

TOBACCO SETTLEMENT PROGRAM

St. Luke's Hospital – Bethlehem Tobacco Settlement Payment Data Year 2024

December 2023



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

December 13, 2023

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 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 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, 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 58 potentially eligible extraordinary expense claims. The results of our procedures disclosed that 33 of the 58 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 33 of the 58 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 2024 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	\$2,265,601.23	\$2,265,181.23	\$0.00	Yes	An adjustment is needed to total charges
2	\$1,405,987.36	\$1,405,987.36	\$0.00	Yes	Not Applicable
3	\$1,402,489.44	\$1,402,489.44	\$0.00	Yes	Not Applicable
4	\$1,235,548.02	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
5	\$1,145,161.78	\$0.00	\$0.00	No – Paid by Insurance	Claim should be removed from self-pay listing
6	\$900,951.40	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing

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
7	\$899,766.32	\$899,766.32	\$0.00	Yes	Not Applicable
8	\$761,202.73	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
9	\$709,688.59	\$709,688.59	\$0.00	Yes	Not Applicable
10	\$662,966.71	\$662,966.71	\$0.00	Yes	Not Applicable
11	\$644,609.99	\$644,450.89	\$0.00	Yes	An adjustment is needed to total charges
12	\$637,007.89	\$637,007.89	\$0.00	Yes	Not Applicable
13	\$612,157.36	\$612,157.36	\$0.00	Yes	Not Applicable
14	\$610,390.32	\$608,560.77	\$0.00	Yes	An adjustment is needed to total charges
15	\$528,114.18	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
16	\$519,450.13	\$0.00	\$0.00	No – Paid by Insurance	Claim should be removed from self-pay listing
17	\$512,273.98	\$0.00	\$0.00	No – Paid by Insurance	Claim should be removed from self-pay listing
18	\$510,658.27	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
19	\$479,027.75	\$479,027.75	\$0.00	Yes	Not Applicable
20	\$456,413.33	\$0.00	\$0.00	No – Paid by Insurance	Claim should be removed from self-pay listing
21	\$425,651.33	\$425,651.33	\$0.00	Yes	Not Applicable
22	\$424,431.88	\$424,431.88	\$0.00	Yes	Not Applicable
23	\$411,192.48	\$0.00	\$0.00	No – Paid by Insurance	Claim should be removed from self-pay listing
24	\$411,059.69	\$0.00	\$0.00	No – Still an Active Claim	Claim should be removed from self-pay listing
25	\$401,342.08	\$0.00	\$0.00	No – Paid by the Patient	Claim should be removed from self-pay listing

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
26	\$358,543.76	\$0.00	\$0.00	No – Paid by Insurance	Claim should be removed from self-pay listing
27	\$352,295.13	\$352,295.13	\$0.00	Yes	Not Applicable
28	\$348,497.69	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
29	\$345,699.43	\$345,619.88	\$0.00	Yes	Not Applicable ²
30	\$344,607.02	\$343,277.02	\$0.00	Yes	An adjustment is needed to total charges
31	\$338,260.09	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
32	\$332,705.61	\$332,705.61	\$0.00	Yes	Not Applicable
33	\$331,929.75	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
34	\$326,207.02	\$326,207.02	\$0.00	Yes	Not Applicable
35	\$322,082.79	\$322,082.79	\$0.00	Yes	Not Applicable
36	\$320,137.21	\$0.00	\$0.00	No – Paid by Insurance	Claim should be removed from self-pay listing
37	\$317,660.36	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
38	\$317,037.24	\$317,037.24	\$0.00	Yes	Not Applicable
39	\$315,324.75	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
40	\$313,976.00	\$313,976.00	\$0.00	Yes	Not Applicable
41	\$310,441.64	\$310,362.09	\$0.00	Yes	Not Applicable ²
42	\$304,946.71	\$304,946.71	\$0.00	Yes	Not Applicable
43	\$302,084.81	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
44	\$297,234.72	\$296,604.72	\$0.00	Yes	An adjustment is needed to total charges
45	\$295,590.97	\$295,590.97	\$0.00	Yes	Not Applicable

² The difference between the originally reported total charges and the substantiated total charges based on account notes is immaterial, therefore, no adjustment is needed.

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
46	\$287,572.94	\$0.00	\$0.00	No – Not a Self-Pay Claim	Claim should be removed from self-pay listing
47	\$287,128.76	\$287,128.76	\$0.00	Yes	Not Applicable
48	\$286,133.83	\$286,133.83	\$0.00	Yes	Not Applicable
49	\$277,751.06	\$277,751.06	\$0.00	Yes	Not Applicable
50	\$277,666.26	\$277,666.26	\$0.00	Yes	Not Applicable
51	\$276,579.30	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
52	\$275,834.93	\$275,834.93	\$0.00	Yes	Not Applicable
53	\$271,461.53	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
54	\$264,248.16	\$264,248.16	\$0.00	Yes	Not Applicable
55	\$263,459.09	\$263,459.09	\$0.00	Yes	Not Applicable
56	\$258,265.94	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
57	\$254,750.61	\$0.00	\$0.00	No – Paid by Medical Assistance	Claim should be removed from self-pay listing
58	\$252,848.08	\$252,848.08	\$0.00	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, 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 – St. Luke’s Hospital – Bethlehem	156,300	156,337	Reporting Error
Total Inpatient Days – St. Luke’s Hospital – Sacred Heart	12,385	18,040	Reporting Error
Total Inpatient Days – St. Luke’s Hospital – Gnaden Huetten	21,948	21,490	Reporting Error

For FYE 6/30/21	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days – St. Luke’s Hospital – Bethlehem	5,468	5,468	Not Applicable
FFS Days – St. Luke’s Hospital – Sacred Heart	751	751	Not Applicable
FFS Days – St. Luke’s Hospital – Gnaden Huetten	638	638	Not Applicable

For FYE 6/30/21 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
St. Luke’s Hospital - Bethlehem			
Aetna Better Health PA	735	735	Not Applicable
AmeriHealth Caritas	7,827	7,827	Not Applicable
AmeriHealth Caritas PA	1,167	1,167	Not Applicable
Gateway Health Plan	4,384	4,384	Not Applicable
Geisinger GHP Family	1,347	1,347	Not Applicable
Health Partners	89	89	Not Applicable
Keystone First	474	474	Not Applicable
Northampton CO Magellan Medicaid	1,185	1,185	Not Applicable
Lehigh CO Magellan Medicaid	2,081	2,081	Not Applicable
Montgomery CO Magellan Medicaid	154	154	Not Applicable
United Community Families of PA	217	217	Not Applicable
United Community Kids	12	12	Not Applicable
United Community of PA	468	468	Not Applicable
UPMC Health Plan	736	736	Not Applicable
Bucks CO Magellan Medicaid	38	38	Not Applicable
Community Care Behavioral Health	1,120	1,120	Not Applicable
Amerigroup Community Care	67	67	Not Applicable

For FYE 6/30/21 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
St. Luke's Hospital – Bethlehem (Continued)			
AmeriHealth Caritas Community Healthchoice	800	800	Not Applicable
Keystone First Community Healthchoices	69	69	Not Applicable
PA Health and Wellness Community Healthchoice	259	259	Not Applicable
MISC Medicaid MCO	196	196	Not Applicable
Wellcare Medicaid	45	45	Not Applicable
Geisinger GHP Kids	3	3	Not Applicable
Delaware CO Magellan Medicaid	2	2	Not Applicable
St. Luke's Hospital – Sacred Heart			
Gateway Health Plan	69	69	Not Applicable
United Health Care Community Plan	9	9	Not Applicable
Keystone First	2	2	Not Applicable
Aetna Better Health	11	11	Not Applicable
UPMC Health Plan	11	11	Not Applicable
AmeriHealth Mercy	116	116	Not Applicable
Geisinger GHP Family	1	1	Not Applicable
Magellan	5,611	4,243	Changes in Payer Class
Community Care Behavioral Health	0	1,304	Changes in Payer Class
Amerigroup	0	10	Changes in Payer Class
Misc MCO	0	78	Changes in Payer Class
Wellcare	0	14	Changes in Payer Class
St. Luke's Hospital – Blue Mountain			
Aetna Better Health	115	115	Not Applicable
Geisinger GHP Family	359	359	Not Applicable
AmeriHealth Northeast MA	234	234	Not Applicable
Gateway Health Plan	40	40	Not Applicable
AmeriHealth Caritas	198	198	Not Applicable
Keystone First	7	7	Not Applicable
UPMC for You	11	0	Changes in Payer Class

For FYE 6/30/21 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
St. Luke's Hospital – Blue Mountain (Continued)			
Northampton CO Magellan Medicaid	628	628	Not Applicable
Bucks CO Magellan Medicaid	50	50	Not Applicable
Lehigh CO Magellan Medicaid	700	700	Not Applicable
Montgomery CO Magellan Medicaid	10	10	Not Applicable
United Community of PA	7	7	Not Applicable
Community Care Behavioral Health	1,631	1,631	Not Applicable
AmeriHealth Caritas Community Healthchoice	33	33	Not Applicable
Health Partners	1	0	Changes in Payer Class
PA Health and Wellness Community Healthchoice	4	4	Not Applicable
MISC Medicaid MCO	5	5	Not Applicable
UPMC Community Healthchoice	3	3	Not Applicable
Keystone First Community Healthchoices	8	8	Not Applicable

For FYE 6/30/21 OOS Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
St. Luke's Hospital – Bethlehem			
Delaware	3	7	No Overall Variance
Out of State	80	0	
Colorado	0	17	
Connecticut	0	2	
Maryland	0	1	
Mississippi	0	5	
Nevada	0	2	
South Carolina	0	3	
Texas	0	15	
Virginia	0	31	

For FYE 6/30/21 OOS Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
St. Luke's Hospital – Bethlehem (Continued)			
New Jersey	564	564	Not Applicable
New York	395	395	Not Applicable
St. Luke's Hospital – Sacred Heart			
New Jersey	127	155	Changes in Payer Class
New York	55	51	Changes in Payer Class
Other	25	0	No Overall Variance
Connecticut	0	17	
Florida	0	8	
St. Luke's Hospital – Blue Mountain			
New Jersey	27	72	Reporting Error
New York	8	8	Not Applicable
Out of State	7	0	Reporting Error
Connecticut	3	0	Reporting Error

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.

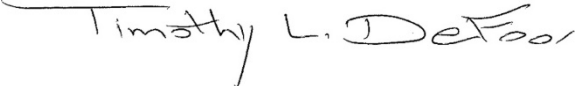
We are in the process of conducting engagements for all facilities that are potentially eligible for a 2024 Tobacco Settlement subsidy entitlement payment. After all the engagements are completed, we will prepare for DHS' use a report detailing the results of all of our engagements.

DHS will use 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 2024 Tobacco Settlement subsidy entitlement payment. DHS establishes the date that these payments will be distributed to all eligible hospitals.

As a reminder, this facility was to submit, by October 31, 2023, any 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 believed qualified as self-pay claims, and which had total charges above the facility's threshold of \$246,465.09; we refer to these types of claims as "additional claims." As of October 31, 2023, St. Luke's Hospital - Bethlehem submitted 14 additional claims. For those facilities that submitted additional claims, we will include the results of our procedures for these facilities' submitted additional claims data in individualized reports sent to each such respective hospital.

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,

Handwritten signature of Timothy L. DeFoor in black ink.

Timothy L. DeFoor
Auditor General

**ST. LUKE’S HOSPITAL - BETHLEHEM
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2024 TOBACCO SETTLEMENT PAYMENT DATA**

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