

# TOBACCO SETTLEMENT PROGRAM

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## Physicians Care Surgical Hospital Tobacco Settlement Payment Data Review Year 2021

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May 2020



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

May 12, 2020

Mr. Joseph Urbani  
Regional Vice President of Financial Operations  
NueHealth  
309 Valley Road  
Havertown, PA 19083

Re: Physicians Care Surgical Hospital

Dear Mr. Urbani:

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 review<sup>1</sup> of Physicians Care Surgical Hospital'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

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<sup>1</sup> 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 did not have any potentially eligible extraordinary expense claims for review and, therefore, the facility is not eligible for payment under the extraordinary expense method for the 2021 Tobacco Settlement Payment Year unless, as detailed below, additional claims are submitted and deemed eligible.

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

We attempted to review the total inpatient days and total MA days for fiscal year ended June 30, 2018; however, we could not substantiate the originally submitted number of days because the provider chose to not submit documentation for review because historically the facility has never been eligible for a tobacco payment.

Since Physicians Care Surgical Hospital chose not to respond to our requests for documentation, the facility should not be eligible to receive a subsidy entitlement under either the extraordinary expense or the uncompensated care methods.

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.

Since this facility did not submit any 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 Physicians Care Surgical Hospital's threshold of \$84,984.86.

We thank the staff of NueHealth 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,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale  
Auditor General

**PHYSICIANS CARE SURGICAL HOSPITAL  
REPORT DISTRIBUTION  
2020 TOBACCO SETTLEMENT PAYMENT DATA**

This report was initially distributed to:

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**Mr. Joseph Urbani**  
Regional Vice President of Financial  
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NueHealth

**Ms. Jennifer Ryan**  
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