

# TOBACCO SETTLEMENT PROGRAM

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## Penn Highlands Dubois Tobacco Settlement Payment Data Review Year 2019

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May 2018



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

May 18, 2018

Mr. Brian Kline  
Chief Financial Officer  
Penn Highlands Dubois  
P.O. Box 447  
Dubois, PA 15801

Re: Penn Highlands Dubois

Dear Mr. Kline:

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 Penn Highlands Dubois' records to substantiate the claims data and days data it submitted to the Pennsylvania Health Care Cost Containment Council (PHC4) and the DHS, respectively.

The purpose of our review was to determine whether this facility could substantiate its fiscal year ended June 30, 2017 reported claims and verify whether corresponding patients were uninsured and the facility received no compensation from third party payers such as Medicare, Medicaid, or Blue Cross. Payments made by the patients themselves toward their financial

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<sup>1</sup> This review was not required to be and was not conducted in accordance with professional auditing or attestation standards.

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 for the fiscal years ended June 30, 2015 and June 30, 2016.

The results of our review are as follows:

**For Reported Claims:**

Based on the PHC4 claims database for the fiscal year ended June 30, 2017, the facility reported seven potentially eligible extraordinary expense claims, totaling \$298,579.40, for review. We reviewed five of these reported claims, representing at least 75% of the hospital's total dollar value of reported claims.<sup>2</sup> The results of our review disclosed that all five reported potentially eligible extraordinary expense claim 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 all of the reported claims submitted by the facility qualify as extraordinary expense claims, this facility could be eligible for payment under the extraordinary expense method for the 2019 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	\$56,725.10	\$56,725.10	\$0	Y	N/A
2	\$46,255.00	\$46,255.00	\$0	Y	N/A
3	\$44,669.20	\$44,669.20	\$0	Y	N/A
4	\$42,958.50	\$42,958.50	\$0	Y	N/A
5	\$38,282.00	\$38,282.00	\$0	Y	N/A

**For MA Days:**

For the total MA days for fiscal years ended June 30, 2015 and 2016, our results are as follows:

For FYE 6/30/15	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	658	658	N/A
HMO Days	10,253	10,253	N/A
OOS Days	12	12	N/A

<sup>2</sup> The facility is responsible for self-reviewing the remaining claims during the PHC4 “open window” period, as done in prior years.

For FYE 6/30/16	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	779	694	Reporting Errors
HMO Days	10,469	10,469	N/A
OOS Days	30	30	N/A

The DHS will use all substantiated reported claims and number of days to calculate Penn Highlands Dubois' eligibility to receive, and if deemed eligible, its subsidy entitlement under both the extraordinary expense and uncompensated care methods. If eligible under both methods, DHS will allow the facility to choose the method to be used to calculate the facility's 2019 Tobacco Settlement subsidy entitlement payment. DHS establishes the date that these payments will be distributed to all eligible hospitals.

Our office is currently reviewing all facilities that are potentially eligible for a 2019 Tobacco Settlement subsidy entitlement payment. After all the reviews are completed, we will prepare for DHS' use a report detailing the results of all of our reviews. The PHC4 and the DHS will contact you with instructions regarding entering adjustments to your facility's originally submitted claims and MA days data based on the results of our review.

As a reminder, all facilities may submit for our review any claims coded as having Medicare, Medicaid, or any other insurance when submitted to PHC4 for the fiscal year ended June 30, 2017, which the facility now believes qualify as self-pay claims, and which have total charges above Penn Highlands Dubois' threshold of \$34,396.83. We refer to these types of claims as "additional claims" and these additional claims must be submitted to the Department of the Auditor General no later than October 31, 2018. The results of our review of each facility's submitted additional claims data will be detailed in individualized reports sent to each respective hospital that submitted additional claims.

We thank the staff of Penn Highlands Dubois for the cooperation extended to us during the course of our review. If you have any questions, please feel free to contact Tracie Fountain, CPA, Director, Bureau of Children and Youth Services Audits at 717-787-1159.

Sincerely,



EUGENE A. DEPASQUALE  
Auditor General

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REPORT DISTRIBUTION  
2019 TOBACCO SETTLEMENT PAYMENT DATA**

This report was initially distributed to:

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Chief Financial Officer  
Penn Highlands Dubois

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Penn Highlands Dubois

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