

TOBACCO SETTLEMENT PROGRAM

Jefferson Health - Northeast Tobacco Settlement Payment Data Review Year 2021

May 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



**Commonwealth of Pennsylvania
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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

April 29, 2020

Mr. William J. Degnan
Vice President of Finance and Controller
Jefferson Health - Northeast
4900 Frankford Ave.
Philadelphia, PA 19124

Re: Jefferson Health-Northeast

Dear Mr. Degnan:

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 Jefferson Health - Northeast'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 23 potentially eligible extraordinary expense claims, totaling \$4,780,747.29, for review. We attempted to review these 23 reported claims, however, 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.

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	102,297	102,297	Not Applicable

For FYE 6/30/18	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	5,518	5,518	Not Applicable

For FYE 6/30/18 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Keystone Mercy	8,806	8,806	Not Applicable
Health Partners	7,071	7,071	Not Applicable
Aetna Better Health	1,044	1,044	Not Applicable
Americhoice	958	958	Not Applicable

For FYE 6/30/18 OOS Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Delaware	9	9	Not Applicable
Maryland	5	5	Not Applicable
New Jersey	25	25	Not Applicable

For FYE 6/30/18 OOS Days (Continued)	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
New York	14	14	Not Applicable
Ohio	7	7	Not Applicable
Other – North Carolina	57	57	Not Applicable
Other – Georgia	3	3	Not Applicable
Other - Oklahoma	5	5	Not Applicable

DHS will use the substantiated number of days to calculate this facility’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 documentation for review, the facility should not be eligible for payment under the extraordinary expense 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 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.

Since this facility chose to not submit any claims documentation for our review, the facility also waives 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 Jefferson Health - Northeast’s threshold of \$113,663.55.

We thank the staff of Jefferson Health - Northeast for the cooperation extended to us during the course of our review. If you have any questions, please feel free to contact the Bureau of Children and Youth Services Audits at 717-787-1159.

Sincerely,



Eugene A. DePasquale
Auditor General

**JEFFERSON HEALTH - NORTHEAST
REPORT DISTRIBUTION
2021 TOBACCO SETTLEMENT PAYMENT DATA**

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