

TOBACCO SETTLEMENT PROGRAM

Roxborough Memorial Hospital Tobacco Settlement Payment Data Review Year 2021

October 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

October 14, 2020

Ms. Linda Chen
Chief Financial Officer
Roxborough Memorial Hospital
5800 Ridge Avenue
Philadelphia, PA 19128

Re: Roxborough Memorial Hospital

Dear Ms. Chen:

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 review¹ of Roxborough Memorial Hospital's (facility) records to substantiate the claims data and days data it submitted to the Pennsylvania Health Care Cost Containment Council (PHC4) and DHS, respectively.

The purpose of our review was to determine whether this facility reported any potentially eligible extraordinary expense claims for the fiscal year ended June 30, 2019 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

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

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, 2018.

The results of our review are as follows:

For Reported Claims:

Based on the PHC4 claims database for the fiscal year ended June 30, 2019, the facility reported four potentially eligible extraordinary expense claims for review. The results of our review disclosed that one of these four reported potentially eligible extraordinary expense claims met the criteria to qualify as an extraordinary expense claim. The chart below details our results and explains any adjustments that should be made to the PHC4 Database. Since we determined that one of these four reported claims submitted by the facility qualifies as an extraordinary expense claim, this facility could be eligible for payment under the extraordinary expense method for the 2021 Tobacco Settlement Payment Year.

Claim No.	Originally Reported Total Charges	Substantiated Total Charges Based on Account Notes	Patient Payments Applied to Account	Qualify (Yes/No) – Reason for Not Qualifying	Adjustment(s) Needed
1	\$351,365.30	\$0	\$0	No - Paid by Insurance	Claim should be removed from self-pay listing
2	\$277,018.36	\$0	\$0	No - Failure to make an effort to collect	Claim should be removed from self-pay listing
3	\$145,142.61	\$0	\$0	No - Paid by MA	Claim should be removed from self-pay listing
4	\$125,998.98	\$125,998.98	\$0	Yes	Not Applicable

For Total Inpatient Days and Total MA Days:

For the total inpatient days and total MA days for fiscal year ended June 30, 2018, our results are as follows:

For FYE 6/30/18	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Total Inpatient Days	19,416	19,411	Reporting Error

For FYE 6/30/18	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	593	486	Reporting Error

For FYE 6/30/18 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Aetna Better Health	165	151	Reporting Error
Keystone Mercy	974	939	Reporting Error
Health Partners	686	690	Reporting Error
United Healthcare Community Plan	265	263	Reporting Error

For FYE 6/30/18 OOS Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Delaware	28	133	Reporting Error
Maryland	20	1	Reporting Error
New Jersey	57	44	Reporting Error
New York	25	0	Reporting Error
Ohio	1	0	Reporting Error
Other – Various	4	19	Reporting Error
Other – New Mexico	1	1	Not Applicable
Other	4	0	Reporting Error
Other	1	0	Reporting Error

DHS will use all substantiated reported claims and number of days to calculate this facility's 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 2021 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 2021 Tobacco Settlement subsidy entitlement payment. After all the reviews are completed, we will prepare for DHS' use a report detailing the results of all of our reviews. PHC4 and DHS will contact you with instructions regarding entering adjustments to your facility's originally submitted claims and MA days data based on the results of our review, as applicable.

As a reminder, this facility may submit for our review any claims coded as having Medicare, Medicaid, or any other insurance when submitted to the PHC4 for the fiscal year ended June 30, 2019, which the facility now believes qualify as self-pay claims, and which have total charges above this facility's threshold of \$118,380.31. 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, 2020. 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 Roxborough Memorial Hospital 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,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale", with a long horizontal flourish extending to the right.

Eugene A. DePasquale
Auditor General

**ROXBOROUGH MEMORIAL HOSPITAL
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2021 TOBACCO SETTLEMENT PAYMENT DATA**

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Ms. Linda Chen
Chief Financial Officer
Roxborough Memorial Hospital

Ms. Susan McLaughlin
Revenue Cycle Project Manager
Roxborough Memorial Hospital

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