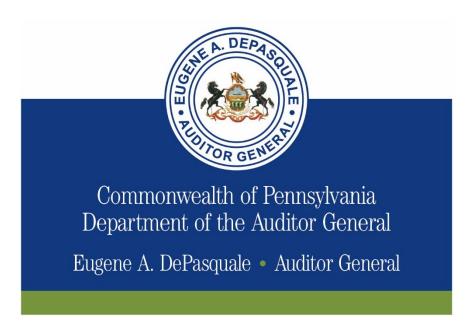
TOBACCO SETTLEMENT PROGRAM

Thomas Jefferson University Hospital Tobacco Settlement Payment Data Review Year 2020

September 2019





Commonwealth of Pennsylvania Department of the Auditor General Harrisburg, PA 17120-0018 Facebook: Pennsylvania Auditor General Twitter: @PAAuditorGen

EUGENE A. DEPASQUALE AUDITOR GENERAL

August 21, 2019

Mr. Neil Lubarksy Chief Financial Officer Thomas Jefferson University Hospital 111 South 11th Street Philadelphia, PA 19107

Re: Thomas Jefferson University Hospital

Dear Mr. Lubarsky:

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 the DHS, the Department of the Auditor General performed a review¹ of Thomas Jefferson University Hospital's 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, 2018 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 MA days as reported on its submitted MA-336 cost reports, if filed with DHS, for the fiscal year ended June 30, 2017.

The results of our review are as follows:

For Reported Claims:

Based on the PHC4 claims database for the fiscal year ended June 30, 2018, the facility reported 26 potentially eligible extraordinary expense claims, totaling \$10,878,876.53, for review. We attempted to review 17 of these reported claims, representing at least 80% of the hospital's total dollar value of reported claims. We could not determine whether these extraordinary expense claims met the criteria to qualify as extraordinary expense claims because the provider chose not to submit documentation because the facility historically had been paid under the uncompensated care calculation method. Since the facility did not submit any claims for review, the facility should not be eligible for payment under the extraordinary expense calculation method, regardless of whether any of the 26 reported claims meet the criteria to qualify as extraordinary expense claims based on the facility's self-review of these claims.

For MA Days:

For the total MA days for fiscal year ended June 30, 2017, our results are as follows:

For FYE 6/30/17	Originally	Substantiated	Explanation of
	Submitted Number	Number Based on	Difference
	of Days	Source Documents	
FFS Days	10,750	10,750	Not Applicable
HMO Days	37,361	37,361	Not Applicable
OOS Days	900	2,656	Reporting Error

DHS will use all substantiated number of days to calculate Thomas Jefferson University Hospital's eligibility to receive, and if deemed eligible, its subsidy entitlement under the uncompensated care method. As stated above, since the facility did not submit any claims documentation for review, the facility should not be eligible for payment under the extraordinary expense calculation method. 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 2020 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 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 Thomas Jefferson University Hospital chose to not submit any claims documentation for our review, the facility also waived 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, 2018, which the facility now believes qualify as self-pay claims, and which have total charges above Thomas Jefferson University Hospital - Philadelphia County - Tobacco Settlement Payment Data Review Year 2020's threshold of \$183,093.20.

We thank the staff of Thomas Jefferson University 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,

Eugene A. DePasquale

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Auditor General

THOMAS JEFFERSON UNIVERSITY HOSPITAL REPORT DISTRIBUTION 2020 TOBACCO SETTLEMENT PAYMENT DATA

This report was initially distributed to:

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HSPS

Bureau of Fiscal Management Department of Human Services

Mr. Neil Lubarsky

Chief Financial Officer

Thomas Jefferson University Hospital

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.