

TOBACCO SETTLEMENT PROGRAM

Jefferson Health Northeast Tobacco Settlement Payment Data Year 2024

September 2023



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania
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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

September 6, 2023

Mr. William J. Degnan
Vice President of Finance and Controller
Jefferson Health Northeast
4900 Frankford Avenue
Philadelphia, PA 19124

Re: Jefferson Health Northeast

Dear Mr. Degnan:

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 approach is based on the hospital's uncompensated care score. The uncompensated care score 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. The extraordinary expense approach is based on the total costs of the qualified claims. Qualified claims are those claims in which the cost of the claim exceeds twice the average cost of all claims for that particular facility and for which the hospital provided inpatient services to an uninsured patient.

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

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

The purpose of this engagement was to determine whether this facility reported any potentially eligible extraordinary expense claims for the fiscal year ended June 30, 2022 and, if so, verify whether corresponding patients were uninsured and the facility received no compensation from third party payers such as Medicare, Medicaid, or Blue Cross. Payments made by the patients themselves toward their financial obligations may have reduced the allowable costs of the respective claim when determining eligibility. We also determined whether this facility could substantiate total inpatient days and total MA days as reported on its submitted MA-336 cost reports, if filed with DHS, for the fiscal year ended June 30, 2021. We obtained computer processed data from the facility (i.e. account notes and billing information for claims and census reports for days) to determine the eligibility of reported claims and the accuracy of days data reported by the facility. Because of the extensive amount of time that would be required to visit the facility and perform procedures to evaluate the reliability of this data in the facility’s information system, DHS management stated that the performance of such procedures is not necessary to meet DHS’ needs. As such, we have classified this computer processed data as data of undetermined reliability.

The results of our procedures are as follows:

For Reported Claims:

Based on the PHC4 claims database for the fiscal year ended June 30, 2022, the facility reported 20 potentially eligible extraordinary expense claims, totaling \$3,767,879.33 We attempted to conduct procedures for these 20 reported claims, however, we could not determine whether these extraordinary expense claims met the criteria to qualify as extraordinary expense claims because the provider chose not to submit documentation because the facility historically had been paid under the uncompensated care calculation method. Since the facility did not submit any claims, the facility should not be eligible for payment under the extraordinary expense calculation method.

For Total Inpatient Days and Total MA Days:

For the total inpatient days and total MA days for fiscal year ended June 30, 2021, our results are as follows:

For FYE 6/30/21	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Total Inpatient Days	125,516	125,516	Not Applicable

For FYE 6/30/21	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	5,455	5,455	Not Applicable

For FYE 6/30/21 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Keystone First	13,967	13,967	Not Applicable
Health Partners	7,245	7,245	Not Applicable
Aetna Better Health	1,484	1,484	Not Applicable
United	1,811	1,811	Not Applicable
UPMC for You	530	530	Not Applicable
Amerihealth Caritas Pennsylvania	34	34	Not Applicable
Other Mgd Care	838	834	Reporting Error

For FYE 6/30/21 OOS Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Delaware	4	4	Not Applicable
New Jersey	115	115	Not Applicable
New York	1	5	Reporting Error
Other	328	328	Not Applicable

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

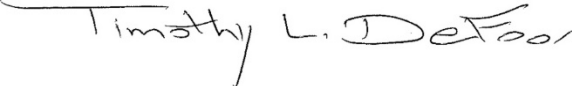
We are in the process of conducting engagements for all facilities that are potentially eligible for a 2024 Tobacco Settlement subsidy entitlement payment. After all the engagements are completed, we will prepare for DHS' use a report detailing the results of all of our engagements.

DHS will use the revised MA-336 Cost Report to pull reported number of days to calculate this facility's eligibility to receive, and if deemed eligible, its subsidy entitlement under the uncompensated care method. As stated above, since the facility did not submit any documentation, the facility should not be eligible for payment under the extraordinary expense method. DHS establishes the date that these payments will be distributed to all eligible hospitals.

Since this facility chose to not submit any claims documentation, the facility also waives the opportunity to submit any "additional" claims, or claims coded as having Medicare, Medicaid, or any other insurance when submitted to the PHC4 for the fiscal year ended June 30, 2022, which the facility now believes qualify as self-pay claims, and which have total charges above Jefferson Health Northeast's threshold of \$114,521.91.

We thank the staff of Jefferson Health Northeast for the cooperation extended to us during the course of our engagement. If you have any questions, please feel free to contact the Bureau of County Audits – Hospital and Tobacco Division at 717-787-1159.

Sincerely,

Handwritten signature of Timothy L. DeFoor in black ink.

Timothy L. DeFoor
Auditor General

**JEFFERSON HEALTH NORTHEAST
REPORT DISTRIBUTION
2024 TOBACCO SETTLEMENT PAYMENT DATA**

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