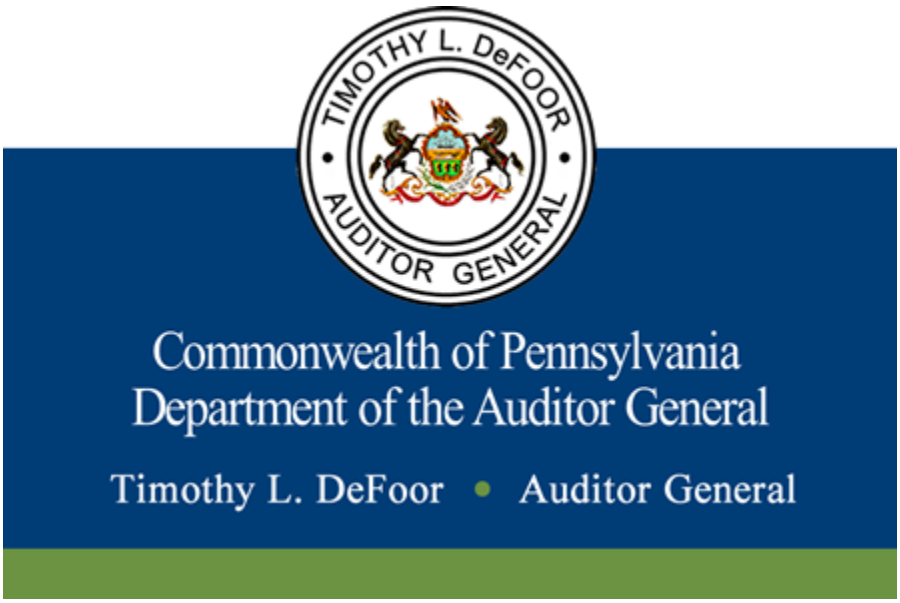
TOBACCO SETTLEMENT PROGRAM

Wellspan York Hospital
Tobacco Settlement Payment Data
Year 2023

August 2022



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

August 22, 2022

Ms. Laura Buczkowski
Chief Financial Officer
Wellspan Health
3350 Whiteford Road
Post Office Box 2767
York, Pennsylvania 17405

Re: Wellspan York Hospital

Dear Ms. Buczkowski:

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 Wellspan York 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 reported 39 potentially eligible extraordinary expense claims. The results of our procedures disclosed that 25 of the 39 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 25 of the 39 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	$733,587.65	$733,587.65	$0.00	Yes	Not Applicable
2	$659,897.02	$0.00	$0.00	No – Not the patient's responsibility	Claim should be removed from self-pay listing
3	$487,123.93	$0.00	$0.00	No – Paid by Medicare	Claim should be removed from self-pay listing
4	$449,088.64	$449,088.64	$89,817.72	Yes	Not Applicable
5	$309,275.25	$309,230.85	$61,775.68	Yes	An adjustment is needed to total charges
6	$282,938.85	$282,451.10	$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
7	$267,846.89	$267,846.89	$53,569.37	Yes	Not Applicable
8	$266,362.52	$265,895.52	$0.00	Yes	An adjustment is needed to total charges
9	$257,293.02	$0.00	$0.00	No – Paid by Medicaid	Claim should be removed from self-pay listing
10	$255,270.23	$0.00	$0.00	No – Paid by the Patient	Claim should be removed from self-pay listing
11	$249,640.83	$167,677.65	$0.00	Yes	An adjustment is needed to total charges
12	$213,051.33	$212,584.33	$0.00	Yes	An adjustment is needed to total charges
13	$211,479.02	$211,271.02	$42,087.80	Yes	An adjustment is needed to total charges
14	$204,627.25	$204,405.25	$0.00	Yes	An adjustment is needed to total charges
15	$200,072.51	$199,806.76	$0.00	Yes	An adjustment is needed to total charges
16	$195,800.62	$195,800.62	$0.00	Yes	Not Applicable
17	$195,018.50	$195,018.50	$0.00	Yes	Not Applicable
18	$180,634.14	$0.00	$0.00	No – Paid by the Patient	Claim should be removed from self-pay listing
19	$176,475.77	$0.00	$0.00	No – Not a self-pay claim	Claim should be removed from self-pay listing
20	$172,368.75	$172,103.00	$0.00	Yes	An adjustment is needed to total charges
21	$167,393.25	$0.00	$0.00	No – Paid by Insurance	Claim should be removed from self-pay listing
22	$158,645.75	$0.00	$0.00	No – Paid by Medicaid	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
23	$156,673.86	$0.00	$0.00	No – Paid by Medicaid	Claim should be removed from self-pay listing
24	$156,567.45	$156,567.45	$0.00	Yes	Not Applicable
25	$153,752.38	$153,530.38	$0.00	Yes	An adjustment is needed to total charges
26	$152,562.32	$152,095.32	$0.00	Yes	An adjustment is needed to total charges
27	$149,613.60	$149,146.60	$0.00	Yes	An adjustment is needed to total charges
28	$147,960.54	$147,493.54	$0.00	Yes	An adjustment is needed to total charges
29	$144,768.48	$0.00	$0.00	No – Still an active claim	Claim should be removed from self-pay listing
30	$140,245.21	$139,233.21	$0.00	Yes	An adjustment is needed to total charges
31	$140,150.47	$140,150.47	$17,939.26	Yes	Not Applicable
32	$138,108.45	$136,874.45	$0.00	Yes	An adjustment is needed to total charges
33	$136,910.48	$136,910.48	$0.00	Yes	Not Applicable
34	$136,390.35	$0.00	$0.00	No – Paid by Medicaid	Claim should be removed from self-pay listing
35	$136,133.84	$0.00	$0.00	No – Paid by Medicaid	Claim should be removed from self-pay listing
36	$133,498.60	$133,031.60	$0.00	Yes	An adjustment is needed to total charges
37	$133,096.26	$133,096.26	$26,619.25	Yes	Not Applicable
38	$132,224.55	$0.00	$0.00	No – Paid by Medicaid	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
39	$129,057.19	$0.00	$0.00	No – Paid by the Patient	Claim should be removed from self-pay listing

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	159,893	161,013	Reporting Error

For FYE 6/30/20	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	6,100	6,100	Not Applicable

For FYE 6/30/20 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
AmeriHealth Mercy	5,025	5,025	Not Applicable
Gateway Health Plan	5,204	5,204	Not Applicable
United Health Care	5,706	5,706	Not Applicable
Aetna Better Health	2,759	2,759	Not Applicable
UPMC	2,788	2,788	Not Applicable
Health Partners	27	27	Not Applicable
Keystone Mercy	16	16	Not Applicable
Priority Partners	244	-3	No overall variance[2]
Generic Medicaid	0	247	
Performcare	248	248	Not Applicable
Community Care Behavioral Health	5,175	5,175	Not Applicable
Magellan Behavioral Health	201	201	Not Applicable
PA Health & Wellness	132	132	Not Applicable

[2] There is no overall variance when comparing the submitted HMO days to the provider's supporting documentation, however, the supporting documentation included the breakdown between the vendors noted.

For FYE 6/30/20 OOS Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Delaware	24	24	Not Applicable
Maryland	104	104	Not Applicable
New Jersey	7	7	Not Applicable
New York	14	14	Not Applicable
Virginia	18	18	Not Applicable
West Virginia	2	2	Not Applicable
North Carolina	31	29	Reporting Error
Florida	8	8	Not Applicable
Connecticut	5	5	Not Applicable
Georgia	4	4	Not Applicable
Puerto Rico	0	6	Reporting Error
Iowa	0	4	Reporting Error
District of Columbia	0	3	Reporting Error
Wyoming	0	2	Reporting Error
Texas	0	-2	Reporting Error
Maine	0	2	Reporting Error
Unspecified State	0	83	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 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.

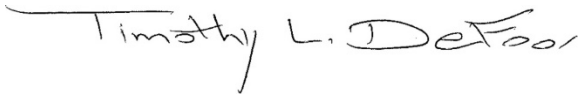
DHS will use each hospital's revised MA-336 Cost Report and PHC4 database to pull reported claims and number of days to calculate this facility's eligibility to receive, and if deemed eligible, its subsidy entitlement under both the extraordinary expense and uncompensated care methods. If eligible under 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 $125,434.60. 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

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 Wellspan Health 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,



Timothy L. DeFoor
Auditor General

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2023 TOBACCO SETTLEMENT PAYMENT DATA

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