

TOBACCO SETTLEMENT PROGRAM

Physicians Care Surgical Hospital Tobacco Settlement Payment Data Year 2023

July 2022



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

June 13, 2022

Mr. Joseph Urbani
Regional Vice President of Finance
Value Health
309 Valley Road
Havertown, PA 19083

Re: Physicians Care Surgical Hospital

Dear Mr. Urbani:

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.

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 Physicians Care Surgical Hospital (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, 2021 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, 2020. 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, 2021, the facility did not have any potentially eligible extraordinary expense claims and, therefore, the facility is not eligible for payment under the extraordinary expense method for the 2023 Tobacco Settlement Payment Year.

For Total Inpatient Days and Total MA Days:

We attempted to review the total inpatient days and total MA days for fiscal year ended June 30, 2020; however, we could not substantiate the originally submitted number of days because the provider chose to not submit documentation for review because historically the facility has never been eligible for a tobacco payment.

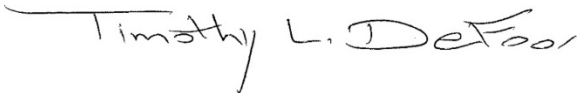
Since Physicians Care Surgical Hospital chose not to submit documentation because the Medicaid case volume at this facility is very minimal, the facility should not be eligible to receive a subsidy entitlement under either the extraordinary expense or the uncompensated care methods.

Our office is currently reviewing all facilities that are potentially eligible for a 2023 Tobacco Settlement subsidy entitlement payment. After all the reviews are completed, we will prepare for DHS' use a report detailing the results of all of our reviews. PHC4 and DHS will contact you with instructions regarding entering adjustments to your facility's originally submitted claims and MA days data based on the results of our review.

Since this facility did not submit any documentation for our review, the facility also waives the opportunity to submit for our review 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, 2020, which the facility now believes qualify as self-pay claims, and which have total charges above Physicians Care Surgical Hospital's threshold of \$83,425.54.

We thank the staff of Physicians Care Surgical Hospital 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

**PHYSICIANS CARE SURGICAL HOSPITAL
REPORT DISTRIBUTION
2023 TOBACCO SETTLEMENT PAYMENT DATA**

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Mr. Joseph Urbani
Regional Vice President of Finance
Value Health

Ms. Pamela Kaas
Business Office Manager
Physicians Care Surgical Hospital

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