

# TOBACCO SETTLEMENT PROGRAM

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## St. Luke's Hospital - Bethlehem Tobacco Settlement Payment Data Year 2023

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October 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

October 14, 2022

Ms. Francine Botek  
Senior Vice President  
St. Luke's University Health Network  
801 Ostrum Street  
Bethlehem, PA 18015

Re: St. Luke's Hospital - Bethlehem

Dear Ms. Botek:

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 St. Luke's Hospital - Bethlehem (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,<sup>1</sup> respectively.

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<sup>1</sup> 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 for St. Luke’s Hospital - Bethlehem:**

Based on the PHC4 claims database for the fiscal year ended June 30, 2021, the facility reported 27 potentially eligible extraordinary expense claims. The results of our procedures disclosed that 21 of the 27 reported potentially eligible extraordinary expense claims met the criteria to qualify as extraordinary expense claims. The chart below details our results and explains any adjustments that your facility should make to the PHC4 Database. Since we determined that 21 of the 27 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 2023 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         | \$1,076,701.82                    | \$0.00   | \$0.00                              | No – Paid by Insurance                       | Claim should be removed from self-pay listing |
| 2         | \$1,023,187.29                    | \$0.00   | \$0.00                              | No – Paid by Insurance                       | Claim should be removed from self-pay listing |
| 3         | \$882,659.41                      | \$882,659.41                                       | \$0.00                              | Yes  | Not Applicable                                |
| 4         | \$863,684.87                      | \$859,616.87                                       | \$0.00                              | Yes  | An adjustment is needed to total charges      |
| 5         | \$636,206.68                      | \$619,385.68                                       | \$0.00                              | Yes  | An adjustment is needed to total charges      |

| 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                          |
|-----------|-----------------------------------|--|-------------------------------------|--|---|
| 6         | \$600,552.33                      | \$0.00   | \$0.00                              | No – Paid by Insurance                       | Claim should be removed from self-pay listing |
| 7         | \$504,418.78                      | \$504,418.78                                       | \$0.00                              | Yes  | Not Applicable                                |
| 8         | \$488,065.12                      | \$0.00   | \$0.00                              | No – Paid by Insurance                       | Claim should be removed from self-pay listing |
| 9         | \$458,373.76                      | \$448,809.76                                       | \$0.00                              | Yes  | An adjustment is needed to total charges      |
| 10        | \$437,860.14                      | \$0.00   | \$0.00                              | No – Paid by Insurance                       | Claim should be removed from self-pay listing |
| 11        | \$380,402.52                      | \$380,402.52                                       | \$0.00                              | Yes  | Not Applicable                                |
| 12        | \$358,524.47                      | \$356,916.47                                       | \$0.00                              | Yes  | An adjustment is needed to total charges      |
| 13        | \$343,728.92                      | \$343,658.90                                       | \$0.00                              | Yes  | An adjustment is needed to total charges      |
| 14        | \$334,428.40                      | \$334,428.40                                       | \$0.00                              | Yes  | Not Applicable                                |
| 15        | \$327,903.34                      | \$327,903.34                                       | \$0.00                              | Yes  | Not Applicable                                |
| 16        | \$310,172.08                      | \$309,770.08                                       | \$0.00                              | Yes  | An adjustment is needed to total charges      |
| 17        | \$307,541.46                      | \$307,506.45                                       | \$15.00                             | Yes  | An adjustment is needed to total charges      |
| 18        | \$306,476.46                      | \$306,476.46                                       | \$0.00                              | Yes  | Not Applicable                                |
| 19        | \$305,473.76                      | \$305,473.76                                       | \$0.00                              | Yes  | Not Applicable                                |
| 20        | \$283,556.97                      | \$287,504.52                                       | \$0.00                              | Yes  | An adjustment is needed to total charges      |
| 21        | \$266,394.90                      | \$266,394.90                                       | \$0.00                              | Yes  | Not Applicable                                |
| 22        | \$260,953.14                      | \$260,918.24                                       | \$0.00                              | Yes  | An adjustment is needed to total charges      |
| 23        | \$255,799.63                      | \$255,764.62                                       | \$0.00                              | Yes  | An adjustment is needed to total charges      |
| 24        | \$251,672.26                      | \$251,672.26                                       | \$0.00                              | Yes  | Not Applicable                                |

| 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                          |
|-----------|-----------------------------------|--|-------------------------------------|--|---|
| 25        | \$251,519.20                      | \$252,518.20                                       | \$0.00                              | Yes  | An adjustment is needed to total charges      |
| 26        | \$233,342.67                      | \$233,307.66                                       | \$0.00                              | Yes  | An adjustment is needed to total charges      |
| 27        | \$232,772.05                      | \$0.00   | \$0.00                              | No – Paid by the Patient                     | Claim should be removed from self-pay listing |

**For Reported Claims St. Luke’s Hospital - Sacred Heart<sup>2</sup>:**

Based on the PHC4 claims database for the fiscal year ended June 30, 2021, the facility reported one potentially eligible extraordinary expense claim. The results of our procedures disclosed that the one reported potentially eligible extraordinary expense claim did not meet the criteria to qualify as an extraordinary expense claim. The chart below details our results and explains any adjustments that your facility should make to the PHC4 Database. Since we determined that the one reported claim submitted by the facility did not qualify as an extraordinary expense claim, this facility is not eligible for payment under the extraordinary expense method for the 2023 Tobacco Settlement Payment Year unless, as detailed below, additional claims are submitted and deemed eligible.

| 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         | \$305,594.92                      | \$0.00   | \$0.00                              | No – Paid by Insurance                       | Claim should be removed from self-pay listing |

**For Reported Claims for St. Luke’s Hospital - Gnaden Huetten<sup>3</sup>:**

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 unless, as detailed below, additional claims are submitted and deemed eligible.

<sup>2</sup> Effective February 1, 2021, St. Luke’s Hospital – Sacred Heart merged into St. Luke’s Hospital - Bethlehem.

<sup>3</sup> Effective June 1, 2021, St. Luke’s Hospital – Gnaden Huetten merged into St. Luke’s Hospital - Bethlehem.

**For Total Inpatient Days and Total MA Days:**

For the total inpatient days and total MA days for fiscal year ended June 30, 2020, our results are as follows:

| For FYE 6/30/20   | Originally Submitted Number of Days | Substantiated Number Based on Source Documents | Explanation of Difference |
|---|-------------------------------------|--|---------------------------|
| Total Inpatient Days – St. Luke’s Hospital – Bethlehem      | 135,540                             | 135,540  | Not Applicable            |
| Total Inpatient Days – St. Luke’s Hospital – Sacred Heart   | 31,873                              | 36,988   | Reporting Error           |
| Total Inpatient Days – St. Luke’s Hospital – Gnaden Huetten | 23,028                              | 23,081   | Changes in Patient Status |

| For FYE 6/30/20                                 | Originally Submitted Number of Days | Substantiated Number Based on Source Documents | Explanation of Difference |
|---|-------------------------------------|--|---------------------------|
| FFS Days – St. Luke’s Hospital – Bethlehem      | 5,632                               | 5,390  | Changes in Payer Class    |
| FFS Days – St. Luke’s Hospital – Sacred Heart   | 1,548                               | 1,548  | Not Applicable            |
| FFS Days – St. Luke’s Hospital – Gnaden Huetten | 844                                 | 845  | Changes in Payer Class    |

| For FYE 6/30/20 HMO Days               | Originally Submitted Number of Days | Substantiated Number Based on Source Documents | Explanation of Difference |
|--|-------------------------------------|--|---------------------------|
| <b>St. Luke’s Hospital - Bethlehem</b> |                                     |  |                           |
| Aetna Better Health PA                 | 557                                 | 557  | Not Applicable            |
| Amerihealth Caritas                    | 6,986                               | 6,986  | Not Applicable            |
| Amerihealth Northeast MA               | 2,485                               | 2,485  | Not Applicable            |
| Gateway Health Plan                    | 4,493                               | 4,493  | Not Applicable            |
| Geisinger GHP Family                   | 906                                 | 906  | Not Applicable            |
| Health Partners                        | 97                                  | 97   | Not Applicable            |
| Keystone First                         | 505                                 | 497  | Reporting Error           |

| For FYE 6/30/20<br>HMO Days                             | Originally<br>Submitted Number<br>of Days | Substantiated<br>Number Based on<br>Source Documents | Explanation of<br>Difference |
|---|---|--|------------------------------|
| United Community<br>Families of PA                      | 186                                       | 186  | Not Applicable               |
| United Community<br>of PA                               | 410                                       | 410  | Not Applicable               |
| UPMC Health Plan  | 403                                       | 403  | Not Applicable               |
| Amerigroup<br>Community Care                            | 5   | 5  | Not Applicable               |
| Amerihealth Caritas<br>Community<br>Healthchoice        | 252                                       | 252  | Not Applicable               |
| Keystone First<br>Community<br>Healthchoices            | 70  | 70   | Not Applicable               |
| PA Health and<br>Wellness<br>Community Health<br>choice | 97  | 97   | Not Applicable               |
| MISC Medicaid<br>MCO                                    | 30  | 30   | Not Applicable               |
| Wellcare Medicaid                                       | 29  | 29   | Not Applicable               |
| United Community<br>Kids                                | 0   | 3  | Reporting Error              |
| <b>St. Luke's Hospital - Sacred Heart</b>               |   |  |                              |
| Gateway Health<br>Plan                                  | 328                                       | 320  | Changes in Payer Class       |
| United Health Care<br>Community Plan                    | 88  | 50   | Changes in Payer Class       |
| Keystone First  | 4   | 4  | Not Applicable               |
| Magellan  | 10,725                                    | 8,309  | Changes in Payer Class       |
| Aetna Better health                                     | 121                                       | 113  | Changes in Payer Class       |
| UPMC Health Plan  | 56  | 51   | Changes in Payer Class       |
| Amerihealth Mercy                                       | 504                                       | 449  | Changes in Payer Class       |
| Amerihealth<br>Northeast                                | 10  | 10   | Not Applicable               |
| United Comm<br>Families                                 | 37  | 36   | Changes in Payer Class       |
| Amerigroup  | 3   | 15   | Changes in Payer Class       |
| Geisinger GHP<br>Family                                 | 2   | 1  | Changes in Payer Class       |
| Health Partners   | 8   | 8  | Not Applicable               |
| Community Care<br>Behavioral Health                     | 0   | 2,381  | Changes in Payer Class       |

| For FYE 6/30/20<br>HMO Days                            | Originally<br>Submitted Number<br>of Days | Substantiated<br>Number Based on<br>Source Documents | Explanation of<br>Difference |
|--|---|--|------------------------------|
| Misc Medicaid<br>MCO                                   | 0   | 19   | Changes in Payer Class       |
| Wellcare Medicaid                                      | 0   | 4  | Changes in Payer Class       |
| Amerihealth Caritas<br>Community Health<br>Choice      | 0   | 28   | Changes in Payer Class       |
| St. Luke's Hospital - Gnaden Huetten                   |   |  |                              |
| Aetna Better Health                                    | 10  | 10   | Not Applicable               |
| Geisinger GHP<br>Family                                | 157                                       | 157  | Not Applicable               |
| Amerihealth<br>Northeast MA                            | 393                                       | 406  | Changes in Payer Class       |
| Gateway Health<br>Plan                                 | 40  | 40   | Not Applicable               |
| Amerihealth Caritas                                    | 47  | 47   | Not Applicable               |
| UPMC for You   | 13  | 13   | Not Applicable               |
| Northampton<br>County Magellan<br>Medicaid             | 883                                       | 883  | Not Applicable               |
| Lehigh County<br>Megallen Medicaid                     | 607                                       | 607  | Not Applicable               |
| United Community<br>of PA                              | 15  | 15   | Not Applicable               |
| Community Care<br>Behavioral Health                    | 2,159                                     | 2,159  | Not Applicable               |
| Amerihealth Caritas<br>Community Health                | 13  | 13   | Not Applicable               |
| Health Partners  | 17  | 17   | Not Applicable               |
| PA Health and<br>Wellness<br>Community<br>Healthchoice | 12  | 12   | Not Applicable               |
| MISC Medicaid<br>MCO                                   | 24  | 24   | Not Applicable               |
| Wellcare Medicaid                                      | 0   | 6  | Changes in Payer Class       |

| For FYE 6/30/20<br>OOS Days     | Originally<br>Submitted Number<br>of Days | Substantiated<br>Number Based on<br>Source Documents | Explanation of<br>Difference |
|---------------------------------|---|--|------------------------------|
| St. Luke's Hospital - Bethlehem |   |  |                              |
| New Jersey                      | 991                                       | 991  | Not Applicable               |
| New York                        | 169                                       | 174  | Reporting Error              |
| North Carolina                  | 3   | 3  | Not Applicable               |



| For FYE 6/30/20<br>OOS Days                 | Originally<br>Submitted Number<br>of Days | Substantiated<br>Number Based on<br>Source Documents | Explanation of<br>Difference     |
|---|---|--|----------------------------------|
| Out of State                                | 10  | 0  | No Overall Variance <sup>4</sup> |
| Colorado                                    | 0   | 5  |                                  |
| Puerto Rico                                 | 0   | 2  |                                  |
| Texas                                       | 0   | 3  |                                  |
| <b>St. Luke's Hospital - Sacred Heart</b>   |   |  |                                  |
| New Jersey                                  | 110                                       | 115  | Changes in Payer Class           |
| New York                                    | 127                                       | 172  | Changes in Payer Class           |
| Other                                       | 41  | 0  | Changes in Payer Class           |
| Connecticut                                 | 0   | 12   | Changes in Payer Class           |
| <b>St. Luke's Hospital - Gnaden Huetten</b> |   |  |                                  |
| New Jersey                                  | 25  | 25   | Not Applicable                   |
| New York                                    | 4   | 4  | Not Applicable                   |
| Connecticut                                 | 3   | 3  | Not Applicable                   |
| Other - Colorado                            | 7   | 7  | 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 2023 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 each hospital's revised MA-336 Cost Report and PHC4 database to pull 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 2023 Tobacco Settlement subsidy entitlement payment. DHS establishes the date that these payments will be distributed to all eligible hospitals.

As a reminder, this facility may submit any claims coded as having Medicare, Medicaid, or any other insurance when submitted to the PHC4 for the fiscal year ended June 30, 2021, which the facility now believes qualify as self-pay claims, and which have total charges above this facility's threshold of \$222,181.42. We refer to these types of claims as "additional claims" and these additional claims must be submitted to us no later than October 31, 2022. We will include the

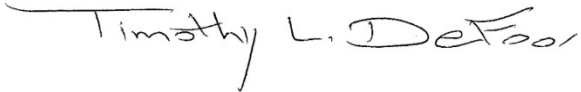
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<sup>4</sup> There is no overall variance when comparing the submitted out-of-state days to the provider's supporting documentation, however, the supporting documentation included the breakdown between the states as noted.

results of our procedures for each facility's submitted additional claims data in individualized reports sent to each respective hospital that submitted additional claims.

We thank the staff of St. Luke's University Health Network 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,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor  
Auditor General

**ST. LUKE’S HOSPITAL - BETHLEHEM  
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2023 TOBACCO SETTLEMENT PAYMENT DATA**

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