UNDER PAYMENTS

<u>Hospital</u>	<u>DHS Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DHS Overpayment (Underpayment)</u>
ALBERT EINSTEIN MEDICAL CENTER	\$2,248,978.77	\$2,254,612.72	(\$5,633.95)
ALTOONA HOSPITAL	\$514,447.08	\$514,478.81	(\$31.73)
ARIA HEALTH	\$1,016,388.91	\$1,040,215.39	(\$23,826.48)
ARMSTRONG COUNTY MEMORIAL HOSPITAL	\$199,926.59	\$199,220.75	\$705.84
BARNES KASSON COUNTY HOSPITAL	\$23,945.05	\$23,808.94	\$136.11
BELMONT CENTER FOR COMP TREATMENT	\$660,022.74	\$505,982.36	\$154,040.38
BRADFORD REGIONAL MEDICAL CENTER	\$189,323.49	\$187,546.79	\$1,776.70
BRANDYWINE HOSPITAL	\$223,363.27	\$0.00	\$223,363.27
BROOKE GLEN BEHAVIORAL HOSPITAL	\$725,183.06	\$554,299.06	\$170,884.00
CHAMBERSBURG HOSPITAL	\$325,572.16	\$318,561.55	\$7,010.61
CHILDRENS HOSPITAL OF PHILADELPHIA	\$1,644,045.94	\$1,641,794.40	\$2,251.54
CHILDRENS HOSPITAL OF PITTSBURGH OF UPMC	\$1,064,957.02	\$1,062,674.60	\$2,282.42
COMMUNITY MEDICAL CENTER	\$351,067.99	\$350,498.95	\$569.04
CONEMAUGH VALLEY MEMORIAL HOSP	\$745,426.13	\$754,111.16	(\$8,685.03)
CROZER CHESTER MEDICAL CENTER	\$1,244,779.77	\$1,259,348.99	(\$14,569.22)
DELAWARE COUNTY MEMORIAL HOSP	\$385,099.19	\$385,369.24	(\$270.05)
DEVEREUX CHILDREN'S BEHAVIOR HEALTH CENTER	\$147,978.95	\$143,962.59	\$4,016.36
DIVINE PROVIDENCE WILLIAMSPORT	\$49,277.45	\$54,795.89	(\$5,518.44)
DUBOIS REGIONAL MEDICAL CENTER	\$382,936.62	\$382,315.92	\$620.70
EAGLEVILLE HOSPITAL	\$107,881.89	\$108,174.33	(\$292.44)
FRIENDS HOSPITAL	\$684,535.44	\$837,634.81	(\$153,099.37)
GEISINGER MEDICAL CENTER	\$935,418.24	\$919,107.54	\$16,310.70
GEISINGER WYOMING VALLEY	\$0.00	\$323,293.68	(\$323,293.68)
GNADEN HUETTEN MEMORIAL HOSPITAL	\$99,285.74	\$95,022.62	\$4,263.12
HAMOT MEDICAL CENTER (UPMC - HAMOT)	\$456,365.92	\$455,626.19	\$739.73
HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA	\$1,852,616.71	\$1,850,409.32	\$2,207.39
J C BLAIR MEMORIAL HOSPITAL	\$89,492.46	\$92,065.43	(\$2,572.97)
JAMESON MEMORIAL HOSPITAL	\$272,511.45	\$272,069.73	\$441.72
KENSINGTON HOSPITAL	\$178,711.67	\$178,208.25	\$503.42
KIDSPEACE	\$155,332.08	\$155,332.08	\$0.00
KIRKBRIDE PSYCH HOSPITAL	\$180,133.60	\$189,340.01	(\$9,206.41)
LEWISTOWN HOSPITAL	\$164,797.66	\$164,543.84	\$253.82
LOCK HAVEN HOSPITAL	\$33,612.36	\$34,659.29	(\$1,046.93)
LOWER BUCKS HOSPITAL	\$235,127.18	\$237,337.35	(\$2,210.17)

EXHIBIT 5 – UNCOMPENSATED CARE OVER/UNDER PAYMENTS (Continued)

<u>Hospital</u>	<u>DHS Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DHS Overpayment (Underpayment)</u>
MAGEE REHAB HOSPITAL	\$166,787.47	\$167,942.70	(\$1,155.23)
MAGEE WOMENS HOSPITAL	\$1,031,252.37	\$1,029,580.82	\$1,671.55
MEADVILLE MEDICAL CENTER	\$218,377.57	\$222,450.20	(\$4,072.63)
MEMORIAL HOSPITAL TOWANDA	\$37,679.03	\$37,581.29	\$97.74
MEMORIAL HOSPITAL YORK	\$132,334.35	\$131,959.16	\$375.19
MERCY CATHOLIC MEDICAL CENTER-FITZGERALD	\$507,672.91	\$505,664.40	\$2,008.51
MERCY HOSPITAL OF PHILADELPHIA	\$845,862.87	\$845,778.26	\$84.61
MERCY SUBURBAN HOSPITAL	\$174,701.67	\$174,478.15	\$223.52
MILLCREEK COMMUNITY HOSPITAL	\$263,685.37	\$263,377.11	\$308.26
MONTGOMERY CO EMERGENCY SERVICE, INC	\$376,189.73	\$375,653.29	\$536.44
MOSES TAYLOR HOSPITAL	\$366,722.82	\$381,709.56	(\$14,986.74)
NASON HOSPITAL ASSOCIATION	\$54,080.25	\$54,856.38	(\$776.13)
NAZARETH HOSPITAL	\$279,678.60	\$279,337.18	\$341.42
NPHS-ST JOSEPH HOSPITAL	\$1,109,306.03	\$1,107,358.77	\$1,947.26
PENN PRESBYTERIAN MEDICAL CTR UPHS	\$702,238.67	\$712,163.04	(\$9,924.37)
PENN STATE MILTON S HERSHEY MEDICAL CENTER	\$983,788.86	\$984,045.65	(\$256.79)
PENNSYLVANIA HOSPITAL UPHS	\$1,118,589.71	\$1,112,705.81	\$5,883.90
PENNSYLVANIA PSYCHIATRIC INSTITUTE	\$247,860.12	\$255,738.67	(\$7,878.55)
PHILHAVEN HOSPITAL	\$351,882.30	\$341,300.60	\$10,581.70
PINNACLE HEALTH HOSPITALS	\$913,147.76	\$912,162.57	\$985.19
POCONO HOSPITAL	\$312,906.01	\$312,398.83	\$507.18
PUNXSUTAWNEY AREA HOSPITAL	\$46,696.21	\$46,620.52	\$75.69
READING HOSPITAL AND MED CENTER	\$922,352.42	\$922,046.52	\$305.90
ROBERT PACKER HOSPITAL	\$337,849.83	\$336,779.78	\$1,070.05
SACRED HEART HOSPITAL	\$231,682.50	\$231,119.98	\$562.52
SCHUYLKILL MED CTR - SOUTH JACKSON ST	\$356,202.33	\$358,896.44	(\$2,694.11)
SHARON REGIONAL HEALTH CENTER	\$301,802.78	\$301,451.07	\$351.71
SOLDIERS AND SAILORS MEMORIAL HOSPITAL	\$88,171.55	\$87,616.91	\$554.64
SOMERSET HOSPITAL CENTER FOR HEALTH	\$115,611.90	\$113,316.63	\$2,295.27
SOUTHWEST REGIONAL MEDICAL CENTER	\$119,554.31	\$120,867.57	(\$1,313.26)
SOUTHWOOD PSYCHIATRIC HOSPITAL	\$114,345.50	\$185,995.10	(\$71,649.60)
ST JOSEPH MEDICAL CENTER	\$340,718.98	\$337,517.91	\$3,201.07
ST LUKES HOSPITAL - BETHLEHEM	\$987,209.87	\$986,675.77	\$534.10
ST LUKES HOSPITAL - QUAKERTOWN	\$91,731.30	\$90,606.59	\$1,124.71
ST VINCENT HEALTH CENTER	\$730,425.74	\$729,241.79	\$1,183.95

EXHIBIT 5 – UNCOMPENSATED CARE OVER/UNDER PAYMENTS (Continued)

<u>Hospital</u>	<u>DHS Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DHS Overpayment (Underpayment)</u>
SUNBURY COMMUNITY HOSPITAL	\$68,658.68	\$68,462.95	\$195.73
TEMPLE UNIVERSITY HSP	\$3,447,104.97	\$3,445,954.72	\$1,150.25
THE CHILDRENS HOME OF PITTSBURGH	\$89,571.63	\$89,619.35	(\$47.72)
THE CHILDRENS INSTITUTE OF PITTSBURGH	\$176,401.63	\$176,555.64	(\$154.01)
THOMAS JEFFERSON UNIVERSITY HOSPITAL	\$1,962,639.63	\$1,954,519.13	\$8,120.50
THS-HAHNEMANN HOSPITAL	\$1,515,079.00	\$1,490,344.50	\$24,734.50
TITUSVILLE HOSPITAL	\$50,962.41	\$50,577.35	\$385.06
UNIONTOWN HOSPITAL ASSOCIATION	\$319,403.03	\$318,885.31	\$517.72
UPMC BEDFORD	\$44,146.87	\$44,075.31	\$71.56
UPMC HORIZON	\$205,056.71	\$204,724.33	\$332.38
UPMC MCKEESPORT	\$478,633.65	\$476,544.35	\$2,089.30
UPMC MERCY	\$1,089,873.66	\$1,091,168.83	(\$1,295.17)
UPMC NORTHWEST	\$209,982.57	\$208,517.12	\$1,465.45
UPMC PRESBYTERIAN SHADYSIDE	\$3,223,506.20	\$3,215,852.40	\$7,653.80
VALLEY FORGE MEDICAL CENTER	\$280,620.01	\$273,341.79	\$7,278.22
WARREN GENERAL HOSPITAL	\$98,643.98	\$99,937.81	(\$1,293.83)
WASHINGTON HOSPITAL	\$384,416.50	\$385,278.19	(\$861.69)
WAYNE COUNTY MEMORIAL HOSPITAL	\$89,912.02	\$89,337.78	\$574.24
WAYNESBORO HOSPITAL	\$58,648.33	\$61,107.03	(\$2,458.70)
WESTERN PENNSYLVANIA HOSPITAL	\$670,014.23	\$669,635.71	\$378.52
YORK HOSPITAL	\$1,027,918.43	\$1,040,979.19	(\$13,060.76)
TOTALS	\$48,058,836.41	\$48,058,836.39	\$0.02

DEPARTMENT OF HUMAN SERVICES' RESPONSE



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE

NOV 17 2015

Ms. Tracie L. Fountain, CPA
Director
Bureau of Children and Youth Services Audits
Department of the Auditor General
Finance Building
Harrisburg, Pennsylvania 17120

Dear Ms. Fountain:

Thank you for your October 22, 2015 letter, which transmitted the draft Tobacco Fund Payments Summary Report, and for providing the Department of Human Services (DHS) with the opportunity to comment. The purpose of the review was to determine whether the 152 hospitals receiving payments could document their entitlement to the funds they received. As a result of this review, the Department of the Auditor General (AG) is recommending that DHS change its data collection and payment process and redistribute tobacco payments for 2010 through 2013 consistent with their calculations.

The findings and related recommendations disclosed in the draft report are listed below, followed by DHS' responses.

Finding No. 1:

Extraordinary Expense Claims Data Utilized by DHS Was Not Entirely Accurate Resulting in a Need for a Redistribution of \$774,272 Among 63 Hospitals

AG Recommendation: Establish a mandatory requirement for hospitals to access the Pennsylvania Health Care Cost Containment Council's (PHC4) website during the claims verification process timeframes established by PHC4 and make accurate revisions, as necessary, to previously submitted claims data. Further, establish a penalty for all hospitals failing to adhere to this revised mandatory process. Additionally, collect all overpayments from, and make additional payments to, hospitals based on the results of the AG's 2013 payment individual reviews, and finally, process all over and underpayment adjustments detailed in the AG's 2010, 2011, and 2012 summary reports.

DEPARTMENT OF HUMAN SERVICES' RESPONSE (Continued)

DHS Response:

DHS disagrees with the payment discrepancies identified by the AG. The AG used information in their review that was not available to DHS at the time the extraordinary expense (EE) eligibility and payment amounts were calculated. In fact, the information used by the AG included claims that had not even been submitted by hospitals for consideration as an EE claim at the time DHS calculated these payments. As the passage of time resulted in the availability of more current data to the AG, those calculations of EE payments are consequently different from those of DHS.

According to the draft report, the AG identified the key problem pertaining to the identification of EE claims as due to the hospitals' initial payer designations being subject to change. Although the AG recognized this issue, they failed to recognize that DHS is required by the Tobacco Settlement Act and by its approved State Plan to make EE payments to qualifying hospitals on an annual basis. DHS also must report the identity of qualifying hospitals and their payment amounts to the General Assembly by November 30 of each year.

As the calculation of payment amounts is complicated and adjustments necessitate redistribution of funds affecting multiple hospitals, in performing these annual calculations DHS cannot allow the information verification process to continue indefinitely, but must establish an endpoint for submitting changes to hospital information, using the best information available at the time to determine eligibility and payment amounts. This endpoint occurs after the PHC4 website application has been inactivated and the data is finalized and forwarded to DHS for use in the EE Program calculations, providing a "snapshot" or "point in time" calculation. Absent such an endpoint, recalculation and redistribution of annual payments would be necessary each and every time a hospital changes the payer designation, even for one eligible claim.

Further, prior to the finalization of the data and in order to receive the most current available information from the hospitals, PHC4 provides hospitals with the opportunity to review and update their self-pay records through the use of a PHC4 website specifically designed for and dedicated to this purpose. DHS and PHC4 encourage hospitals to access this website through written notification from PHC4. In addition, DHS has solicited and received assistance from the Hospital and Healthsystem Association of Pennsylvania (HAP) in providing additional notice to hospitals encouraging the use of the website. DHS is not aware of any alternate process or data source which will result in the provision of better data. Given hospitals' familiarity with PHC4, DHS considers the use of PHC4 and its website the most effective and efficient means to collect the information from hospitals.

As stated above, the Tobacco Settlement Act and DHS' approved State Plan require DHS to annually calculate and disburse EE payments to qualifying hospitals. Neither requires DHS to recalculate and redistribute payments as updated information becomes available from hospitals after DHS has made its determination. Given the number of hospitals that are potentially eligible for EE payments and the fact that payer

DEPARTMENT OF HUMAN SERVICES' RESPONSE (Continued)

designations within each eligible claim for all of these hospitals are subject to change for indefinite periods of time, such a requirement would result in constant revision and recalculation of payments amounts for indefinite periods of time, which would be overly burdensome and seemingly inconsistent with the General Assembly's intent.

Finding No. 2:

Uncompensated Care Data Elements Utilized by DHS Were Not Entirely Accurate Resulting in a Need for a Redistribution of \$684,136 Among 90 Hospitals

AG Recommendation: DHS collect all overpayments from, and make additional payments to, hospitals based upon the results of the AG's uncompensated care (UC) reviews for the 2010, 2011, and 2012 payment years. Further, process all payment adjustments detailed in the 2013 summary report. Additionally, DHS and PHC4 perform further inspection into hospitals' filing procedures which could alleviate inconsistencies found by the AG within the financial data submissions and minimize future discrepancies. Finally, DHS provide the AG with details of its procedures for making adjustments to the submitted cost reports and provide the AG with information regarding amended or adjusted cost reports.

The AG included specific recommendations pertaining to two hospitals, as follows:

- Brandywine Hospital should be required to return the payment it received. The AG's review resulted in revising the median UC score, which resulted in the hospital's UC score falling below the median; and,
- Geisinger Wyoming Valley should be given opportunity to select between the initial EE payment it received and UC payment, as it would qualify under the recalculation of the median UC score.

DHS Response:

The AG indicates that the purpose of their reviews, in part, is to determine whether each hospital received the payment to which it was entitled. However, unlike DHS, the AG reviews the data only for those hospitals that received uncompensated care payments. DHS is required to determine eligibility and calculate payments based on data from all hospitals. In determining the median UC score, DHS bases its calculation on information from all eligible hospitals; the AG used revised data from a subset of those hospitals, specifically the hospitals that received a UC payment and in some cases those that received a EE payment, but did not review data for all eligible hospitals.

Even assuming that DHS' calculation of UC eligibility and payments was not based on accurate data, without a full review of *all* the eligible hospitals' data as required by law and DHS' approved State Plan, the AG's calculations of UC payments cannot be a basis on which to redistribute the 2010 through 2013 UC payments.

As stated previously for the EE payments, the Tobacco Settlement Act and DHS' approved State Plan require DHS to annually calculate and disburse EE and UC

DEPARTMENT OF HUMAN SERVICES' RESPONSE (Continued)

payments to qualifying hospitals. Neither requires DHS to recalculate and redistribute payments based on updated or audited information. In fact, the intent of the Tobacco Settlement Act supports DHS' practice of basing its calculation on the data available at that time.

In designating the information to be used to calculate a hospital's UC score, the Tobacco Settlement Act provides that each element is to be based on "*the most recent hospital financial analysis data reported to [PHC4]*" and "*the most recent data available to the Department.*" 35 P.S. §5701.1104(c). Therefore, DHS will not collect overpayments from, or make additional payments to, hospitals based on the results of the AG's UC reviews.

The AG's recommendations regarding Brandywine Hospital and Geisinger Wyoming Valley are based on the results of its reviews of UC payments and determination of a revised median UC score. However, as stated previously, the AG determination of the UC score using revised data from a subset of all eligible hospitals cannot be a basis on which to redistribute the payments, as a full review of all the eligible hospitals' data is required by law and DHS' approved State Plan. Therefore, DHS will not require repayment from Brandywine Hospital or make additional payments to Geisinger Wyoming Valley.

Thank you for the opportunity to respond to this draft report. Please contact David Bryan, Bureau of Financial Operations, Audit Resolution Section at (717) 783-7217 or davbryan@pa.gov if you have any questions.

Sincerely,



Jay Bausch
Deputy Secretary for Administration

c: Mr. David Bryan, Bureau of Financial Operations, Audit Resolution Section

**PENNSYLVANIA HEALTH CARE COSTS CONTAINMENT
COUNCIL'S RESPONSE**



Pennsylvania Health Care Cost Containment Council

November 18, 2015

Tracie L. Fountain, CPA
Director, Bureau of Children and Youth Services
Department of the Auditor General
Commonwealth of Pennsylvania
Room 316-D Finance Building
Harrisburg, PA 17120-0018

Dear Ms. Fountain:

Thank you for providing the Pennsylvania Health Care Cost Containment Council (PHC4) with the opportunity to comment on the 2013 Tobacco Fund Payments Summary Report: Hospital Extraordinary Expense and Uncompensated Care Payments. As with previous reports, we appreciate and support the valuable work of the Department of the Auditor General (DAG) and remain committed to improving the quality of the data used in the process.

PHC4 provides the Department of Human Services (DHS) with the most updated data at the time of their request for data that is used for the extraordinary expense program and uncompensated care program. As noted in the report, to adjust for timing issues related to payments to hospitals, PHC4 instituted an additional data verification process for the claims data. PHC4 also instituted an additional data verification process for the three-year average financial data that are used by DHS for the uncompensated care program. The ultimate responsibility for data accuracy lies with the individual hospitals.

Fifty-seven hospitals (90%) of those who received funds in 2013 under the extraordinary expense program took advantage of the verification process that was in effect for the 2011 fiscal year claims data examined in the report. The remaining 6 hospitals (10%) that did not utilize the verification system only account for a small portion of the redistribution of funds.

The 2013 report on the 2011 fiscal year claims data used by DHS for extraordinary expense program appears to have fewer discrepancies in the data than in previous findings reported in prior reports.

Coincidentally, one hospital that previously accounted for the majority of overpayments in prior reports, accounts for 49 percent of the extraordinary expense underpayment in the 2013 report. Twenty-nine percent of the underpayment can be attributed to two hospitals. All three of these hospitals are reported with additional eligible records and make up \$603 thousand (78%) of the underpayment. The remaining 32 hospitals range from 5 to less than one percent of the redistribution of the underpayment.

In regards to the overpayment, one hospital accounts for \$101 thousand (13%) of the overpayment. The remaining 27 hospitals range from 9 to less than one percent of the redistribution of the overpayment.

PENNSYLVANIA HEALTH CARE COSTS CONTAINMENT
COUNCIL'S RESPONSE (Continued)

It is important to note that the financial data submitted by hospitals is submitted in a consistent manner to represent hospital figures only. A health systems independent audited financial statement is less reliable for charity care figures because they do not report figures only for the hospital.

It is important to note that this process continues to improve significantly over time. In that light, I would respectfully suggest further exploration as to what is unique about the processing of claims at the hospitals that had a significant impact on the overall figures, which impacts redistribution to all hospitals. Furthermore, I suggest the DAG to use the same methodology as the DHS for determining eligibility and calculate payments.

PHC4 stands ready to work further with the DAG and the DHS in the spirit of continuous quality improvement. As always, we will duly consider your recommendations in our ongoing efforts to achieve system enhancements that will further reduce overpayments and underpayments for uncompensated care cases associated with the Tobacco Settlement Act.

Best regards,



Joe Martin
Executive Director

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Hospitals Contained in This Report

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