

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

ST. LUKE'S HEALTH NETWORK, INC. d/b/a)
ST. LUKE'S UNIVERSITY HEALTH)
NETWORK,)
801 Ostrum Street, Bethlehem, PA 18015;)

SAINT LUKE'S HOSPITAL OF BETHLEHEM,)
PENNSYLVANIA d/b/a ST. LUKE'S)
UNIVERSITY HOSPITAL – BETHLEHEM)
CAMPUS,)
801 Ostrum Street, Bethlehem, PA 18015;)

COMPLAINT -- CLASS ACTION

Civil Action No.:

ST. LUKE'S QUAKERTOWN HOSPITAL,)
1021 Park Avenue, Quakertown, PA 18951;)

JURY TRIAL DEMANDED

CARBON-SCHUYLKILL COMMUNITY)
HOSPITAL d/b/a ST. LUKE'S MINERS)
MEMORIAL HOSPITAL,)
360 West Ruddle Street, Coaldale, PA 18218;)

BLUE MOUNTAIN HOSPITAL d/b/a ST.)
LUKE'S HOSPITAL – PALMERTON CAMPUS,)
135 Lafayette Avenue, Palmerton, PA, 18071;)

Individually and on behalf of all others similarly)
situated,)

Plaintiffs,

v.

LANCASTER GENERAL HOSPITAL,)
555 North Duke Street, Lancaster, PA 17602;)

LANCASTER GENERAL HEALTH,)
555 North Duke Street, Lancaster, PA 17602;)

UNIVERSITY OF PENNSYLVANIA HEALTH)
SYSTEM,)
3451 Walnut Street, Philadelphia, PA 19104;)

(caption continued on next page)

TRUSTEES OF THE UNIVERSITY OF)
PENNSYLVANIA,)
3451 Walnut Street, Philadelphia, PA 19104;)
)
JOHN DOE 1,)
555 North Duke Street, Lancaster, PA 17602;)
)
and JOHN DOE 2,)
555 North Duke Street, Lancaster, PA 17602.)
)
)
Defendants.)

Plaintiffs ST. LUKE'S HEALTH NETWORK, INC. d/b/a ST. LUKE'S UNIVERSITY HEALTH NETWORK; SAINT LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA d/b/a ST. LUKE'S UNIVERSITY HOSPITAL – BETHLEHEM CAMPUS; ST. LUKE'S QUAKERTOWN HOSPITAL; CARBON-SCHUYLKILL COMMUNITY HOSPITAL d/b/a ST. LUKE'S MINERS MEMORIAL HOSPITAL; and BLUE MOUNTAIN HOSPITAL d/b/a ST. LUKE'S HOSPITAL – PALMERTON CAMPUS, individually and on behalf of all others similarly situated, by and through their undersigned counsel, Cooper & Kirk, PLLC and Webber McGill LLC, file the within Class Action Complaint, and in support thereof, Plaintiffs aver as follows:

NATURE OF THE ACTION

1. This case is about a scheme to dupe Pennsylvania officials into misdirecting millions of dollars from a pot of money that is supposed to help hospitals across the Commonwealth cover the cost of charity medical care they provide to some of the Commonwealth's sickest uninsured citizens.

2. Over the span of at least five fiscal years—Fiscal Years 2008 through 2012—Defendants Lancaster General Hospital, Lancaster General Health, the University of Pennsylvania

Health System, and the Trustees of the University of Pennsylvania (collectively, “Lancaster General”), by and through their employees, John Doe 1 and John Doe 2, submitted hundreds of inaccurate and overstated claims to the Pennsylvania government’s Extraordinary Expense Program (“the EE Program”), a program that maintains funds to compensate hospitals for their charity care.

3. The scale and scope of this scheme is astonishing. The Pennsylvania Auditor General has found that from Fiscal Years 2010 through 2012, about 75% of all claims that Lancaster General submitted to the EE Program were invalid. By comparison, only about 10% of the claims submitted by all other hospitals combined were invalid. Put differently, Lancaster General submitted invalid claims at a rate 7.5 times higher than other hospitals.

4. By submitting massive numbers of invalid and overstated claims on behalf of Lancaster General, John Doe 1 and John Doe 2 unlawfully diverted millions of dollars that should have been paid to the Plaintiffs and the Plaintiff Class. John Doe 1 and John Doe 2 knew that Lancaster General’s claims were grossly inflated but nevertheless continued to submit them even after being called out by the Auditor General. For years, these fraudulent claims were transmitted to the Commonwealth over the Internet, and each transmission constituted an act of wire fraud under 18 U.S.C. § 1343. Together, these multiple acts of wire fraud formed a “pattern of racketeering activity” under 18 U.S.C. § 1962(c).

5. The EE Program is not a bottomless pot of money. In fact, just the opposite is true. There has typically not been enough money in the fund to pay for all the extraordinary expense claims that hospitals submitted to the Commonwealth. And so, each hospital has been apportioned a pro rata share of the limited amount of money in the EE Program, payable according to each hospital’s claimed share of the total extraordinary expense claims incurred in Pennsylvania each

year. Because Defendants submitted a shocking number of incorrect and overstated extraordinary expense claims, Lancaster General was paid far in excess of its pro rata share. This means that other hospitals—specifically, the named Plaintiffs and the Plaintiff Class—were underpaid their pro rata share and thereby injured in their business and property.

6. From Fiscal Year 2010 through Fiscal Year 2012, Lancaster General was overpaid nearly \$9 million from the EE Program. Given that only about \$32.5 million in EE Program funds were distributed to hospitals during those three years, this means that *more than one out of every four dollars* disbursed during the relevant time period was improperly disbursed to Lancaster General. This also means that the Plaintiffs and the Plaintiff Class were undercompensated by nearly \$9 million during those years.

7. Unsurprisingly, Lancaster General has already effectively admitted that it would work a serious injustice for it to retain the millions of dollars in overpayments that it has received for Fiscal Years 2010 through 2012. Lancaster General was *also* overpaid millions of dollars for Fiscal Years 2008 and 2009, because it *also* submitted massive amounts of incorrect and overstated claims during those years. But Lancaster General later complied with the Commonwealth's instruction to return the money it was improperly overpaid during those two fiscal years, so that the money could be redistributed to hospitals that were underpaid. Lancaster General did not bring a legal challenge or otherwise question the legality of the Commonwealth's instruction that it repay its ill-gotten funds. Moreover, Lancaster General has for years maintained the millions of dollars in overpayment that are at issue in this case—i.e., the overpayments received for Fiscal Years 2010 through 2012—as a reserve on its financial books, set aside for later redistribution.

8. Pennsylvania's Auditor General, who oversees the Extraordinary Expense Program, has already concluded, in a number of reports issued across several years, that Lancaster

General submitted huge numbers of incorrect and overstated claims and has been massively overcompensated under the EE Program. The Auditor General's meticulous reports identify, for all of the fiscal years relevant to this case, the precise amount by which Lancaster General was overpaid each year, and the precise amount by which Plaintiffs and the Plaintiff Class were underpaid each year.

9. Nevertheless, Lancaster General has refused to repay the millions of dollars in ill-gotten funds it has received from the public fisc as a consequence of the hundreds of invalid and overstated extraordinary expense claims its employees submitted for Fiscal Years 2010 through 2012. In other words, Defendants are intent upon enriching themselves to the tune of millions of dollars, at the expense of Pennsylvania's neediest citizens and the hospitals that provide charity care to those citizens.

10. Plaintiffs thus bring this class action complaint, on behalf of themselves and all others similarly situated, alleging claims under the Racketeer Influenced and Corrupt Organizations Act ("RICO") as well as claims under Pennsylvania law for unjust enrichment, money had and received, and constructive trust. Plaintiffs ask this Court to award them and the Plaintiff Class treble damages, attorneys' fees, and the other relief to which they are entitled under federal and state law.

JURISDICTION AND VENUE

11. This Court has subject matter jurisdiction over Plaintiffs' RICO claims under 18 U.S.C. § 1964(c) and 28 U.S.C. § 1331. This Court has subject matter jurisdiction over Plaintiffs' state law claims under 28 U.S.C. § 1367.

12. Venue is proper in this Court under 18 U.S.C. § 1391(b) and 18 U.S.C. § 1965(a) because at least one Defendant resides in this district and all Defendants are residents of

Pennsylvania; Defendants transact their affairs in this district; a substantial portion of the events giving rise to this suit occurred in this district; a substantial part of property that is the subject of this action is situated in this district; and at least one Defendant is subject to personal jurisdiction with respect to this case.

PARTIES

13. Plaintiff ST. LUKE'S HEALTH NETWORK, INC. d/b/a ST. LUKE'S UNIVERSITY HEALTH NETWORK ("St. Luke's University Health Network" or "St. Luke's") is a non-profit corporation comprised of ten hospitals, a regional medical school campus, the nation's longest continuously operating nursing school, the largest hospital-based EMS service in Pennsylvania, more than 1,400 physicians and providers, numerous primary and specialist care sites, and various outpatient testing and service facilities. St. Luke's is headquartered and has its principal place of business in Bethlehem, Pennsylvania. St. Luke's brings this case individually and on behalf of all others similarly situated.

14. Plaintiff SAINT LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA d/b/a ST. LUKE'S UNIVERSITY HOSPITAL – BETHLEHEM CAMPUS ("St. Luke's Bethlehem") is a non-profit corporation and a member of the St. Luke's University Health Network. St. Luke's Bethlehem is headquartered and has its principal place of business in Bethlehem, Pennsylvania. St. Luke's Bethlehem brings this case individually and on behalf of all others similarly situated.

15. Plaintiff ST. LUKE'S QUAKERTOWN HOSPITAL ("St. Luke's Quakertown") is a non-profit corporation and a member of the St. Luke's University Health Network. St. Luke's Quakertown is headquartered and has its principal place of business in Quakertown, Pennsylvania. St. Luke's Quakertown brings this case individually and on behalf of all others similarly situated.

16. Plaintiff CARBON-SCHUYLKILL COMMUNITY HOSPITAL d/b/a ST. LUKE'S MINERS MEMORIAL HOSPITAL ("St. Luke's Miners") is a non-profit corporation and a member of the St. Luke's University Health Network. St. Luke's Miners is headquartered and has its principal place of business in Coaldale, Pennsylvania. St. Luke's Miners brings this case individually and on behalf of all others similarly situated.

17. Plaintiff BLUE MOUNTAIN HOSPITAL d/b/a ST. LUKE'S HOSPITAL – PALMERTON CAMPUS ("St. Luke's Palmerton") is a non-profit corporation and a member of the St. Luke's University Health Network. St. Luke's Palmerton is headquartered and has its principal place of business in Palmerton, Pennsylvania. St. Luke's Palmerton brings this case individually and on behalf of all others similarly situated.

18. Defendant LANCASTER GENERAL HOSPITAL ("Lancaster General Hospital") is a corporation that is part of Lancaster General Health/Penn Medicine, a member of the University of Pennsylvania Health System. Lancaster General Hospital is headquartered and has its principal place of business in Lancaster, Pennsylvania.

19. Defendant LANCASTER GENERAL HEALTH ("Lancaster General Health") is a corporation that is a member of the University of Pennsylvania Health System. Lancaster General Health's network encompasses Lancaster General Hospital. Lancaster General Health is headquartered and has its principal place of business in Lancaster, Pennsylvania.

20. Defendant UNIVERSITY OF PENNSYLVANIA HEALTH SYSTEM ("Penn Medicine") is a medical entity that oversees and operates multiple hospitals and medical facilities in Pennsylvania, including Lancaster General Hospital and Lancaster General Health. Penn Medicine is a division of the Trustees of the University of Pennsylvania. Penn Medicine is headquartered in and has its principal place of business in Philadelphia, Pennsylvania.

21. Defendant TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA (“University of Pennsylvania”) is a corporation that owns and operates Penn Medicine, Lancaster General Hospital, and Lancaster General Health. The University of Pennsylvania is headquartered in and has its principal place of business in Philadelphia, Pennsylvania.

22. Defendant JOHN DOE 1 is an employee of Lancaster General who developed and oversaw implementation of the fraudulent claims submission policy that is the subject of this lawsuit.

23. Defendant JOHN DOE 2 is an employee of Lancaster General who implemented the fraudulent claims submission policy by submitting the fraudulent claims to the Department and the Commonwealth of Pennsylvania via the wires.

FACTS

The Tobacco Settlement Act’s Extraordinary Expense Program.

24. In November 1998, Pennsylvania and 45 other States entered into the “Master Settlement Agreement” with some of the nation’s largest cigarette manufacturers. The Master Settlement Agreement released the cigarette manufacturers from claims regarding the advertising, marketing, and promotion of cigarettes in exchange for about \$206 billion over 25 years. These payments were designed in part to allow the States to recover the massive amounts of tobacco-related health care costs they would have to incur in the coming years.

25. In June 2001, the Pennsylvania General Assembly enacted the Tobacco Settlement Act, P.L. 755, No. 77, *as amended*, 35 PA. CONS. STAT. § 5701.101 *et seq.* (“the Act”), to allocate Pennsylvania’s share of the Master Settlement Agreement funds. We refer to this money as the “Tobacco Settlement Fund.” Pursuant to the Act, Pennsylvanians decided to allocate the Commonwealth’s Tobacco Settlement Fund to hospitals that provide charity care. The Act’s

purpose was to offset the losses that these hospitals regularly incurred when they provided this charity care to Pennsylvania's neediest citizens.

26. The Act established two programs to allocate the Tobacco Settlement Fund: the Hospital Uncompensated Care Program ("the UC Program"), and the Hospital Extraordinary Expenses Program ("the EE Program"). The UC Program receives 85% of the funding, while the EE Program receives the remaining 15% of the funding. 35 PA. CONS. STAT. § 5701.1106(b).

27. The UC Program provides compensation to hospitals that meet certain statutory criteria, including that they accept all individuals regardless of their ability to pay for emergent medically necessary services. 35 PA. CONS. STAT. § 5701.1104(b)(1). The UC Program is not at issue in this case.

28. This case is about recipients of funds under the EE Program, which makes funds available to reimburse hospitals that do not receive funds pursuant to the UC program. The EE Program reimburses these hospitals for "extraordinary expenses" they incur when they treat persons without health insurance, such as high cost trauma patients. The Act defines "extraordinary expenses" as the cost of hospital inpatient services provided to an uninsured patient which exceeds twice the hospital's average cost per stay for all patients. 35 PA. CONS. STAT. § 5701.1102.

29. The Act specifies how EE Program funds must be distributed to participating hospitals. The Act states that the payment to participating hospitals shall equal the lesser of: (1) the hospital's extraordinary expenses or (2) the prorated amount of each hospital's percentage of extraordinary expense costs as compared to all eligible hospitals' extraordinary expense costs, as applied to the total funds available in the Hospital Extraordinary Expense Program for the fiscal year. 35 PA. CONS. STAT. § 5701.1105(d).

30. Hospitals submit their extraordinary expense data through an Internet portal to the Pennsylvania Health Care Cost Containment Council (“the PHC4” or “the Council”). Hospitals have an opportunity to submit claims on a quarterly basis, and then they may adjust their claims for accuracy about 18 months after their final quarterly submission for a given fiscal year.

31. The Act prohibits hospitals from submitting invalid or overstated extraordinary expense claims, from being compensated for invalid or overstated extraordinary expense claims, and from receiving or retaining more money from the EE Program than the hospital is entitled to receive or retain under the Act. The Act further states that in no case shall payments to a hospital under the statute exceed the aggregate cost of services furnished to patients with extraordinary expenses.

32. The EE Program is overseen by the Pennsylvania Department of Human Services and formerly by its predecessor the Department of Public Welfare (collectively, “the Department”) and by the Pennsylvania Auditor General (“the Auditor General”). The Department allocates funds pursuant to the EE Program, and the Auditor General reviews the accuracy of those allocations. During some past fiscal years, the Department used the results of the Auditor General’s report to claw back and redistribute funds that were incorrectly overpaid to Lancaster General and other hospitals.

33. The Department’s duties include, *inter alia*, the administration of the EE Program; the collection of data necessary to administer the EE Program, including but not limited to data from the Council; and the duty to contact the appropriate data source if there is missing data or there is a need to obtain any other necessary information.

Total Payments Made Under the EE Program.

34. For Fiscal Years 2010 through 2012, the total amount of extraordinary expenses claimed by participating hospitals exceeded the total funds available in the EE Program. For example, for Fiscal Year 2011, 67 hospitals submitted extraordinary expense claims totaling about \$14 million, but the Department had less than \$11 million to allocate under the EE Program that year.

35. Because the EE Program was initially “oversubscribed” in each of these years, if one hospital entered invalid or inflated extraordinary expense claims, that hospital would receive an unjustly high proportion of the EE Program funds. This necessarily means that other hospitals—those hospitals that did not enter incorrect or overstated extraordinary expense claims—would receive less money than they are entitled to under the Act. For example, if Hospital A incorrectly claimed \$8 million in extraordinary expenses when it had in fact incurred only \$1 million in extraordinary expenses, Hospital A would be over-compensated. Hospitals B, C, and D, which correctly reported the amount of their extraordinary expense claims, would receive substantially less than the pro rata share they are entitled to under the Act.

36. Across Fiscal Years 2010 through 2012, the Department made payments of about \$32.5 million to Pennsylvania hospitals pursuant to the EE Program.

37. For Fiscal Year 2010, in November 2010, the Department distributed \$13,280,546 in extraordinary expense payments to 70 hospitals, based on 789 extraordinary expense claims submitted for the period July 1, 2007 to June 30, 2008. However, as concluded by a later audit of the Pennsylvania Auditor General, only 489 of those claims—or 62% of all claims—were allowable, while an additional 47 claims not included in the Department’s database were allowable. The Auditor General determined that the Department made a net overpayment of

\$859,496. The Auditor General also determined that 54 hospitals were underpaid a total of \$4,727,010, and 16 hospitals were overpaid a total of \$5,586,506. *See* EUGENE A. DEPASQUALE, PENNSYLVANIA AUDITOR GENERAL, SUMMARY REPORT ON THE RESULTS OF THE INDIVIDUAL REVIEWS OF 70 HOSPITALS RECEIVING EXTRAORDINARY EXPENSE TOBACCO FUND PAYMENTS AND 94 HOSPITALS RECEIVING UNCOMPENSATED CARE TOBACCO FUND PAYMENTS FROM THE DEPARTMENT OF PUBLIC WELFARE IN NOVEMBER 2010 (May 23, 2014) (attached as Exhibit A).

38. For Fiscal Year 2011, in November 2011, the Department distributed \$10,911,974 in extraordinary expense payments to 68 hospitals, based on 486 extraordinary expense claims submitted for the period July 1, 2008 to June 30, 2009. However, as concluded by a later audit of the Pennsylvania Auditor General, only 387 of those claims—or 80% of all claims—were allowable, while an additional 50 claims not included in the Department’s database were allowable. The Auditor General determined that the Department made a net overpayment of \$855,649. The Auditor General also determined that 46 hospitals were underpaid a total of \$1,941,963, and 22 hospitals were overpaid a total of \$2,797,612. *See* EUGENE A. DEPASQUALE, PENNSYLVANIA AUDITOR GENERAL, HOSPITALS’ SUBSIDY ENTITLEMENT TO EXTRAORDINARY EXPENSE AND UNCOMPENSATED CARE PAYMENTS RECEIVED FROM THE DEPARTMENT OF PUBLIC WELFARE IN NOVEMBER 2011 (Oct. 2, 2014) (attached as Exhibit B).

39. For Fiscal Year 2012, in August 2012, the Department distributed \$8,462,497 in extraordinary expense payments to 66 hospitals, based on 800 extraordinary expense claims submitted for the period July 1, 2009 to June 30, 2010. However, as concluded by a later audit of the Pennsylvania Auditor General, only 586 of those claims—or 73% of all claims—were allowable, while an additional 29 claims not included in the Department’s database were allowable. The Auditor General determined that 48 hospitals were underpaid a total of \$2,090,989,

and that 18 hospitals were overpaid by that same amount. *See* EUGENE A. DEPASQUALE, PENNSYLVANIA AUDITOR GENERAL, HOSPITALS' SUBSIDY ENTITLEMENT TO EXTRAORDINARY EXPENSE AND UNCOMPENSATED CARE PAYMENTS RECEIVED FROM THE DEPARTMENT OF HUMAN SERVICES IN AUGUST 2012 (Apr. 15, 2015) (attached as Exhibit C).

40. The following table summarizes the total payments actually made pursuant to the EE Program from Fiscal Year 2010 through Fiscal Year 2012:

	2010	2011	2012
Participating Hospitals	70	68	66
Amount Paid by DHS (\$M)	\$13.3	\$10.9	\$8.5
Overpaid Hospitals	16	22	18
Amount Overpaid (\$M)	\$5.6	\$2.8	\$2.1
Underpaid Hospitals	54	46	48
Amount Underpaid	\$4.7	\$1.9	\$2.1
Net Overpayment (\$M)	\$0.9	\$0.9	--

Defendants Massively Inflate Lancaster General's Extraordinary Expense Claims.

41. This case is about Defendants' years-long practice of submitting massively inflated extraordinary expense claims. As a consequence of these invalid extraordinary expense claims, Lancaster General has been unjustly enriched by about \$9 million from the EE Program for Fiscal Years 2010 through 2012. Put differently, more than 25% of all moneys distributed from the EE Program over these three years were wrongfully and unlawfully allocated to Lancaster General rather than Plaintiffs and the Plaintiff Class.

42. For Fiscal Year 2008, Lancaster General Hospital: (a) submitted on or about November 30, 2005, claims for payments based on claims from July 1 to September 30, 2005; (b) submitted on or about February 28, 2006, claims for payments based on claims from October 1 to December 31, 2005; (c) submitted on or about May 31, 2006, claims for payments based on claims from January 1 to March 31, 2006; (d) submitted on or about August 31, 2006, claims for payments based on claims from April 1 to June 30, 2006; and (e) submitted its annual verification of these claims on or about February 10, 2008.

43. Sometime before March 2008, John Doe 1, an employee at Lancaster General, developed a plan whereby the hospital would pad the claims it submitted to the Commonwealth through the PHC4 Internet portal and thereby secure for Lancaster General more than its lawful funding under the EE Program. To that end, on or around February 10, 2008, as well as during the quarterly submission dates for Fiscal Year 2008 identified above, John Doe 1 instructed John Doe 2—another Lancaster General employee—to prepare and submit through the PHC4 portal materials purporting to show that, during Fiscal Year 2008, Lancaster General Hospital was entitled to \$2.8 million under the EE Program. A July 26, 2010 report by the Auditor General would later reveal that for Fiscal Year 2008 Lancaster General Hospital was entitled to less than half that amount, or only \$1.1 million from the EE Program. John Doe 1 and John Doe 2 knew that the Fiscal Year 2008 submissions were false, and each transmission of information over the Internet through the PHC4 portal for Fiscal Year 2008 constituted a separate act of wire fraud under 18 U.S.C. § 1343.

44. For Fiscal Year 2009, Lancaster General Hospital: (a) submitted on or about November 30, 2006, claims for payments based on claims from July 1 to September 30, 2006; (b) submitted on or about February 28, 2007, claims for payments based on claims from October

1 to December 31, 2006; (c) submitted on or about May 31, 2007, claims for payments based on claims from January 1 to March 31, 2007; (d) submitted on or about August 31, 2007, claims for payments based on claims from April 1 to June 30, 2007; and (e) submitted its annual verification of these claims on or about February 10, 2009.

45. John Doe 1 and John Doe 2 were again responsible for misrepresentations made to the Commonwealth through submissions on the PHC4 Internet portal for Fiscal Year 2009. On or about February 10, 2009, as well as during the quarterly submission dates for Fiscal Year 2009 identified above, John Doe 1 instructed John Doe 2 to prepare and submit through the PHC4 portal materials purporting to show that during the relevant period Lancaster General Hospital had incurred total costs qualifying for reimbursement under the EE Program of over \$7.9 million. A February 16, 2012 report by the Auditor General would later determine that Lancaster General Hospital had only \$1.3 million in qualifying expenses. In other words, the 2009 Fiscal Year submission prepared by John Doe 1 and John Doe 2 falsely represented that Lancaster General Hospital incurred roughly *six times* more in qualifying extraordinary expenses than it had actually incurred. As a result of this misrepresentation, Lancaster General Hospital received nearly \$2.9 million from the EE Program that should have been distributed to Plaintiffs and other members of the Plaintiff Class in Fiscal Year 2009. The transmission of each of the fraudulent Fiscal Year 2009 submissions over the Internet by John Doe 1 and John Doe 2 was a separate act of wire fraud under 18 U.S.C. § 1343.

46. In sum, by and through John Doe 1 and John Doe 2, Lancaster General submitted massive amounts of invalid or overstated extraordinary expense claims for Fiscal Years 2008 and 2009, resulting in millions of dollars of overcompensation. For Fiscal Year 2008, Lancaster General was overpaid \$1.7 million, representing 62% of the \$2.8 million in overpayments made

that year. For Fiscal Year 2009, Lancaster General was overpaid \$2.9 million, representing 73% of the \$3.9 million in overpayments that year. The Commonwealth ultimately ordered Lancaster General to repay excess sums it collected under the EE Program for Fiscal Years 2008 and 2009. But, as detailed below, John Doe 1 and John Doe 2 continued to submit fraudulent claims to the Commonwealth for Fiscal Years 2010, 2011, and 2012. Lancaster General has not repaid the excess sums it received from the EE Program during Fiscal Years 2010, 2011, and 2012.

47. For Fiscal Year 2010, Lancaster General Hospital: (a) submitted on or about November 30, 2007, claims for payments based on claims from July 1 to September 30, 2007; (b) submitted on or about February 29, 2008, claims for payments based on claims from October 1 to December 31, 2007; (c) submitted on or about May 31, 2008, claims for payments based on claims from January 1 to March 31, 2008; (d) submitted on or about August 31, 2008, claims for payments based on claims from April 1 to June 30, 2008; and (e) submitted its annual verification of these claims on or about February 10, 2010.

48. On or about February 10, 2010, as well as during the quarterly submission dates for Fiscal Year 2010 identified above, John Doe 1 instructed John Doe 2 to prepare and submit through the PHC4 portal Lancaster General Hospital's Fiscal Year 2010 EE program claims. These submissions represented that during the relevant period Lancaster General Hospital had 297 qualifying claims for which it incurred almost \$11 million in expenses. For Fiscal Year 2010, Lancaster General Hospital's claimed expenses represented 46.7% of all qualifying expenses claimed by all hospitals—a figure that shows that the submission was so grossly inflated that those who prepared it knew or should have known it was false. A May 23, 2014 report by the Auditor General reveals that in fact only 51 of those claims were qualifying claims, and that Lancaster General Hospital should have received only \$1.3 million for Fiscal Year 2010. As a result of these

misrepresentations, Lancaster General Hospital received roughly \$4.9 million from the EE Program that should have been distributed to Plaintiffs and other members of the Plaintiff Class in Fiscal Year 2010. Each of the fraudulent Fiscal Year 2010 transmissions sent over the Internet by John Doe 1 and John Doe 2 was a separate act of wire fraud under 18 U.S.C. § 1343.

49. For Fiscal Year 2011, Lancaster General Hospital: (a) submitted on or about November 30, 2008, claims for payments based on claims from July 1 to September 30, 2008; (b) submitted on or about February 28, 2009, claims for payments based on claims from October 1 to December 31, 2008; (c) submitted on or about May 31, 2009, claims for payments based on claims from January 1 to March 31, 2009; (d) submitted on or about August 31, 2009, claims for payments based on claims from April 1 to June 30, 2009; and (e) submitted its annual verification of these claims on February 10, 2011.

50. On or about February 10, 2011, as well as during the quarterly submission dates for Fiscal Year 2011 identified above, John Doe 1 instructed John Doe 2 to prepare and submit still more fraudulent EE Program reimbursement requests through the PHC4 portal. The Fiscal Year 2011 submissions claimed that Lancaster General Hospital had 111 qualifying claims for which it had incurred more than \$4.6 million in expenses. But an October 2, 2014 report by the Auditor General shows that in fact only 31 of those claims were qualifying claims, and that Lancaster General Hospital should have received only about \$1.2 million in Fiscal Year 2011. The falsehoods in the Fiscal Year 2011 induced the Commonwealth to disburse almost \$2.4 million to Lancaster General Hospital that should have been paid to Plaintiffs and other members of the Plaintiff Class in Fiscal Year 2011. The transmissions of the fraudulent Fiscal Year 2011 submissions over the Internet by John Doe 1 and John Doe 2 were acts of wire fraud under 18 U.S.C. § 1343.

51. For Fiscal Year 2012, Lancaster General Hospital: (a) submitted on or about November 30, 2009, claims for payments based on claims from July 1 to September 30, 2009; (b) submitted on or about February 28, 2010, claims for payments based on claims from October 1 to December 31, 2009; (c) submitted on or about May 31, 2010, claims for payments based on claims from January 1 to March 31, 2010; (d) submitted on or about August 31, 2010, claims for payments based on claims from April 1 to June 30, 2010; and (e) submitted its annual verification of these claims on February 9, 2012.

52. On or about February 9, 2012, as well as during the quarterly submission dates for Fiscal Year 2012 identified above, John Doe 1 instructed John Doe 2 to prepare and submit through the PHC4 portal additional fraudulent EE Program reimbursement requests. These submissions stated that Lancaster General Hospital had 188 qualifying claims for Fiscal Year 2012 for which it incurred expenses of over \$8 million. But an April 15, 2015 report by the Auditor General revealed that in fact only 58 of those claims were qualifying claims, and that Lancaster General Hospital should have received only \$1.1 million in Fiscal Year 2012. As a result of the misrepresentations in the Fiscal Year 2012 submissions, Lancaster General Hospital received over \$1.5 million from the EE Program that should have been distributed to Plaintiffs and other members of the Plaintiff Class. The transmissions of the fraudulent Fiscal Year 2012 submissions over the Internet by John Doe 1 and John Doe 2 were acts of wire fraud under 18 U.S.C. § 1343.

53. As detailed above, John Doe 1 and John Doe 2 engaged in a years-long practice of submitting invalid and inflated EE Program reimbursement requests to the Commonwealth. For example, they submitted claims on behalf of Lancaster General Hospital for service that was not provided to an uninsured patient and that did not exceed twice the hospital's average cost per stay for all patients. These claims were invalid or overstated for a number of reasons including that the

patients were not in fact uninsured, the cost of service did not exceed the hospital's actual average cost per stay for all patients, Lancaster General Hospital received partial or total compensation for the care, and Lancaster General Hospital never even provided the care that they claimed to have provided in their claims submissions. Lancaster General Hospital's actual pro rata share of submitted, qualified claims was far smaller than the share used in the Department's initial distribution.

54. From Fiscal Year 2010 through Fiscal Year 2012, Lancaster General Hospital submitted a total of 596 claims under the EE Program, or about 30% of all extraordinary expense claims submitted by all approximately 100 hospitals across that three-year period. Fully 456 of Lancaster General Hospital's claims were rejected as invalid by the Auditor General, which means that more than 75% of all the claims they submitted were invalid. In other words, the overwhelming majority of claims they submitted were invalid. By contrast, only 157 of the 1,479 claims submitted by *all other hospitals combined*—or about 10% of other hospitals' claims—were invalid. Lancaster General thus submitted invalid claims at a rate 7.5 times higher than all other hospitals.

55. The circumstances surrounding Lancaster General's EE Program reimbursement requests make plain that John Doe 1 and John Doe 2 knew that they were making false representations. Even after the Auditor General released a report on July 26, 2010 that revealed that Lancaster General Hospital's reimbursement request for Fiscal Year 2008 was grossly inflated, John Doe 1 and John Doe 2 continued to transmit inaccurate claims and expense data to the Commonwealth for two additional fiscal years. Moreover, Lancaster General had 18 months or more to confirm the accuracy and reconcile its claims before submitting its annual verification for any particular year, yet Lancaster General failed to correct the false and fraudulent submissions for which John Doe 1 and John Doe 2 were responsible.

56. The fraudulent intent of John Doe 1 and John Doe 2 is further demonstrated by the fact that Lancaster General submitted invalid or overstated claims for reimbursement that far outpaced the false-claim rate for other hospitals. The massive amounts by which Lancaster General was overcompensated demonstrate that John Doe 1 and John Doe 2 deliberately engaged in a scheme, lasting at least during the submission periods for Fiscal Years 2008 through 2012, to submit extraordinary expense claims, knowing they were false. The aim of this scheme was to defraud the Department, the Auditor General, the PHC4, the citizens of Pennsylvania, and Plaintiffs and the Plaintiff Class—i.e., the dozens of law-abiding hospitals that provide care to Pennsylvania's neediest citizens. Indeed, Lancaster General's own in-house finance department has admitted that the hospital was systematically overpaid.

57. Defendants' scheme caused Lancaster General to be massively overcompensated under the EE Program. Between 2010 and 2012, Lancaster General was paid about \$12.4 million under the EE Program, but in fact it should have been paid only about \$3.6 million, or less than 30% of what it was actually paid. Lancaster was overpaid roughly \$8.8 million over those three fiscal years.

58. The overpayments to Lancaster General and underpayments to Plaintiffs and the Plaintiff Class were made over the interstate wires by the Department on or about the following dates: November 29, 2010, for Fiscal Year 2010; November 14, 2011, for Fiscal Year 2011; and August 27, 2012, for Fiscal Year 2012. Each of these transmissions constituted wire fraud because they were an integral part of the scheme by John Doe 1 and John Doe 2 to defraud the EE Program and deprive the named Plaintiffs and the Plaintiff Class of funds to which they were entitled. Each of these transmissions was made from the Department to Lancaster General Hospital.

59. The following table identifies, for Fiscal Year 2010 through Fiscal Year 2012, (1) the number of claims Defendants submitted under the EE program, (2) the number of its claims that were rejected, (3) the amount of extraordinary expense claims requested by Defendants, (4) the amount actually paid to Defendants under the EE Program based on the false and fraudulent submissions, (5) the amount it would have received if it had only submitted legitimate extraordinary expense claims, and (6) the amount by which it has been overpaid and unjustly enriched:

Lancaster General Hospital Overpayment (2010 – 2012)	
FYE 2010	
Claims Made	297
Claims Rejected	246
Amount of EE Claims Submitted	\$10,972,087
Amount Paid By the Department	\$6,213,283
Legitimate Entitlement	\$1,304,660
Unjust Enrichment	\$4,908,623
FYE 2011	
Claims Made	111
Claims Rejected	80
Amount of EE Claims Submitted	\$4,601,155
Amount Paid By the Department	\$3,602,785
Legitimate Entitlement	\$1,226,321
Unjust Enrichment	\$2,376,464
FYE 2012	
Claims Made	188
Claims Rejected	130
Amount of EE Claims Submitted	\$8,022,333
Amount Paid By the Department	\$2,616,519
Legitimate Entitlement	\$1,109,081
Unjust Enrichment	\$1,507,438

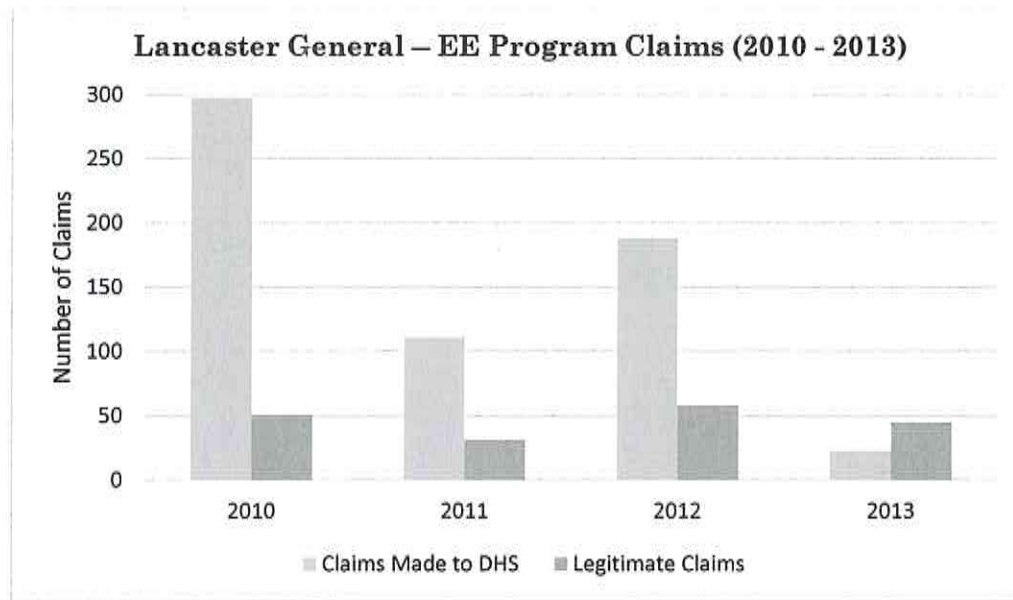
60. The Auditor General has recognized that Defendants have submitted an enormous amount of invalid or overstated claims, causing them to receive many millions of dollars in overpayment. For Fiscal Years 2010 through 2012, the Auditor General has issued reports identifying the amount by which each hospital has been underpaid or overpaid pursuant to the EE Program. The Auditor General has thus already conducted the appropriate damages calculation for this case.

61. The Auditor General has criticized Lancaster General for submitting massive amounts of invalid or overstated claims to the Department and for helping itself to literally millions of dollars in ill-gotten overpayments. The Auditor General emphasized in an October 2014 report on the Fiscal Year 2011 distribution that “one hospital, Lancaster General, accounted for 85% of the \$2.8 million in overpayments made to 22 hospitals.” The following year, in April 2015, the Auditor General emphasized that “[f]or the 2012 extraordinary expense payment, one hospital (Lancaster General Hospital) accounts for 72% of the \$2.1 million in overpayments made to 18 hospitals.”

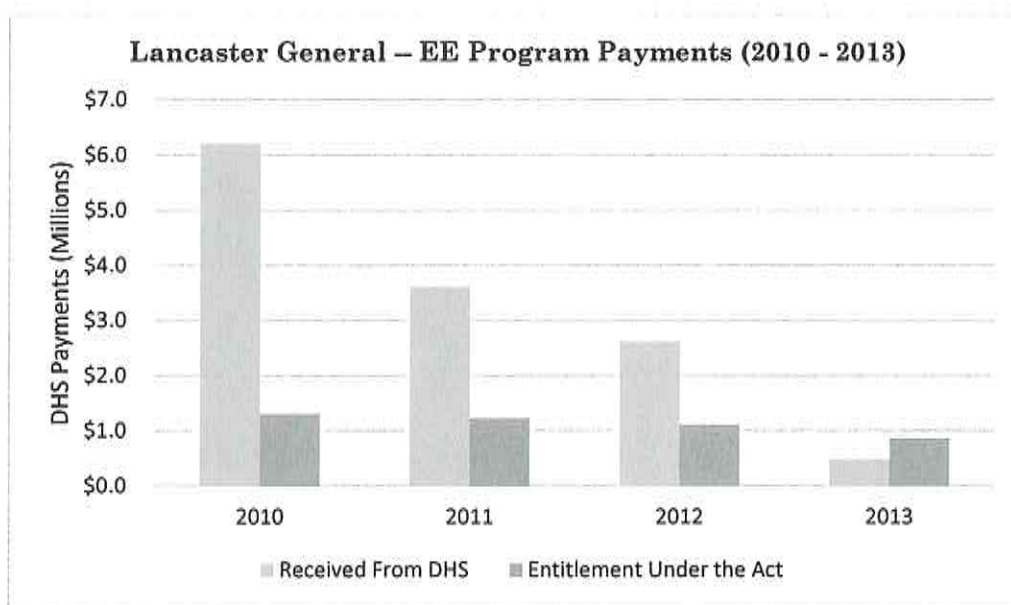
62. Defendants apparently stopped their practice of submitting massive amounts of invalid or inflated claims in Fiscal Year 2013. In that year, Lancaster General Hospital submitted only 23 claims and received only \$488,100 in extraordinary expense payments that year. The Auditor General ultimately determined that Lancaster General Hospital should have been paid \$863,957 that year.

63. The following chart illustrates the massive number of illegitimate claims Defendants submitted from Fiscal Year 2010 through Fiscal Year 2013. The light grey bar represents the claims that Defendants actually submitted and the dark grey bar represents the number of those claims that were legitimate. The significant drop-off in claims in 2013, when

Defendants apparently halted their years-long practice of deliberately or recklessly submitting invalid extraordinary expense claims, shows just how inflated their claims were from Fiscal Years 2010 through 2012:



64. The following chart illustrates the massive overpayments Defendants received from Fiscal Year 2010 through Fiscal Year 2013. The light grey bar represents the payments that Defendants received, and the dark grey bar represents the amount that Defendants should have been paid during that time period. Once again, the massive drop-off in the amount that Defendants received in 2013 indicates the scale of the hospital's unjust enrichment during the previous years:



65. Defendants' misrepresentations were material to the Department's decision to allocate to Lancaster General a greater share of the EE Program than it was entitled to under law, and the Department relied upon those misrepresentations when it disbursed extraordinary expense payments to Lancaster General for Fiscal Years 2008 through 2012.

66. John Doe 1 and John Doe 2 made their representations with the intent of misleading the Pennsylvania government, including the Department, and Plaintiffs and the Plaintiff Class, into relying on the misrepresentations about how much extraordinary expense funds Lancaster General Hospital was entitled to.

67. The Department conferred a benefit upon Lancaster General by overpaying it funds from the EE Program fund. Plaintiffs and the Plaintiff Class conferred a benefit upon Lancaster General by submitting their extraordinary expense claims in good faith, and by not submitting a massive number of incorrect, invalid, and inflated claims, thereby not overstating their entitlement to funds under the EE Program.

68. Defendants' submission of the incorrect and overstated EE Program claims was deliberate and fraudulent, but in the alternative, it was unintentional, accidental, and negligent.

69. Although the information about which entity possesses the overpaid moneys is in the exclusive possession of the Defendants, on information and belief, Lancaster General Hospital, Lancaster General Health, Penn Medicine, and the University of Pennsylvania are in possession of the overpaid funds.

Lancaster General's Invalid Claims Injure the Plaintiff Class.

70. Defendants' submission of a massive amount of invalid or overstated extraordinary expense claims injured Plaintiffs and the Plaintiff Class, and unjustly enriched Lancaster General at the expense of Plaintiffs and the Plaintiff Class.

71. As discussed, from Fiscal Year 2010 through Fiscal Year 2012, the EE Program was "oversubscribed": the amount of reimbursement requests submitted exceeded the total amount of money in the EE Program's fund. Accordingly, each hospital received a pro rata share of the total fund. Because Defendants incorrectly claimed to have incurred extraordinary expenses far in excess of what they actually incurred, other hospitals—Plaintiffs and the Plaintiff Class—were undercompensated by millions of dollars.

72. For example, because of Lancaster General's invalid claims, the named Plaintiffs received about \$580,000 less than they should have received under the Act.

73. St. Luke's Bethlehem participated in the EE Program in FYE 2010. St. Luke's Bethlehem was paid \$1,273,310 under the EE Program that year, but it should have been paid \$1,826,568. St. Luke's Bethlehem was therefore undercompensated \$553,258 during FYE 2010.

74. St. Luke's Quakertown participated in the EE Program in FYE 2010 and FYE 2011. St. Luke's Quakertown was paid \$14,790 under the EE Program in FYE 2010, and \$22,101 in FYE 2011. However, St. Luke's Quakertown should have been paid \$26,501 in FYE 2010, and

\$29,173 in FYE 2011. St. Luke's Quakertown was thus undercompensated \$11,711 during FYE 2010, and \$7,072 in FYE 2011.

75. St. Luke's Miner's participated in the EE Program in FYE 2011. (The hospital is identified as "Miners Memorial Medical Center" in the Auditor General's report for Fiscal Year 2011). St. Luke's Miner's was paid \$16,520 under the EE Program that year, but it should have been paid \$21,183. St. Luke's Miner's was therefore undercompensated \$4,663 during FYE 2011.

76. St. Luke's Palmerton participated in the EE Program in FYE 2012. (The hospital is identified as "Palmerton Hospital" in the Auditor General's report for Fiscal Year 2012.) St. Luke's Palmerton was paid \$6,995 under the EE Program that year, but it should have been paid \$10,478. St. Luke's Palmerton was therefore undercompensated \$3,483 during FYE 2012.

77. The following table identifies, for FYE 2010 through FYE 2012, (1) the number of claims the named Plaintiffs submitted under the EE program, (2) the number of legitimate claims they had that year, (3) the amount actually paid to those hospitals under the EE Program, (4) the amount these hospitals were entitled to under the Act, and (5) the amount by which the hospitals were underpaid each Fiscal Year:

	St. Luke's Bethlehem	St. Luke's Quakertown	St. Luke's Miner's	St. Luke's Palmerton
FYE 2010				
Claims Made	67	2	--	--
Legit Claims	53	2	--	--
Amount Paid	\$1,273,310	\$14,790	--	--
Legit Entitlement	\$1,826,568	\$26,501	--	--
Amt. Underpaid	(\$553,258)	(\$11,711)	--	--
FYE 2011				
Claims Made	--	2	1	--
Legit Claims	--	2	1	--
Amount Paid	--	\$22,101	\$16,520	--
Legit Entitlement	--	\$29,173	\$21,183	--
Amt. Underpaid	--	(\$7,072)	(\$4,663)	--
FYE 2012				
Claims Made	--	--	--	1
Legit Claims	--	--	--	1
Amount Paid	--	--	--	\$6,995
Legit Entitlement	--	--	--	\$10,478
Amt. Underpaid	--	--	--	(\$3,483)

78. About 74 hospitals were net underpaid about \$8.4 million from Fiscal Years 2010 through 2012.

79. The following table identifies, for Fiscal Years 2010 through 2012, (1) the approximate number of undercompensated hospitals that are members of the Plaintiff Class, and (2) the approximate amount by which the hospitals were undercompensated:

	2010	2011	2012
Underpaid Class Members	49	43	45
Amount of Underpayment (\$M)	\$4.6	\$1.9	\$2.1

Lancaster General Admits That It Has Been Unjustly Enriched and Holds Its Funds In a Constructive Trust.

80. As discussed above, Defendants submitted invalid and inflated extraordinary expense claims for Fiscal Years 2008 and 2009. As a consequence of these improper claims, Lancaster General was overpaid about \$1.7 million in FYE 2008 and about \$2.9 million in FYE 2009. With respect to these overpayments for Fiscal Years 2008 and 2009, the Department, at the suggestion and insistence of the Auditor General, required Lancaster General Hospital and other overpaid hospitals to repay the overpaid money for redistribution to hospitals that were improperly underpaid. Thus although Lancaster General was overpaid more than \$4.5 million for Fiscal Years 2008 and 2009, Lancaster General has not retained those overpayments. Those overpaid amounts have been transferred to their rightful owners, i.e., the hospitals that were underpaid during those years, including members of the Plaintiff Class.

81. Lancaster General did not initiate legal action or otherwise object to the Department and Auditor General's determination that it had been overpaid for Fiscal Years 2008 and 2009, and that it must repay the amounts by which it has been overpaid. Lancaster General has therefore already admitted that it is not entitled to retain any overpayments they received, and that it holds that money in trust for Plaintiffs and the Plaintiff Class.

82. Just as Lancaster General recognized that it was not entitled to retain overpayments for Fiscal Years 2008 and 2009, it has also recognized that it is not entitled to retain overpayments for Fiscal Years 2010 to 2012. Lancaster General employees have admitted, including in a

conversation between Lancaster General finance employees and St. Luke's finance employees in early 2016, that Lancaster General has maintained the overpayments for Fiscal Years 2010 to 2012 on its books as "reserves" that are payable for future redistribution to the hospitals that were underpaid during those years.

83. Only on or after the release of the May 23, 2014 report by the Auditor General was it publicly revealed for the first time that the Department would not require hospitals that had been overpaid during Fiscal Years 2010 to 2012 to pay back their overpayments for reallocation to hospitals that had been underpaid. Indeed, the Department did not definitively decide that it would not require such reallocations until sometime in 2016.

84. The Auditor General and the Department did not conduct an audit of Fiscal Years 2008 and 2009 until several years after those funds were initially distributed to the recipient hospitals. Lancaster General and other hospitals that were overpaid in Fiscal Year 2008 were not required to pay back those overpayments until January 18, 2011. Lancaster General and other hospitals that were overpaid in Fiscal Year 2009 were not required to pay back those overpayments until June 21, 2012. Accordingly, Plaintiffs and the Plaintiff Class had an expectation that the Department would make Lancaster General pay back any overpayments for Fiscal Years 2010 to 2012, and that Lancaster would comply with this order. Further, Plaintiffs and the Plaintiff Class did not know (and could not have known) whether they were underpaid or overpaid, and whether other hospitals including Lancaster General Hospital were overpaid, in any given Fiscal Year until after the release of the audit report for the particular Fiscal Year.

85. Plaintiffs and the Plaintiff Class did not become aware of their injuries until after May 23, 2014 at the earliest, which is the release date for the Auditor General's audit for Fiscal Year 2010. In that report, the Auditor General publicly disclosed for the first time that Lancaster

General had been overpaid, and that Plaintiffs and the Plaintiff Class had been underpaid, during Fiscal Year 2010. Similarly, the Auditor General did not publicly disclose this same information about Fiscal Year 2011 until after it released its audit report for that year on October 2, 2014, and it did not publicly disclose this same information about Fiscal Year 2012 until after it released its audit report for that year on April 15, 2015. Moreover, prior to the publication of the May 23, 2014 report on Fiscal Year 2010, the Department had not publicly disclosed that it would not require reallocation of overpayments made during Fiscal Years 2010 to 2012.

86. Plaintiffs and the Plaintiff Class did not receive a copy of the Auditor General's report on Fiscal Year 2010 until sometime after May 23, 2014. Only after receiving that report did Plaintiffs and the Plaintiff Class become aware that they had been underpaid during Fiscal Year 2010 and that Lancaster General had been overpaid during Fiscal Year 2010.

87. After issuance of the May 23, 2014 report for Fiscal Year 2010, Lancaster General did not publicly disavow its duty to disgorge itself of the ill-gotten gains it received as a consequence of its submission of invalid or overstated extraordinary expense claims. Moreover, Lancaster General did not renounce its decision to maintain the overpayments as reserves that are payable for future redistribution to the hospitals that were underpaid during those years.

88. Plaintiffs have demanded that Defendants pay them their pro rata share of the amount by which Lancaster General was overpaid, and by which Plaintiffs were underpaid, but Defendants have rejected that demand.

89. Although Lancaster General has previously recognized the impropriety of retaining overpayments, it has now retained about \$9 million in overpayments that it received as a consequence of its submission of massive amounts of invalid or overstated extraordinary expense claims.

90. In light of the foregoing facts, the causes of action alleged herein did not accrue and the injuries of Plaintiffs and the Plaintiff Class were not discoverable until after (a) the Auditor General publicly disclosed on or after May 23, 2014 that Lancaster General had been overpaid for Fiscal Year 2010 and that Plaintiffs and the Plaintiff Class had been underpaid for that Fiscal Year, (b) the Department decided sometime in 2016 that it would not require reallocation of overpayments, and (c) Lancaster General refused in 2017 to repay the money by which it had been overpaid.

91. Plaintiffs and the Plaintiff Class were unaware of and could not despite the exercise of due diligence discover their injury until at least May 23, 2014, the release date for the Auditor General's report on Fiscal Year 2010.

92. Defendants misled Plaintiffs and the Plaintiff Class into believing that Lancaster General had no intention of retaining any overpaid funds for Fiscal Years 2010 to 2012, and that Lancaster General would instead pay those funds back to Plaintiffs and the Plaintiff Class once the Auditor General completed its audit of the relevant fiscal year. Plaintiffs' and the Plaintiff Class's injuries were neither known nor reasonably knowable, notwithstanding their exercise of due diligence, until at least May 23, 2014. Indeed, given that Lancaster General had repaid its overpayments from Fiscal Years 2008 and 2009, and had further maintained future overpayments as a reserve, Plaintiffs and the Plaintiff Class had no immediately ascertainable injury when Defendants submitted the invalid claims and received overpayments for Fiscal Years 2010 through 2012. Moreover, Plaintiffs and the Plaintiff Class did not have access to, and thus could not even review, Lancaster General's extraordinary expense claims at the time they were submitted or since. Neither the injury nor its cause were reasonably ascertainable until after the 2014 release of the

Auditor General report on Fiscal Year 2010 and after Lancaster General refused in 2017 a demand to pay back the amounts by which it has been overpaid.

93. Defendants fraudulently concealed their wrongdoing through numerous affirmative independent acts including but not limited to (a) repaying the amount of overpayments for Fiscal Years 2008 and 2009, which repayments were made on or about January 18, 2011 for Fiscal Year 2008 and January 18, 2012 for Fiscal Year 2009, (b) holding out to Plaintiffs and the Plaintiff Class that they would repay the money that they had been overpaid for Fiscal Years 2010 to 2012, (c) failing to disclose that they had been overpaid and that they would not repay those overpayments for those Fiscal Years, (d) failing to disclose to the public their extraordinary expense claims for Fiscal Years 2008 to 2012, and (e) holding their overpayments for Fiscal Years 2010 through 2012 on their books as payable for future redistribution to hospitals that were underpaid. Through Defendants' fraud, concealment, and deception, they caused Plaintiffs and the Plaintiff Class to relax their vigilance and deviate from their right of inquiry into the facts. Plaintiffs and the Plaintiff Class were thus unaware of their claims, notwithstanding their exercise of reasonable diligence, until Lancaster General refused in 2017 and 2018 to repay the money by which it had been overpaid.

94. Plaintiffs and the Plaintiff Class were misled or relaxed in their investigation into possible causes of action by reasonably relying on the representations set forth above.

95. Plaintiffs' and the Plaintiff Class's ignorance is not attributable to their lack of diligence in investigating possible claims, because Plaintiffs and the Plaintiff Class vigilantly reviewed the Auditor General overpayment reports, ensured that they were repaid the money that they were underpaid in Fiscal Years 2008 and 2009, reviewed the Auditor General's 2010 Fiscal

Year report as soon as it became available to them after May 23, 2014, and sought repayment from Defendants.

96. Defendants are equitably estopped from arguing that the statute of limitations bars the claims of Plaintiffs and the Plaintiff Class because they induced Plaintiffs and the Plaintiff Class not to sue or discover their injuries earlier, and because Plaintiffs and the Plaintiff Class justifiably relied on that inducement.

97. Plaintiffs' and the Plaintiff Class's claims did not accrue until 2017, and at a minimum did not accrue until May 23, 2014.

98. Plaintiffs and the Plaintiff Class did not discover their injuries until 2017, and at a minimum they did not discovery their injuries until May 23, 2014.

99. Defendants' fraudulent concealment lasted until 2017, and at a minimum until May 23, 2014.

100. The statute of limitations was tolled until 2017, and at a minimum until May 23, 2014.

Class Action Allegations.

101. The named Plaintiffs bring this action, on behalf of themselves and all others similarly situated, for the purpose of asserting the claims alleged in this complaint on a common basis.

102. Plaintiffs propose a single Class seeking damages, injunctive relief, and declaratory relief. The Class is defined as: All hospitals that participated in the Extraordinary Expense Program during Fiscal Year 2010, Fiscal Year 2011, and/or Fiscal Year 2012, and whose net receipts from the EE Program during those years was less than the share of EE Program funds they are entitled to under the Tobacco Settlement Act.

103. A class action is a superior means, and the only practicable means, by which the named Plaintiffs and Plaintiff Class members can challenge the Defendants' unjust enrichment.

104. The class is so numerous that joinder of all members is not practicable. There are more than 70 hospitals that are members of the Plaintiff Class.

105. There are questions of law or fact that are common to the Plaintiff Class, and the relief sought is common to all members of the Plaintiff Class. Common legal and factual questions arise from Defendants' scheme to submit invalid, incorrect, and inflated extraordinary expense claims from 2010 through 2012. The resolution of these legal and factual questions will determine whether all members of the class are entitled to damages payable according to their pro rata share of the EE Program fund.

106. The claims and defenses of the representative parties are typical of the claims and defenses of the Plaintiff Class. All Plaintiff Class members have the same claims, i.e., that the John Doe Defendants are liable under 18 U.S.C. § 1964, and that Lancaster General has been unjustly enriched, has improperly retained money had and received, and holds Plaintiffs' and the Plaintiff Class's money in a constructive trust, causing injury and damage to the class members. If the named Plaintiffs succeed on their claims, that ruling will likewise benefit every other member of the Plaintiff Class. Any defenses that the Defendants raise are also likely to be raised equally against all of the named Plaintiffs and the members of the Plaintiff Class.

107. The representative parties will fairly and adequately assert and protect the interests of the Plaintiff Class.

108. The attorneys for the representative parties will fairly and adequately represent the interests of the Plaintiff Class. The named Plaintiffs are represented by Cooper & Kirk, PLLC, and Webber McGill LLC, two law firms that together have considerable experience litigating class

action claims, and cases relating to false claims. These two law firms also have detailed knowledge of the Defendants' scheme and the applicable law, and they have done substantial work in identifying and investigating the potential claims in the action, already collectively spending significant time on this case to date. These two law firms have the resources necessary to represent the class, and they will commit those resources to this case.

109. The representative parties do not have a conflict of interest in the maintenance of the class action, and they have or can acquire adequate financial resources to assure that the interests of the Plaintiff Class will not be harmed.

110. A class action provides a fair and efficient method for adjudicating the controversy.

111. Class certification is appropriate under Fed. R. Civ. P. 23(b)(3) because common questions of law or fact predominate over any questions affecting only individual members, and a class action is superior to other available methods for fairly and efficiently adjudicating the controversy. The principal legal and factual question in this case—whether the John Doe Defendants are liable under 18 U.S.C. § 1964 and whether Lancaster General has unlawfully retained millions of dollars in overpayment that rightly belongs to Plaintiffs and the Plaintiff Class—is common to all Plaintiff Class members. Once that question is answered in the affirmative, all that will be required is the mechanical calculation of damages owed to each Plaintiff Class member. This calculation has already been performed by the Auditor General for each Plaintiff Class member in the Auditor General's public reports regarding overpayments in Fiscal Years 2010 through 2012. The Plaintiff Class members have little interest in individually controlling the prosecution of separate actions. There is no other litigation already commenced by or against members of the class involving any of the same issues. Moreover, it is desirable to concentrate the litigation of the claims in this particular forum. The injured class members are all

Pennsylvania hospitals, and the Eastern District of Pennsylvania is the home of the Defendants, is where the cause of action arose, and is where a transaction or occurrence took place out of which the cause of action arose. At least one class member resides in this District, at least one class member was underpaid and injured in this District, payment to at least one class member is owed and due in this District, and at least one class member submitted its extraordinary expense claims for which it was underpaid from this District. The size of the Plaintiff Class, and the minimal difficulties likely to be encountered in the management of the action as a class action, further support the conclusion that this case should be maintained as a class action. The Plaintiff Class includes more than 70 hospitals that were underpaid by as much as hundreds of thousands of dollars or as little as a few thousand dollars (or even less). Joinder of all 70+ hospitals would be impractical, as would the maintenance of more than 70 separate suits, each brought to resolve identical legal and factual questions. By contrast, there will be minimal difficulties in maintaining the action as a class action, including in terms of calculating damages. Finally, in view of the complexities of the issues or the expenses of litigation, the separate claims of individual class members are insufficient in amount to support separate actions. Many members of the Plaintiff Class have been undercompensated only by a few thousand dollars, or even less. For example, at least 20 members of the Plaintiff Class were underpaid by less than \$10,000. The cost to bring litigation on behalf of those hospitals, and indeed on behalf of most or all of the hospitals, far exceeds the amount by which most if not all of the individual plaintiffs have been undercompensated.

112. Class certification is appropriate under Fed. R. Civ. P. 23(b)(1)(A) because the prosecution of separate actions by individual members of the Plaintiff Class would create a risk of inconsistent or varying adjudications with respect to individual members of the class, which would

establish incompatible standards of conduct for Defendants. Maintaining more than 70 actions across the Commonwealth of Pennsylvania would run the risk of inconsistent rulings in those different cases, subjecting the Defendants to liability for their actions towards some plaintiffs, and no liability or a different amount of liability towards other plaintiffs.

113. Class certification is appropriate under Fed. R. Civ. P. 23(b)(1)(B) because the prosecution of separate actions by individual members of the Plaintiff Class would create a risk of adjudications with respect to individual members of the class which would as a practical matter be dispositive of the interests of other members not parties to the adjudications or substantially impair or impede their ability to protect their interests. For example, if one member of the Plaintiff Class were to sue the Defendants and receive a monetary award that was inappropriately high, that would impair the other underpaid hospitals' ability to receive compensation for the full amount of their damages. Consideration of this case as a class action thus ensures a consistent scheme of recovery for all Plaintiffs and members of the Plaintiff Class.

114. Class certification is appropriate under Fed. R. Civ. P. 23(b)(2) because Defendants have acted or refused to act on grounds that apply generally to the class, so that final injunctive relief or corresponding declaratory relief is appropriate respecting the class as a whole. Defendants' submission of massive amounts of invalid, inaccurate, and inflated claims under the EE Program, and their refusal to repay their ill-gotten funds to Plaintiffs and the Plaintiff Class, are actions or refusals to act that have been equally taken towards all members of the Plaintiff Class. Accordingly, final equitable and declaratory relief is appropriate with respect to the entire Plaintiff Class.

COUNTS

COUNT ONE — VIOLATION OF 18 U.S.C. § 1962(c)

Against John Doe 1 and John Doe 2

115. Plaintiffs incorporate by reference the allegations in paragraphs 1–114.

116. RICO creates a creates a private right of action for “[a]ny person injured in his business or property by reason of a violation of [18 U.S.C. § 1962].” 18 U.S.C. § 1964(c). Under 18 U.S.C. § 1962(c), it is “unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise’s affairs through a pattern of racketeering activity.” John Doe 1 and John Doe 2 violated this provision of 18 U.S.C. § 1962.

117. An “enterprise” for purposes of RICO “includes any . . . partnership, corporation, association, or other legal entity.” 18 U.S.C. § 1961(4). Lancaster General Hospital is a legal entity and therefore qualifies as an enterprise.

118. John Doe 1 and John Doe 2 both exercised discretion on behalf of Lancaster General Hospital by developing and submitting EE Program reimbursement requests. They therefore have a role in directing Lancaster General Hospital’s affairs.

119. Through the numerous acts of wire fraud detailed above, John Doe 1 and John Doe 2 conducted or participated in the conduct of the affairs of Lancaster General Hospital through a pattern of racketeering activity.

120. Funding, goods, and services procured by Lancaster General Hospital have moved in interstate commerce, and Lancaster General Hospital treats patients from other states. Lancaster General Hospital’s activities therefore affect interstate commerce.

121. The racketeering activities of John Doe 1 and John Doe 2 directly and proximately injured the business and property of Plaintiffs and the Plaintiff Class. As an immediate and direct result of those racketeering activities, Plaintiffs and the Plaintiff Class received less than the amounts to which they were entitled under the EE Program during Fiscal Years 2010, 2011, and 2012.

COUNT TWO — VIOLATION OF 18 U.S.C. § 1962(d)

Against John Doe 1 and John Doe 2

122. Plaintiffs incorporate by reference the allegations in paragraphs 1–121.

123. RICO creates a private right of action for “[a]ny person injured in his business or property by reason of a violation of [18 U.S.C. § 1962].” 18 U.S.C. § 1964(c). Under 18 U.S.C. § 1962(d), it is “unlawful for any person to conspire to violate any of the provisions of subsection (a), (b), or (c) of this section.”

124. An “enterprise” for purposes of RICO “includes any . . . partnership, corporation, association, or other legal entity.” 18 U.S.C. § 1961(4). Lancaster General Hospital is a legal entity and therefore qualifies as an enterprise.

125. Funding, goods, and services procured by Lancaster General Hospital have moved in interstate commerce, and Lancaster General Hospital treats patients from other states. Lancaster General Hospital’s activities therefore affect and affected interstate commerce.

126. John Doe 1 and John Doe 2 are each associated with Lancaster General Hospital and agreed and conspired to engage in the pattern of wire fraud detailed above—a pattern of wire fraud that violated 18 U.S.C. § 1962(c). This conspiracy violated 18 U.S.C. § 1962(d).

127. Through this agreed-upon pattern of racketeering activity, Plaintiffs and the Plaintiff Class were directly and proximately injured in their business and property. As an

immediate result of these racketeering activities, Plaintiffs and the Plaintiff Class received less than the amounts to which they were entitled under the EE Program during Fiscal Years 2010, 2011, and 2012.

COUNT THREE — UNJUST ENRICHMENT

Against Lancaster General Hospital, Lancaster General Health, the University of Pennsylvania Health System, and the Trustees of the University of Pennsylvania

128. Plaintiffs incorporate by reference the allegations in paragraphs 1–127.

129. Defendants Lancaster General Hospital, Lancaster General Health, the University of Pennsylvania Health System, and the Trustees of the University of Pennsylvania have been enriched and have received a benefit as a consequence of their submission of incorrect and overstated extraordinary expense requests, and as a consequence of their receipt, retention, and failure to pay back the amounts by which they have been overpaid.

130. Plaintiffs, the Plaintiff Class, the Department, and Pennsylvania conferred a benefit upon Defendants.

131. Defendants appreciated those benefits and accepted and retained those benefits under circumstances that would render it inequitable for Defendants to retain the benefits without payment to Plaintiffs and the Plaintiff Class.

132. Plaintiffs and the Plaintiff Class were denied a benefit as a consequence of Defendants' actions.

133. An injustice will result if Plaintiffs' and the Plaintiff Class's recovery from the enrichment is denied. Defendants have no legal or equitable entitlement to the money by which they have been overpaid, and in fact Plaintiffs and the Plaintiff Class have a legal and equitable entitlement to that money. Defendants were never and are not now entitled in equity or good conscience to be paid the millions of dollars by which they have been overpaid.

134. The money in equity and good conscience should be paid to Plaintiffs and the Plaintiff Class, who have a better legal and equitable right and claim to the money. The Tobacco Settlement Act provides a specific method by which funds must be distributed to hospitals. Defendants received millions of dollars in extraordinary expense reimbursements that do not belong to them and that ought to be paid instead to Plaintiffs and the Plaintiff Class. The injustice is particularly acute in light of the purpose of the Extraordinary Expense program, the fact that Plaintiffs and the Plaintiff Class are hospitals that would use the money for the benefit of Pennsylvanians and the Commonwealth's healthcare system, the fact that Defendants have effectively admitted that they are not entitled to the overpayments, and the fact that Defendants submitted their invalid and overstated extraordinary expense claims deliberately, knowing they were false, and with reckless disregard as to their truth or falsity.

135. Plaintiffs, the Plaintiff Class, and the Commonwealth reasonably relied on the conduct and assertions of Defendants in allocating to Defendants a greater pro rata share of the EE fund than Defendants are entitled to.

136. The submission of the incorrect and overstated EE Program claims was deliberate and fraudulent, but in the alternative, it was unintentional, accidental, and negligent. Defendants are liable under this Count even if their actions were not knowing or intentional, or did not amount to fraud.

137. Recovery by Plaintiffs and the Plaintiff Class leaves all parties concerned in the position the Tobacco Settlement Act contemplated they should be in.

138. Plaintiffs and the Plaintiff Class have been directly and proximately injured as a result of and at the expense of Defendants' unjust enrichment.

139. Plaintiffs and the Plaintiff Class have no adequate remedy at law.

COUNT FOUR — MONEY HAD AND RECEIVED

Against Lancaster General Hospital, Lancaster General Health, the University of Pennsylvania Health System, and the Trustees of the University of Pennsylvania

140. Plaintiffs incorporate by reference the allegations in paragraphs 1–139.

141. Defendants Lancaster General Hospital, Lancaster General Health, the University of Pennsylvania Health System, and the Trustees of the University of Pennsylvania have in their possession money which in equity and in good conscience belongs to and ought to be paid to Plaintiffs and the Plaintiff Class.

142. Defendants have in their possession money that has been wrongfully diverted from its proper use by Plaintiffs and the Plaintiff Class, and has instead fallen into the hands of a third person, Defendants, who, in equity and good conscience, have an inferior right to that money.

143. The money had and received constitutes the approximately \$9 million by which Defendants have been overpaid from the EE Program fund from Fiscal Years 2010 to 2012, in violation of the law, and which money was and remains in Defendants' possession.

144. Defendants have converted public money that they knew or should have known the payment of which to them was improper.

145. Defendants received from the Commonwealth of Pennsylvania, and are in possession of money they received from the Commonwealth of Pennsylvania, which they are not entitled to keep and which in equity and in good conscience should be paid to Plaintiffs and the Plaintiff Class in accordance with principles of natural justice. The Tobacco Settlement Act provides a specific method by which funds must be distributed to hospitals. Defendants received millions of dollars in extraordinary expense reimbursements that do not belong to them and that ought to be paid instead to Plaintiffs and the Plaintiff Class. The injustice is particularly acute in light of the purpose of the Extraordinary Expense program, the fact that Plaintiffs and the Plaintiff

Class are hospitals that would use the money for the betterment of Pennsylvanians and the Commonwealth's healthcare system, the fact that Defendants have effectively admitted that they are not entitled to the overpayments, and the fact that Defendants submitted their invalid and overstated extraordinary expense claims deliberately, knowing they were false, and with reckless disregard as to their truth or falsity.

146. The money was paid to Defendants by mistake or under compulsion, due to Defendants' submission of inaccurate and overstated claims, and in return for insufficient consideration from Defendants. The Commonwealth of Pennsylvania paid the money to Defendants based on the erroneous belief that Defendants' claims were accurate and not overstated, and in reliance upon Defendants' submission of false and inflated claims.

147. The submission of the incorrect and overstated EE Program claims was deliberate and fraudulent, but in the alternative, it was unintentional, accidental, and negligent. Defendants are liable under this Count even if their actions were not knowing or intentional, or did not amount to fraud.

148. Defendants were aware and had actual or constructive knowledge when they received the money, and they are currently aware and have actual or constructive knowledge, that the money was procured and retained by mistake, false pretenses, and by fraudulent means.

149. It would be inequitable, unjust, and unconscionable to allow Defendants to retain the overpayments.

150. Recovery by Plaintiffs and the Plaintiff Class leaves all parties concerned in the position the Tobacco Settlement Act contemplated they should be in.

151. Plaintiffs and the Plaintiff Class have been directly and proximately injured as a result of Defendants' retention of the money they have wrongly received.

152. Plaintiffs and the Plaintiff Class have no adequate remedy at law.

COUNT FIVE — CONSTRUCTIVE TRUST

Against Lancaster General Hospital, Lancaster General Health, the University of Pennsylvania Health System, and the Trustees of the University of Pennsylvania

153. Plaintiffs incorporate by reference the allegations in paragraphs 1–152.

154. Defendants Lancaster General Hospital, Lancaster General Health, the University of Pennsylvania Health System, and the Trustees of the University of Pennsylvania hold title to the money by which they have been overpaid subject to an equitable duty to convey it to Plaintiffs and the Plaintiff Class because Defendants would be unjustly enriched if they were permitted to retain those funds.

155. The specific trust *res* consists of the approximately \$9 million by which Defendants have been overpaid pursuant from the EE Program fund from Fiscal Years 2010 to 2012, and which *res* was and remains in Defendants' possession.

156. Defendants obtained the trust *res* by taking advantage of their relationship with Plaintiffs, the Plaintiff Class, and the Commonwealth of Pennsylvania.

157. Plaintiffs have demanded payment from Defendants of the money they hold in constructive trust, but Defendants have refused to release the funds to Plaintiffs or the Plaintiff Class.

158. The necessity for the imposition of a constructive trust arises from the circumstances of this case—i.e., the conduct set forth above by which Defendants submitted false claims to the EE Program and then wrongfully retained the overpayments—which evidence fraud, duress, undue influence, mistake, abuse of a confidential relationship, and other such circumstances suggesting unjust enrichment.

159. Plaintiffs, the Plaintiff Class, and the Commonwealth reasonably relied on the conduct and assertions of Defendants in allocating to Defendants a greater pro rata share of the EE fund than Defendants are entitled to.

160. The submission of the incorrect and overstated EE Program claims was deliberate and fraudulent, but in the alternative, it was unintentional, accidental, and negligent. Defendants are liable under this Count even if their actions were not knowing or intentional, or did not amount to fraud.

161. Defendants have been unjustly enriched for the reasons set forth in this complaint and because they have failed to discharge their equitable duty to convey the funds to Plaintiffs and the Plaintiff Class.

162. The imposition of a constructive trust is necessary to prevent unjust enrichment.

163. Plaintiffs and the Plaintiff Class have been directly and proximately injured as a result of Defendants' violation of their equitable duty to convey the funds to Plaintiffs and the Plaintiff Class.

164. Plaintiffs and the Plaintiff Class have no adequate remedy at law.

JURY DEMAND

165. Plaintiffs, on behalf of themselves and the Plaintiff Class, hereby demand a jury on all claims so triable.

REQUEST FOR RELIEF

WHEREFORE, Plaintiffs seek relief and demand judgment against Defendants as follows:

- A. Determining that this action may proceed as a class action, pursuant to Fed. R. Civ. P. 23;
- B. Designating Plaintiffs as the class representatives for the Plaintiff Class;

C. Designating Plaintiffs' undersigned counsel as counsel for the Plaintiff Class;

D. Ordering John Doe 1 and John Doe 2 to pay Plaintiffs and the Plaintiff Class treble damages for all injuries Plaintiffs and the Plaintiff Class have incurred to their business and property as a result of the acts of racketeering activity detailed above as authorized by 18 U.S.C. § 1964(c);

E. Ordering Lancaster General Hospital, Lancaster General Health, the University of Pennsylvania Health System, and the Trustees of the University of Pennsylvania to pay Plaintiffs and the Plaintiff Class damages for all injuries Plaintiffs and the Plaintiff Class have incurred to their business and property as a result of the Defendants' unjust enrichment, improper retention of money had and received, and violation of their equitable duty to convey funds to Plaintiffs and the Plaintiff Class;

F. Awarding Plaintiffs and the Plaintiff Class prejudgment interest, at the rate of 6% per annum, to Plaintiffs and the Plaintiff Class, on a joint and several liability basis against Lancaster General Hospital, Lancaster General Health, the University of Pennsylvania Health System, and the Trustees of the University of Pennsylvania;

G. Declaring Defendants' submission of invalid, incorrect, and overstated claims to the EE Program, and retention of any overpayments resulting from such claims, to be unlawful;

H. Enjoining Defendants from retaining any further overpayments they may receive pursuant to disbursements under the EE Program;

I. Awarding Plaintiffs and the Plaintiff Class attorneys' fees, cost and disbursement incurred as a result of this action, including but not limited to fees and costs under 18 U.S.C. § 1964(c);

J. Imposing a constructive trust upon the general funds of Lancaster General Hospital, Lancaster General Health, the University of Pennsylvania Health System, and the Trustees of the University of Pennsylvania, and ordering disgorgement of such funds, in an amount to be determined, for distribution in satisfaction of damages and other amounts awarded to Plaintiffs and the Plaintiff Class; and

K. Granting Plaintiffs and the Plaintiff Class such other and further relief as the Court deems just and proper.

Dated: May 22, 2018

s/ David H. Thompson

David H. Thompson*

Brian Barnes*

William C. Marra*

COOPER & KIRK, PLLC

1523 New Hampshire Avenue, N.W.

Washington, D.C. 20036

Tel: (202) 220-9600

Fax: (202) 220-9601

dthompson@cooperkirk.com

Respectfully submitted,



Douglas J. McGill

Attorney Identification No. 63706

Attorney of Record

WEBBER MCGILL LLC

760 Route 10, Suite 104

Whippany, NJ 07981

Tel: (973) 739-9559

Fax: (973) 739-9575

dmcgill@webbermcgill.com

* *Pro hac vice application forthcoming*

Attorneys for Plaintiffs

JS 44 (Rev. 06/17)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

St. Luke's Health Network, Inc. d/b/a St. Luke's University Health Network; et al.

(b) County of Residence of First Listed Plaintiff Lehigh

(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

Douglas J. McGill, Esq., Webber McGill LLC, 760 Route 10, Suite 104, Whippany, New Jersey 07981, 973-739-9559

DEFENDANTS

Lancaster General Hospital; et al.

County of Residence of First Listed Defendant Lancaster

(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question (U.S. Government Not a Party)
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | PTF | DEF | | PTF | DEF |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions.

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	<input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 835 Patent - Abbreviated New Drug Application <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RS1 (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input checked="" type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	PRISONER PETITIONS Habeas Corpus: <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty Other: <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement			

V. ORIGIN (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from Another District (specify)
- ☐ 6 Multidistrict Litigation - Transfer
- ☐ 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
18 U.S.C. 1962(c) & (d)

Brief description of cause: Recovery for overstated claims to PA Extraordinary Expense Program; unjust enrichment, money had & received RICO and in position of constructed trust.

VII. REQUESTED IN COMPLAINT:

☒ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE
05/22/2018

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT #

AMOUNT

APPLYING TFP

JUDGE

MAG. JUDGE

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

CASE MANAGEMENT TRACK DESIGNATION FORM

St. Luke's Health Network, Inc. d/b/a St. Luke's,	CIVIL ACTION
University Health Network; et al.	
v.	
Lancaster General Hospital et al.	NO.

In accordance with the Civil Justice Expense and Delay Reduction Plan of this court, counsel for plaintiff shall complete a Case Management Track Designation Form in all civil cases at the time of filing the complaint and serve a copy on all defendants. (See § 1:03 of the plan set forth on the reverse side of this form.) In the event that a defendant does not agree with the plaintiff regarding said designation, that defendant shall, with its first appearance, submit to the clerk of court and serve on the plaintiff and all other parties, a Case Management Track Designation Form specifying the track to which that defendant believes the case should be assigned.

SELECT ONE OF THE FOLLOWING CASE MANAGEMENT TRACKS:

- (a) Habeas Corpus – Cases brought under 28 U.S.C. § 2241 through § 2255. ()
- (b) Social Security – Cases requesting review of a decision of the Secretary of Health and Human Services denying plaintiff Social Security Benefits. ()
- (c) Arbitration – Cases required to be designated for arbitration under Local Civil Rule 53.2. ()
- (d) Asbestos – Cases involving claims for personal injury or property damage from exposure to asbestos. ()
- (e) Special Management – Cases that do not fall into tracks (a) through (d) that are commonly referred to as complex and that need special or intense management by the court. (See reverse side of this form for a detailed explanation of special management cases.) (X)
- (f) Standard Management – Cases that do not fall into any one of the other tracks. ()

5/22/2018 <hr/> Date 973-739-9559 <hr/> Telephone	<i>Douglas J. McGill</i> <i>Douglas J. McGill</i> <hr/> Attorney-at-law 973-739-9575 <hr/> FAX Number	St. Luke's Health Network, Inc. d/b/a St. Luke's University Health Network; et al. <hr/> Attorney for dmcgill@webbermcgill.com <hr/> E-Mail Address
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UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA — DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar.

ST. LUKE'S HEALTH NETWORK, INC. d/b/a ST. LUKE'S UNIVERSITY HEALTH NETWORK *et al.*

Address of Plaintiff: 801 Ostrum Street, Bethlehem, PA 18015

LANCASTER GENERAL HOSPITAL, et al.

Address of Defendant: 555 North Duke Street, Lancaster, PA 17602

Place of Accident, Incident or Transaction:

(Use Reverse Side For Additional Space)

Does this civil action involve a nongovernmental corporate party with any parent corporation and any publicly held corporation owning 10% or more of its stock?

(Attach two copies of the Disclosure Statement Form in accordance with Fed.R.Civ.P. 7.1(a))

Yes ☐ No ☒

Does this case involve multidistrict litigation possibilities?

Yes ☐ No ☒

RELATED CASE, IF ANY:

Case Number: Judge Date Terminated:

Civil cases are deemed related when yes is answered to any of the following questions:

1. Is this case related to property included in an earlier numbered suit pending or within one year previously terminated action in this court?
Yes ☐ No ☒
2. Does this case involve the same issue of fact or grow out of the same transaction as a prior suit pending or within one year previously terminated action in this court?
Yes ☐ No ☒
3. Does this case involve the validity or infringement of a patent already in suit or any earlier numbered case pending or within one year previously terminated action in this court?
Yes ☐ No ☒
4. Is this case a second or successive habeas corpus, social security appeal, or pro se civil rights case filed by the same individual?
Yes ☐ No ☒

CIVIL: (Place ☒ in ONE CATEGORY ONLY)

A. Federal Question Cases:

1. ☐ Indemnity Contract, Marine Contract, and All Other Contracts
2. ☐ FELA
3. ☐ Jones Act-Personal Injury
4. ☐ Antitrust
5. ☐ Patent
6. ☐ Labor-Management Relations
7. ☐ Civil Rights
8. ☐ Habeas Corpus
9. ☐ Securities Act(s) Cases
10. ☐ Social Security Review Cases
11. ☒ All other Federal Question Cases
(Please specify) Racketeer Influenced and Corrupt Organizations

B. Diversity Jurisdiction Cases:

1. ☐ Insurance Contract and Other Contracts
2. ☐ Airplane Personal Injury
3. ☐ Assault, Defamation
4. ☐ Marine Personal Injury
5. ☐ Motor Vehicle Personal Injury
6. ☐ Other Personal Injury (Please specify)
7. ☐ Products Liability
8. ☐ Products Liability — Asbestos
9. ☐ All other Diversity Cases

(Please specify)

ARBITRATION CERTIFICATION

(Check Appropriate Category)

I, Douglas J. McGill, counsel of record do hereby certify:

☒ Pursuant to Local Civil Rule 53.2, Section 3(c)(2), that to the best of my knowledge and belief, the damages recoverable in this civil action case exceed the sum of \$150,000.00 exclusive of interest and costs;

☒ Relief other than monetary damages is sought.

DATE: 5/22/2018

Douglas J. McGill
Attorney-at-Law

63706-PA

Attorney I.D.#

NOTE: A trial de novo will be a trial by jury only if there has been compliance with F.R.C.P. 38.

I certify that, to my knowledge, the within case is not related to any case now pending or within one year previously terminated action in this court except as noted above.

DATE: 5/22/2018

Douglas J. McGill
Attorney-at-Law

63706-PA

Attorney I.D.#

UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA — DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar.

ST. LUKE'S HEALTH NETWORK, INC. d/b/a ST. LUKE'S UNIVERSITY HEALTH NETWORK et al.

Address of Plaintiff: 801 Ostrum Street, Bethlehem, PA 18015

LANCASTER GENERAL HOSPITAL, et al.

Address of Defendant: 555 North Duke Street, Lancaster, PA 17602

Place of Accident, Incident or Transaction:

(Use Reverse Side For Additional Space)

Does this civil action involve a nongovernmental corporate party with any parent corporation and any publicly held corporation owning 10% or more of its stock?

(Attach two copies of the Disclosure Statement Form in accordance with Fed.R.Civ.P. 7.1(a))

Yes ☐ No ☒

Does this case involve multidistrict litigation possibilities?

Yes ☐ No ☒

RELATED CASE, IF ANY:

Case Number: Judge Date Terminated:

Civil cases are deemed related when yes is answered to any of the following questions:

1. Is this case related to property included in an earlier numbered suit pending or within one year previously terminated action in this court?

Yes ☐ No ☒

2. Does this case involve the same issue of fact or grow out of the same transaction as a prior suit pending or within one year previously terminated action in this court?

Yes ☐ No ☒

3. Does this case involve the validity or infringement of a patent already in suit or any earlier numbered case pending or within one year previously terminated action in this court?

Yes ☐ No ☒

4. Is this case a second or successive habeas corpus, social security appeal, or pro se civil rights case filed by the same individual?

Yes ☐ No ☒

CIVIL: (Place ☒ in ONE CATEGORY ONLY)

A. Federal Question Cases:

1. ☐ Indemnity Contract, Marine Contract, and All Other Contracts

2. ☐ FELA

3. ☐ Jones Act-Personal Injury

4. ☐ Antitrust

5. ☐ Patent

6. ☐ Labor-Management Relations

7. ☐ Civil Rights

8. ☐ Habeas Corpus

9. ☐ Securities Act(s) Cases

10. ☐ Social Security Review Cases

11. XX ☐ All other Federal Question Cases

(Please specify) Racketeer Influenced and Corrupt Organizations

B. Diversity Jurisdiction Cases:

1. ☐ Insurance Contract and Other Contracts

2. ☐ Airplane Personal Injury

3. ☐ Assault, Defamation

4. ☐ Marine Personal Injury

5. ☐ Motor Vehicle Personal Injury

6. ☐ Other Personal Injury (Please specify)

7. ☐ Products Liability

8. ☐ Products Liability — Asbestos

9. ☐ All other Diversity Cases

(Please specify)

ARBITRATION CERTIFICATION

(Check Appropriate Category)

I, Douglas J. McGill, counsel of record do hereby certify:

☒ Pursuant to Local Civil Rule 53.2, Section 3(c)(2), that to the best of my knowledge and belief, the damages recoverable in this civil action case exceed the sum of \$150,000.00 exclusive of interest and costs;

☐ Relief other than monetary damages is sought.

DATE: 5/22/2018

Douglas J. McGill
Attorney-at-Law

63706-PA

Attorney I.D.#

NOTE: A trial de novo will be a trial by jury only if there has been compliance with F.R.C.P. 38.

I certify that, to my knowledge, the within case is not related to any case now pending or within one year previously terminated action in this court except as noted above.

DATE: 5/22/2018

Douglas J. McGill
Attorney-at-Law

63706-PA

Attorney I.D.#

EXHIBIT A



**SUMMARY REPORT ON THE RESULTS OF
THE INDIVIDUAL REVIEWS OF
70 HOSPITALS
RECEIVING EXTRAORDINARY EXPENSE
TOBACCO FUND PAYMENTS AND
94 HOSPITALS
RECEIVING UNCOMPENSATED CARE
TOBACCO FUND PAYMENTS FROM THE
DEPARTMENT OF PUBLIC WELFARE
IN NOVEMBER 2010**

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DePASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



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

**EUGENE A. DePASQUALE
AUDITOR GENERAL**

May 23, 2014

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

The Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq. (Act), mandated the Department of Public Welfare (DPW) to make payments to hospitals for a portion of uncompensated care services provided by these facilities. On November 29, 2010, the DPW calculated payment entitlements totaling \$88,536,970 to fund a total of 164 hospitals for uncompensated care under the extraordinary expense approach and the uncompensated care approach. Under the extraordinary expense approach, 70 hospitals were allocated a total of \$13,280,546. These payments were based on claims data submitted by the hospitals to the Pennsylvania Health Care Cost Containment Council (PHC4). Under the uncompensated care approach, 94 additional hospitals were allocated a total of \$75,256,424. These payments were based on 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 Department of the Auditor General conducted reviews of the data submitted by each of these hospitals to determine whether each hospital received what it was entitled to under the requirements of this Act. This report summarizes the results of our 164 reviews and includes recommendations for improving the program's data collection and payment process.

The Department of the Auditor General performed reviews of the documentation submitted to the PHC4 by all 70 hospitals that received the extraordinary expense payments made on November 29, 2010. The purpose of these reviews was to determine whether proper documentation existed to support the claims submitted as extraordinary expense-eligible claims and to determine whether each hospital received the payment to which it was entitled. The results of these reviews determined that \$859,496 of the \$13,280,546 originally calculated and distributed to the 70 hospitals under the extraordinary expense method require repayment to the Commonwealth and redistribution by the DPW to the qualified hospitals. This net overpayment consists of 16 hospitals that were overpaid by a total of \$5,586,506 and 54 hospitals that were underpaid by a total of \$4,727,010.

The Department of the Auditor General also performed reviews of the documentation submitted to the PHC4 and the DPW by all 94 hospitals that received uncompensated care payments made on November 29, 2010. The purpose of these reviews was to determine whether proper documentation existed for the fifteen data elements utilized by the DPW for each of the hospitals and to determine whether each hospital received the payment to which it was entitled. The results of these reviews determined that a redistribution of the original payments is required. Ten hospitals were overpaid, while 77 hospitals were underpaid, resulting in a redistribution of \$926,483. Seven hospitals' payments were capped due to the upper payment limit and, therefore, no adjustments were made to their original payments. One hospital, Wayne County Memorial Hospital, did not originally qualify for payment under the uncompensated care approach as its UC score fell below the median UC score for all hospitals. However, as a result of our reviews, the median UC score increased from 18.8881% to 18.9324%; thus allowing Wayne County Memorial Hospital to qualify for payment under the uncompensated care approach. Therefore, a total of 95 hospitals are included in the redistribution of uncompensated care payments, as shown on page 24 of this report.

In prior issued summary reports, only the extraordinary expense payment approach was detailed, we were not conducting reviews of uncompensated care payments at that time. Regarding the status of the finding included in our prior summary report, we acknowledge that while the DPW has complied annually with our recommendation to collect any overpayments from, or make additional payments to, hospitals based upon the results of our individual reviews, the DPW has again failed to fully address our recommendation to develop a process that would ensure a more reliable database of hospitals' claims from which extraordinary expense payments are determined. This is the fifth consecutive year that DPW has failed to address this recommendation, as included in each of our annual extraordinary expense summary reports. As claims data utilized by the DPW is not entirely accurate and results in hospitals receiving more or less in extraordinary expense payments than they are entitled to receive, the DPW should implement our recommendation, as noted in detail on page 4 of this report. This summary report also includes a second finding which addresses the uncompensated care payment approach for the first time, as noted in detail on page 6 of this report. As with the extraordinary expense approach, the data utilized by the DPW is not entirely accurate or could not be verified and results in hospitals receiving more or less in uncompensated care payments than they are entitled to receive. We believe our recommendations will result in more reliable data from which the DPW can base its extraordinary expense and uncompensated care payments to qualified hospitals.

Sincerely,



EUGENE A. DEPASQUALE
Auditor General

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BACKGROUND

Beginning in June 2002, hospitals that qualified for payments under the Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq. (Act), could receive funds using either an extraordinary expense approach or an uncompensated care approach. Under the extraordinary expense approach, payment is based on a hospital's number of qualified claims. Qualified claims are those claims in which the cost of the claim exceeded twice the average cost of all claims for a particular hospital and for which the hospital provided inpatient services to an uninsured patient. Under the uncompensated care approach, payment is based on the level of uncompensated care at each hospital and 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. It should be noted that the 2010 uncompensated care payment was to be calculated based on three-year averages of these data elements for the fiscal years ended June 30, 2006, 2007, and 2008. However, due to errors in data used by the Centers for Medicare and Medicaid Services (CMS) to calculate the Medicare SSI days for the fiscal years ended June 30, 2006, 2007, 2008, and 2009, the DPW chose to calculate the 2010 Medicare SSI days data element based on three-year averages of Medicare SSI days for the fiscal years ended June 30, 2003, 2004, and 2005, as these years represent the most recent data available for Medicare SSI days.

To calculate the extraordinary expense payments it made to the 70 hospitals in November 2010, the DPW used claims data for the period July 1, 2007 to June 30, 2008 submitted by hospitals to the PHC4. To calculate the uncompensated care payments it made to the 94 hospitals in November 2010, the DPW used uncompensated care costs and net patient revenues submitted to the PHC4 for the fiscal years ended June 30, 2006, 2007, and 2008; patients' census records supporting MA days and total inpatient days, as included on the facility's MA cost reports submitted to the DPW for the fiscal years ended June 30, 2006, 2007, and 2008; and the Medicare SSI days, as determined by the CMS for the fiscal years ended June 30, 2003, 2004, and 2005.

SCOPE, OBJECTIVE, AND METHODOLOGY

Extraordinary Expense Approach

The Department of the Auditor General performed reviews of the data submitted to the PHC4 by the 70 hospitals that received extraordinary expense payments made on November 29, 2010 and analyzed the applicable claims data for the period July 1, 2007 to June 30, 2008. The purpose of our reviews was to determine whether the hospitals could substantiate their reported claims and verify that the patient was uninsured and received no compensation from third party payers such as Medicare, Medicaid, or Blue Cross. Payments made by the patient themselves toward their financial obligation reduced the allowable costs of the respective claim when determining eligibility. In conducting our reviews, we allowed hospitals to include eligible claims not initially reported.

The methodology in support of our objective included:

- reviewing Chapter 11 of the Act and other pertinent information;
- reviewing hospital charity care and bad debt policies and procedures;
- interviewing hospital personnel about the procedures followed to determine each patient's payer classification status;
- verifying receipt of the tobacco payment by the hospital;
- verifying the accuracy of the claims data submitted by the hospital to the PHC4 and subsequently by the PHC4 to the DPW, as well as the cost to charge ratios utilized by the DPW;
- examining patients' records to verify self-pay status and to determine if any payments were made by the patient toward their financial obligation;
- verifying claims met the minimum claim charge to qualify as extraordinary expense;
- reviewing any additional hospital claims for the period July 1, 2007 to June 30, 2008 not originally submitted to determine eligibility; and
- recalculating the hospital's extraordinary expense tobacco payment entitlement based on revised information.

Uncompensated Care Approach

The Department of the Auditor General performed reviews of the data submitted to the PHC4 and the DPW by the 94 hospitals that received the November 2010 uncompensated care payments and analyzed data for the fiscal years ended June 30, 2006, June 30, 2007, and June 30, 2008 (June 30, 2003, June 30, 2004, and June 30, 2005 for Medicare SSI days). The purpose of these reviews was to determine whether proper documentation existed for the fifteen data elements utilized by the DPW for each of the hospitals.

SCOPE, OBJECTIVE, AND METHODOLOGY (Continued)

The methodology in support of our objective included:

- reviewing Chapter 11 of the Act and other pertinent information;
- reviewing hospital charity care policies and procedures;
- interviewing hospital personnel about the procedures followed to submit the original data and any revisions, if applicable, to the PHC4;
- verifying receipt of the tobacco payment by the hospital;
- verifying the accuracy of the bad debt expense and charity care costs, which are factors of uncompensated care costs, and net patient revenue submitted by the hospital to the PHC4 and subsequently by the PHC4 to the DPW, as well as the cost to charge ratios utilized by the DPW;
- verifying the accuracy of the fee-for-service days, Health Maintenance Organization HMO days, and out-of-state days, which are factors of total MA days, and total inpatient days submitted by the hospital to the DPW;
- verifying the accuracy of the Medicare SSI days utilized by the DPW based on data from the CMS website database;
- recalculating the hospital's UC score using the verified fifteen data elements; and
- recalculating the hospital's uncompensated care tobacco payment entitlement based on revised information.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Extraordinary Expense Claims Data Utilized By The DPW Was Not Entirely Accurate Resulting In Hospitals Receiving \$859,496 More Than They Were Entitled To Receive.

Condition: We determined that of the 789 extraordinary expense claims totaling \$13,280,546 originally reported by the 70 hospitals, only 489 (62 percent) were allowable. We further determined that another 47 claims, not originally included in the PHC4 database of claims for the same period, were allowable. (See Exhibits 1 and 2.)

Criteria: Act 77 of 2001, Chapter 11, gives the DPW the responsibility to collect the necessary data, determine eligibility, and calculate and make extraordinary expense payments to qualified hospitals on an annual basis.

Cause: When reviewing hospitals' extraordinary expense claims we found that the hospitals' initial payer designations given to these claims when patients began hospital stays, either subsequently changed or were never updated to reflect changes that occurred during or after their hospital stays. This resulted in changes to the hospitals' "compensated" or "uncompensated" status for certain extraordinary expense claims. Such incorrect statuses of claims are provided by many hospitals to the PHC4 which then forwards the incorrect data to the DPW where it is used to calculate extraordinary expense payments. This problem causes concern related to the DPW's use of the PHC4 database since that database does not always contain finalized payer designations.

Because of similar findings reported in previous years, the PHC4, in conjunction with the DPW, initiated a process in January 2005 that gave hospitals an additional claims verification opportunity prior to final tobacco payments being calculated and processed. Although the PHC4 has established a website that allows hospitals access to extraordinary expense claims data in order to make revisions, not all hospitals access the website to revise incorrect claims data initially reported to the PHC4. Failure of hospitals to access, review and update claims data accurately contributed to the disallowance of claims during our reviews.

Effect: The DPW initially distributed \$13,280,546 of extraordinary expense tobacco payments for 2010 based on 789 claims originally submitted by the 70 hospitals. However, the provision of Act 77 of 2001 limits the DPW's payments to hospitals to the actual costs of their qualified claims. As a result of our procedures, we determined that a total of 489 claims qualified for payment and that the actual cost of these qualified claims is \$12,421,050; thus, limiting the amount of funds available for distribution to \$12,421,050 (See Exhibit 3). We adjusted certain claims resulting in a new extraordinary expense overpayment of \$859,496. This net overpayment consists of the following:

FINDINGS AND RECOMMENDATIONS (Continued)

	<u>Number</u>	<u>Total Amount</u>
Hospitals Overpaid	<u>16</u>	<u>\$ 5,586,506</u>
Hospitals Underpaid	<u>54</u>	<u>\$(4,727,010)</u>
Total Net Overpayment	<u>70</u>	<u>\$ 859,496</u>

Recommendations: We again recommend that the DPW establish a mandatory requirement consisting of hospitals accessing the PHC4's website during the claims verification process timeframes established by the PHC4 and requiring hospitals to make any corrections to previously submitted claims data as necessary. This is the fifth consecutive year that the DPW has failed to address this recommendation. Therefore, we further recommend that the DPW establish a penalty for all hospitals failing to adhere to this process. If the DPW believes that the PHC4 verification process does not resolve substantial disallowances, the DPW should consider implementing another process to collect final hospital extraordinary expense data or work with the PHC4 to develop a more reliable claims database from which to base the DPW's extraordinary expense payments to qualified hospitals.

We also recommend that the DPW continue to collect any overpayments from, or make additional payments to, hospitals based upon the results of our individual reviews.

Department of Public Welfare's Response: See pages 27 through 31 of this report for the DPW's complete response to this finding.

Pennsylvania Health Care Cost Containment Council's Response: See pages 32 and 33 of this report for the PHC4's complete response to this finding.

Auditor's Conclusion: In response to the DPW and the PHC4, although 93% of the extraordinary expense hospitals utilized the PHC4's website to verify their data, we found that many of these hospitals revised the claims data inaccurately. Specifically, four hospitals which utilized the verification website still accounted for the vast majority of the overpayments and underpayments due to adding or removing claims at the time of our review instead of during the website verification process. (See Exhibits 1 and 3.) The DPW's further inspection into these hospitals' processes could alleviate such discrepancies in the future.

The Department of the Auditor General understands that the DPW must use the best information available at the time to determine eligibility and to calculate subsidy payment amounts in order to report this information to the General Assembly by November 30 of each year. In this, and in prior audits, we have considered that the DPW's subsidy payments represent estimated payments based on qualifying claims data available at that time and that the purpose of our reviews is to adjust these estimated payments to actual based on the most recent data available for the qualifying claims related to the payment year under review. Additionally, because hospitals' collection efforts for the respective claims continue after the DPW's endpoint, our process requires hospitals to affirm that no further collections efforts will be pursued and that related accounts will be considered closed after our department confirms eligibility; thus setting an endpoint after which no other changes can occur.

FINDINGS AND RECOMMENDATIONS (Continued)

As a recommending agency, the Department of the Auditor General understands the DPW's position to wait to make the determination if any adjustments will be made given the uncertainty of the program going forward. If the program remains in existence, our recommendations stand.

Finding No. 2: Uncompensated Care Data Elements Utilized By The DPW Were Not Entirely Accurate Resulting In A Need For A Redistribution Of \$926,483 Among The 94 Hospitals That Received This Payment.

Condition: We determined that the uncompensated care data submitted to the PHC4 and the DPW by the individual hospitals was not entirely accurate which led to revisions in the median UC score and individual UC scores for individual hospitals. Furthermore, eight hospitals were unable to substantiate one or more data elements. (See Exhibits 4 and 5.)

Criteria: Act 77 of 2001, Chapter 11, gives the DPW the responsibility to collect the necessary data, determine eligibility, and calculate and make uncompensated care payments to qualified hospitals on an annual basis.

Cause: Data initially submitted by the hospitals to the PHC4 and the DPW was not always accurate based on our review of the source documentation, such as audited financial statements and patient census reports. In addition, an update was made to the CMS database for Medicare SSI days for the fiscal year ended June 30, 2005, which occurred after the 2010 uncompensated care payment calculation was made. These issues resulted in revisions to the hospitals' UC scores. Finally, we were unable to obtain any supporting documentation for the 15 data elements for eight hospitals as a result of the following: two hospitals ceased operations prior to the start of our reviews; four hospitals experienced a change of ownership and supporting documentation was not maintained; and two hospitals failed to respond to repeated requests for documentation.

Effect: The DPW initially determined that 94 hospitals qualified for uncompensated care payments and distributed \$75,256,424 of uncompensated care entitlements for 2010. As a result of our procedures, we determined that one of the 94 hospitals that DPW initially determined qualified, Troy Community Hospital, did not actually qualify for the payment it received and that Wayne County Memorial Hospital, that DPW initially determined did not qualify, actually did qualify for the payment; thus, 94 hospitals qualified for uncompensated care payments. We adjusted hospitals' UC scores based on our review of their documentation resulting in a redistribution of funds based on these findings. For the eight hospitals for which we were unable to obtain supporting documentation, we were unable to verify the accuracy of these hospitals' UC scores. The DPW's method used to recalculate each hospital's entitlement does not penalize hospitals for their failure to provide supporting documentation for claimed data elements. Therefore, the UC scores for these eight hospitals were calculated as if the unverified data elements were verified as accurate. This resulted in six of the eight hospitals' revised entitlements being greater than their original payments. One hospital's revised entitlement decreased due to adjustments to data elements for which documentation was provided and one hospital's entitlement was capped at its average uncompensated care costs and therefore no change occurred.

FINDINGS AND RECOMMENDATIONS (Continued)

	<u>Number</u>	<u>Total Amount</u>
Hospitals Overpaid	10	\$ 926,483
Hospitals Underpaid	78	\$(926,483)
Hospitals Capped at UPL	7	\$ 0
Total Net Overpayment	<u>95</u>	<u>\$ 0</u>

(Note: These totals include Wayne County Memorial Hospital and Troy Community Hospital as explained above)

Recommendations: We recommend that the DPW collect any overpayments from, or make additional payments to, hospitals based upon the results of our uncompensated care reviews. Troy Community Hospital should be required to return the payment it received due to the fact that the hospital's UC Score, based upon the results of our reviews, fell below the median UC Score to qualify for uncompensated care payment. Based upon data from the PHC4, Troy Community Hospital did not have any self-pay claims in which the cost of the claim exceeded twice the average cost of all claims for that hospital. Therefore, Troy Community Hospital would not qualify for extraordinary expense payment either. We further recommend that the DPW establish a system that penalizes each hospital for each data element for which it fails to provide supporting documentation.

Wayne County Memorial Hospital originally received a payment under the extraordinary expense approach; however, the results of our review determined that the hospital's UC score exceeded the median UC Score required to qualify for uncompensated care payment. Wayne County Memorial Hospital is entitled to a higher payment using the uncompensated care approach than it received under the extraordinary expense approach. Therefore we recommend that Wayne County Memorial Hospital receive the additional payment from the uncompensated care approach for which it is entitled.

Department of Public Welfare's Response: See pages 27 through 31 of this report for the DPW's complete response to this finding.

Pennsylvania Health Care Cost Containment Council's Response: See pages 32 and 33 of this report for the PHC4's complete response to this finding.

Auditor's Conclusion: In response to the DPW and the PHC4, the Department of the Auditor General conducted reviews for all 164 hospitals that received extraordinary expense payments or uncompensated care payments made on November 29, 2010. Each of the 164 reviews consisted of verifying the uncompensated care score for each hospital. There are an additional 33 hospitals whose uncompensated care score was used in the payment calculation but did not qualify for a payment under either approach. These 33 hospitals were not reviewed because our authority to audit the tobacco settlement monies only applies to those hospitals who received a payment. At the DPW's request, we will review all eligible hospitals' data in order to provide a more accurate basis on which to redistribute the uncompensated care payments beginning with payments made on August 27, 2012 (2012 payment year).

FINDINGS AND RECOMMENDATIONS (Continued)

As with the extraordinary expense payments, a few hospitals accounted for a large percentage of the overpayments and underpayments. (See Exhibit 5) The DPW's further inspection into these hospitals' processes could alleviate such discrepancies in the future. As a recommending agency, the Department of the Auditor General understands the DPW's position to not establish or implement any new policies, procedures, or practices for this program given the uncertainty of the program going forward. If the program remains in existence, our recommendations stand.

EXHIBIT 1 – EXTRAORDINARY EXPENSE

Exhibit 1 - Extraordinary Expense

DPW EE PAYMENTS BASED ON REPORTED CLAIMS										ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEW									
No. of FY 07-08 Extraordinary Expense Claims	Total Cost of Extraordinary Expense Claims FY07-08	EE Expense \$	% of Extraordinary Expense	EE Expense \$	EE Expense \$	EE Expense \$	EE Expense \$	EE Expense \$	EE Expense \$	No. of FY 07-08 Extraordinary Expense Claims	Total Cost of Extraordinary Expense Claims FY07-08	EE Expense \$	% of Extraordinary Expense	EE Expense \$	EE Expense \$	EE Expense \$	EE Expense \$	EE Expense \$	EE Expense \$
13	379,961.70	1,000.00	0.26	1,000.00	215,165.03					18	516,981.03	4,162.1	0.8	4,162.1	562,758				516,981
2	32,910.01	0.13	0.00	0.13	18,408.43					1	21,510.76	23,126	1.1	23,126	21,510.76				21,511
11	213,024.86	0.00	0.00	0.00	120,031.85					12	230,204.00	1,853.3	0.8	1,853.3	232,057.3				230,204
2	79,847.15	0.34	0.00	0.34	45,215.91					2	79,847.16	8,642.8	1.1	8,642.8	88,490.0				79,847
4	126,928.33	0.54	0.00	0.54	71,807.96					3	84,923.03	8,837.7	1.0	8,837.7	93,760.7				84,923
5	262,806.12	1,250.00	0.48	1,250.00	160,031.03					6	262,800.08	2,744	0.0	2,744	265,544.08				262,800
1	12,450.29	0.00	0.00	0.00	7,528.36					1	12,375.29	0.00	0.00	0.00	12,375.29				12,375
1	38,237.28	0.16	0.00	0.16	21,653.04					0	0.00	0.00	0.00	0.00	0.00				0
1	18,781.85	0.00	0.00	0.00	10,825.61					3	120,208.31	1,034	0.0	1,034	121,242.31				120,208
8	199,584.55	0.85	0.00	0.85	113,036.61					3	78,852.68	9,348	0.0	9,348	88,200.68				78,853
4	57,753.39	0.41	0.00	0.41	58,365.81					1	8,808.79	0.00	0.00	0.00	8,808.79				8,809
1	8,853.78	0.00	0.00	0.00	4,687.11					5	84,978.03	0.00	0.00	0.00	84,978.03				84,978
5	84,978.03	0.00	0.00	0.00	48,120.30					5	123,807.84	0.00	0.00	0.00	123,807.84				123,808
8	253,913.51	1,027.1	0.00	1,027.1	143,786.36					1	14,211.68	0.11	0.00	0.11	14,211.79				14,212
1	14,211.68	0.00	0.00	0.00	8,081.95					3	47,073.47	0.37	0.00	0.37	47,073.84				47,074
9	191,203.70	0.77	0.00	0.77	102,813.32					8	114,665.45	0.00	0.00	0.00	114,665.45				114,665
12	195,663.14	0.10	0.00	0.10	94,390.60					1	13,424.71	0.00	0.00	0.00	13,424.71				13,425
1	13,424.71	0.00	0.00	0.00	7,602.16					9	170,588.60	1,374	0.0	1,374	171,962.60				170,589
7	137,652.28	0.57	0.00	0.57	77,974.20					3	117,482.58	0.00	0.00	0.00	117,482.58				117,483
1	36,808.06	0.13	0.00	0.13	20,644.27					13	280,616.62	2,592	0.0	2,592	283,208.62				280,617
14	297,033.33	1,266.5	0.00	1,266.5	168,204.28					1	8,903.69	0.00	0.00	0.00	8,903.69				8,904
1	8,903.69	0.00	0.00	0.00	5,608.35					5	181,323.30	1,458	0.0	1,458	182,781.30				181,323
5	144,678.36	0.50	0.00	0.50	110,343.63					4	87,818.52	0.00	0.00	0.00	87,818.52				87,819
4	67,818.52	0.26	0.00	0.26	38,404.89					3	107,583.38	0.00	0.00	0.00	107,583.38				107,583
3	107,583.38	0.45	0.00	0.45	65,922.41					2	90,159.18	0.78	0.00	0.78	90,938.36				90,159
2	90,159.18	0.34	0.00	0.34	51,072.40					1	20,080.65	0.16	0.00	0.16	20,241.31				20,081
2	50,981.26	0.21	0.00	0.21	29,643.20					2	47,789.08	0.34	0.00	0.34	48,129.36				47,789
7	137,038.36	0.54	0.00	0.54	77,602.20					3	96,930.47	0.00	0.00	0.00	96,930.47				96,930
3	96,930.47	0.42	0.00	0.42	32,254.87					2	22,003.47	0.17	0.00	0.17	22,174.94				22,003
3	35,922.59	0.13	0.00	0.13	20,342.27					1	14,859.16	0.11	0.00	0.11	14,968.32				14,859
1	14,859.16	0.00	0.00	0.00	8,425.79					11	212,942.25	1,741	0.0	1,741	214,683.25				212,942
11	210,653.90	0.95	0.00	0.95	118,949.59					0	0.00	0.00	0.00	0.00	0.00				0
1	21,567.20	0.09	0.00	0.09	12,178.15					0	0.00	0.00	0.00	0.00	0.00				0
2	25,751.66	0.10	0.00	0.10	14,605.32					51	1,304,659.79	10,536	0.0	10,536	1,315,195.79				1,304,660
287	10,972,055.95	46,784.8	0.00	46,784.8	6,713,282.63					11	347,865.72	2,799	0.0	2,799	350,664.72				347,866
1	19,942.60	0.00	0.00	0.00	11,204.92					5	207,435.91	1,630	0.0	1,630	209,065.91				207,436
11	353,665.71	1,506.0	0.00	1,506.0	200,274.17					5	72,217.20	0.58	0.00	0.58	72,802.40				72,217
6	85,931.50	0.36	0.00	0.36	48,662.49					7	200,517.07	1,613	0.0	1,613	202,130.07				200,518
7	300,517.07	0.85	0.00	0.85	173,549.31					17	255,667.45	2,063	0.0	2,063	257,730.45				255,667
19	302,665.99	1,256.5	0.00	1,256.5	171,396.21														

EXHIBIT 1 – EXTRAORDINARY EXPENSE (continued)**Exhibit 1 - Extraordinary Expense (Continued)****DPW EE PAYMENTS BASED
ON REPORTED CLAIMS**

HOSPITAL	No. of FY 07-08 Extraordinary Expense Claims	Total Cost of EO Expense Claims FY 07-08	% Share of EO Expense	Allocated EE Tobacco Money
MERCY HOSP. - SCRANTON	9	224,227.63	0.9561	126,975.92
MINERS HOSPITAL OF NORTHERN CAMBRIA	1	10,879.92	0.0464	6,161.09
MONONGAHELA VALLEY HOSP.	4	96,894.12	0.4132	54,889.28
MOSES TAYLOR HOSP.	12	199,121.44	0.8491	112,758.68
MOUNT NITTANY MED. CTR.	7	155,140.01	0.6615	87,852.81
MUNCY VALLEY HOSP.	1	11,585.16	0.0494	6,560.48
NAZARETH HOSPITAL	3	67,428.25	0.2875	38,183.33
PAOLI MEMORIAL HOSP.	7	159,184.52	0.6788	90,143.14
PHOENIXVILLE HOSP.	12	392,848.65	1.5472	205,474.24
POCONO HOSP.	1	29,787.95	0.1259	16,857.04
POTTSTOWN MEMORIAL MED. CTR.	4	128,082.60	0.5452	72,536.39
READING HOSPITAL AND MED. CTR.	11	493,253.70	2.1033	279,325.28
RIDDLE MEMORIAL HOSP.	7	257,155.69	1.0937	145,645.11
ROBERT PACKER HOSP.	15	429,651.67	1.8379	243,416.76
ROXBOROUGH MEMORIAL HOSP.	4	96,162.88	0.4188	55,597.76
SEWICKLEY VALLEY HOSP.	13	201,054.95	0.8573	113,553.57
SHAMCKIN AREA COMMUNITY HOSP.	1	12,134.78	0.0517	6,871.56
ST. CLAIR MEMORIAL HOSP.	13	250,275.43	1.0672	141,726.16
ST. LUKE'S HOSP. BETHLEHEM	67	2,248,548.26	9.5878	1,273,309.81
ST. LUKE'S OLAKERTOWN HOSP.	2	26,118.58	0.1114	14,190.45
ST. MARY MED. CTR.	27	845,032.11	3.6032	478,525.48
UPMC-PASSAUNIT	10	252,163.02	1.0752	142,795.09
UPMC-ST. MARGARET	2	92,723.84	0.3954	52,107.24
WAYNE COUNTY MEMORIAL HOSPITAL *	1	10,120.25	0.0432	5,730.80
WAYNESBORO HOSP.	4	57,322.32	0.2444	32,460.53
WESTERN PENN. HOSP. - FORBES REG. CAMP	11	190,378.63	0.7891	102,144.96
WESTMORELAND HOSP.	13	281,719.85	1.2013	159,543.98
WILKES-BARRE GENERAL HOSPITAL	4	53,848.70	0.4602	53,144.72
WILLIAMSPORT HOSP.	18	494,946.93	2.1104	280,278.97
WINDBER HOSP.	4	47,974.04	0.2046	27,166.78
TOTALS	789	23,452,225	100.00	13,280,546

* Wayne County Memorial Hospital qualified for payment under the uncompensated care approach, therefore, will not receive payment under the extraordinary expense approach.

**ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT
ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS**

No. of FY 07-08 Extraordinary Expense Claims	Adjusted Costs of EE Claims FY 07-08	% Share of EO Expense	Reallocated Tobacco Money	Payment Limitation Based on Cost of FY 07-08 Extraordinary Expense Claims
9	224,944.47	1.8110	240,510	224,944
1	10,802.54	0.0378	11,857	10,903
4	93,955.38	0.7517	99,826	93,355
11	174,501.70	1.4049	186,577	174,502
7	154,984.47	1.2478	165,709	154,984
0	0.00	0.0000	0	0
4	94,477.55	0.7805	101,015	94,478
7	159,184.52	1.2916	170,200	159,185
11	315,699.38	2.5416	337,545	315,699
18	496,326.52	3.9975	530,865	496,527
2	56,746.72	0.4569	60,873	56,747
19	802,174.77	6.4582	857,683	802,175
5	219,359.93	1.7650	234,539	219,360
15	427,321.52	3.4403	456,891	427,322
0	0.00	0.0000	0	0
13	182,103.61	1.4661	194,705	182,104
1	12,134.76	0.0977	12,974	12,135
11	201,513.05	1.6224	215,457	201,513
53	1,826,597.73	14.7054	1,932,860	1,826,598
2	26,501.20	0.2134	28,335	26,501
10	260,632.07	2.0983	278,667	260,632
10	252,056.19	2.0293	269,500	252,058
4	127,110.44	1.0233	135,905	127,110
0	0.00	0.0000	0	0
4	53,246.55	0.4287	56,933	53,249
10	167,636.97	1.3456	179,239	167,639
12	280,557.28	2.0977	278,587	280,557
4	85,316.17	0.6985	91,434	85,316
3	72,111.23	0.5856	77,101	72,111
2	24,010.25	0.1933	25,672	24,010
489	12,421,050	100.00	13,280,546	12,421,050

EXHIBIT 2 – EXTRAORDINARY EXPENSE
ADDITIONAL CLAIMS

**Additional EE Eligible Claims Identified as a Result of
Auditor General Reviews**

<u>Hospital</u>	<u>Number of Claims</u>
Abington Memorial Hospital	5
Altoona Hospital	2
Good Samaritan Hospital Lebanon	2
Good Shepherd Rehabilitation Hospital	2
Lancaster General Hospital	1
Lansdale Hospital	4
Nazareth Hospital	1
Pocono Medical Center	17
Reading Hospital and Medical Center	8
Robert Packer Hospital	1
St. Mary Medical Center	2
UPMC – St Margaret	<u>2</u>
Total	<u>47</u>

Exhibit 3 - Extraordinary Expense

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DPW Overpayment (Underpayment)</u>
ABINGTON MEMORIAL HOSP.	\$215,165	\$516,981	(\$301,816)
ALLEGHENY KISKI MED. CTR.	\$18,466	\$21,611	(\$3,145)
ALTOONA HOSP.	\$120,632	\$230,204	(\$109,572)
AMERICAN ONCOLOGIC HOSPITAL	\$45,216	\$79,847	(\$34,631)
BRANDYWINE HOSPITAL	\$71,808	\$84,923	(\$13,115)
BRYN MAWR HOSP.	\$160,031	\$282,500	(\$122,469)
CANONSBURG GENERAL HOSPITAL	\$7,050	\$12,375	(\$5,325)
CARLISLE REGIONAL MED. CTR.	\$21,653	\$0	\$21,653
CHARLES COLE MEMORIAL HOSP.	\$10,626	\$7,971	\$2,655
CHESTER COUNTY HOSP.	\$113,027	\$128,606	(\$15,579)
CHESTNUT HILL HOSP.	\$55,356	\$78,853	(\$23,497)
CLEARFIELD HOSP.	\$4,987	\$8,807	(\$3,820)
DOYLESTOWN HOSP.	\$48,120	\$84,976	(\$36,856)
EASTON HOSP.	\$143,786	\$123,858	\$19,928
ENDLESS MTS. HEALTH SYSTEM	\$8,082	\$14,272	(\$6,190)
EPHRATA COMMUNITY HOSP.	\$102,613	\$47,013	\$55,600
EVANGELICAL COMMUNITY HOSP.	\$94,391	\$114,689	(\$20,298)
FULTON COUNTY MED. CTR.	\$7,602	\$13,425	(\$5,823)
GOOD SAMARITAN HOSP. OF LEBANON	\$77,974	\$170,589	(\$92,615)
GOOD SHEPHERD REHABILITATION HOSP.	\$20,844	\$117,483	(\$96,639)
GRANDVIEW HOSP.	\$168,204	\$280,617	(\$112,413)
GROVE CITY MEDICAL CENTER	\$5,608	\$9,904	(\$4,296)
HANOVER GENERAL HOSP.	\$110,243	\$181,323	(\$71,080)
HAZLETON GENERAL HOSP.	\$38,405	\$67,820	(\$29,415)
HEALTHSOUTH REHAB. OF ALTOONA	\$60,922	\$107,583	(\$46,661)
HEALTHSOUTH REHAB. OF HARMARVILLE	\$51,072	\$90,189	(\$39,117)
HEART OF LANCASTER REGIONAL MED. CTR.	\$28,643	\$20,081	\$8,562
HOLY REDEEMER HOSPITAL	\$77,602	\$47,789	\$29,813
HOLY SPIRIT HOSP.	\$32,255	\$56,930	(\$24,675)
INDIANA REGIONAL MED. CTR.	\$20,342	\$22,003	(\$1,661)
JEANES HOSP.	\$8,426	\$14,859	(\$6,433)
JEFFERSON REGIONAL MED. CTR.	\$118,950	\$212,912	(\$93,962)
JOHN HEINZ INSTITUTE OF REHAB. MED.	\$12,179	\$0	\$12,179
KANE COMMUNITY HOSP.	\$14,605	\$0	\$14,605
LANCASTER GENERAL HOSP.	\$6,213,283	\$1,304,660	\$4,908,623
LANKENAU HOSP.	\$11,295	\$347,666	(\$336,371)
LANSDALE HOSP.	\$200,274	\$207,436	(\$7,162)
LATROBE AREA HOSP.	\$48,663	\$72,217	(\$23,554)
LEHIGH VALLEY HOSP.- MUHLENBERG	\$113,549	\$200,518	(\$86,969)
THE MEDICAL CENTER, BEAVER, PA	\$171,396	\$255,667	(\$84,271)
MERCY HOSP.- SCRANTON	\$126,976	\$224,944	(\$97,968)

Exhibit 3 - Extraordinary Expense (Continued)

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DPW Overpayment (Underpayment)</u>
MINERS HOSPITAL OF NORTHERN CAMBRIA	\$6,161	\$10,903	(\$4,742)
MONONGAHELA VALLEY HOSP.	\$54,869	\$93,365	(\$38,496)
MOSES TAYLOR HOSP.	\$112,759	\$174,502	(\$61,743)
MOUNT NITTANY MED. CTR.	\$87,853	\$154,984	(\$67,131)
MUNCY VALLEY HOSP.	\$6,561	\$0	\$6,561
NAZARETH HOSPITAL	\$38,183	\$94,478	(\$56,295)
PAOLI MEMORIAL HOSP.	\$90,143	\$159,185	(\$69,042)
PHOENIXVILLE HOSP.	\$205,474	\$315,699	(\$110,225)
POCONO HOSP.	\$16,857	\$496,527	(\$479,670)
POTTSTOWN MEMORIAL MED. CTR.	\$72,536	\$56,747	\$15,789
READING HOSPITAL AND MED. CTR.	\$279,326	\$802,175	(\$522,849)
RIDDLE MEMORIAL HOSP.	\$145,645	\$219,360	(\$73,715)
ROBERT PACKER HOSP.	\$243,417	\$427,322	(\$183,905)
ROXBOROUGH MEMORIAL HOSP.	\$55,588	\$0	\$55,588
SEWICKLEY VALLEY HOSP.	\$113,854	\$182,104	(\$68,250)
SHAMOKIN AREA COMMUNITY HOSP.	\$6,872	\$12,135	(\$5,263)
ST. CLAIR MEMORIAL HOSP.	\$141,726	\$201,513	(\$59,787)
ST. LUKE'S HOSP. BETHLEHEM	\$1,273,310	\$1,826,568	(\$553,258)
ST. LUKE'S QUAKERTOWN HOSP.	\$14,790	\$26,501	(\$11,711)
ST. MARY MED. CTR.	\$478,526	\$260,632	\$217,894
UPMC-PASSAVANT	\$142,795	\$252,058	(\$109,263)
UPMC-ST. MARGARET	\$52,508	\$127,110	(\$74,602)
WAYNE COUNTY MEMORIAL HOSPITAL	\$5,731	\$0	\$5,731
WAYNESBORO HOSP.	\$32,461	\$53,249	(\$20,788)
WESTERN PENN. HOSP.- FORBES REG. CAMP.	\$102,145	\$167,639	(\$65,494)
WESTMORELAND HOSP.	\$159,544	\$260,557	(\$101,013)
WILKES-BARRE GENERAL HOSPITAL	\$53,145	\$85,516	(\$32,371)
WILLIAMSPORT HOSP.	\$280,279	\$72,111	\$208,168
WINDBER HOSP.	\$27,167	\$24,010	\$3,157
TOTALS	\$13,280,546	\$12,421,050	\$859,496

EXHIBIT 4 – UNCOMPENSATED CARE**AG UC Re-Calculation for FY 2009 - 2010**

Money Pot: \$75,256,424.70
 DPW Median UC Score: 18.8880915971442
 AG Adjusted Median UC Score: 18.9323773403649

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Montgomery	ABINGTON MEMORIAL HOSPITAL ¹	11.0134	\$0.00	11.0155	\$0.00
Philadelphia	ALBERT EINSTEIN MEDICAL CENTER	38.5448	\$3,213,160.30	38.4778	\$3,236,600.00
Allegheny	ALLE-KISKI MEDICAL CENTER ¹	13.2302	\$0.00		\$0.00
Lackawanna	ALLIED SERVICES REHABILITATION HOSPITAL ²	7.1541	\$0.00		\$0.00
Blair	ALTOONA HOSPITAL ¹	18.5399	\$0.00	17.6373	\$0.00
Philadelphia	AMERICAN ONCOLOGIC HOSPITAL ¹	4.5163	\$0.00		\$0.00
Philadelphia	ARIA HEALTH	23.3521	\$1,671,360.85	23.5873	\$1,700,361.41
Armstrong	ARMSTRONG COUNTY MEMORIAL HOSPITAL	20.4346	\$297,540.14	20.4612	\$300,622.52
Susquehanna	BARNES KASSON COUNTY HOSPITAL	29.9278	\$50,540.33	29.9048	\$50,958.43
Philadelphia	BELMONT CENTER FOR COMP TREATMENT	55.5725	\$401,461.56		\$401,461.56
Columbia	BLOOMSBURG HOSPITAL INC	19.4401	\$104,467.71		\$105,412.87
McKean	BRADFORD REGIONAL MEDICAL CENTER	35.5689	\$332,442.46		\$335,450.20
Chester	BRANDYWINE HOSPITAL ¹	14.7048	\$0.00		\$0.00
Montgomery	BROOKE GLEN BEHAVIORAL HOSPITAL ²	58.879	\$0.00		\$0.00
Jefferson	BROOKVILLE HOSPITAL ²	10.4107	\$0.00		\$0.00
Montgomery	BRYN MAWR HOSPITAL ¹	5.9886	\$0.00		\$0.00
Chester	BRYN MAWR REHAB ²	7.5939	\$0.00		\$0.00
Clinton	BUCKTAIL MEDICAL CENTER ²	15.2871	\$0.00		\$0.00

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

EXHIBIT 4 – UNCOMPENSATED CARE (CONTINUED)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Butler	BUTLER COUNTY MEMORIAL HOSPITAL	20.4215	\$564,086.17	19.5617	\$545,224.03
Washington	CANONSBURG GENERAL HOSPITAL ¹	9.4989	\$0.00	9.4126	\$0.00
Cumberland	CARLISLE REGIONAL MEDICAL CENTER ¹	9.4413	\$0.00	9.3575	\$0.00
Franklin	CHAMBERSBURG HOSPITAL	19.8412	\$527,450.27	19.7716	\$531,650.39
Potter	CHARLES COLE MEMORIAL HOSPITAL ¹	16.5878	\$0.00	16.4783	\$0.00
Chester	CHESTER COUNTY HOSPITAL ¹	14.313	\$0.00		\$0.00
Philadelphia	CHESTNUT HILL HEALTH SYSTEM ¹	15.6656	\$0.00		\$0.00
Philadelphia	CHILDRENS HOSPITAL OF PHILADELPHIA	41.5418	\$2,291,628.94	41.5469	\$2,312,647.52
Allegheny	CHILDRENS HOSPITAL OF PITTSBURGH OF UPMC	49.5282	\$1,573,441.21	49.5008	\$1,586,797.83
Columbia	CHS BERWICK HOSPITAL ²	13.2965	\$0.00		\$0.00
Clarion	CLARION HOSPITAL ²	18.8599	\$0.00		\$0.00
Clarion	CLARION PSYCHIATRIC CENTER ²	65.9454	\$0.00		\$0.00
Clearfield	CLEARFIELD HOSPITAL ¹	16.7394	\$0.00	16.7693	\$0.00
Lackawanna	COMMUNITY MEDICAL CENTER	25.4783	\$727,048.87	25.4887	\$733,927.09
Cambria	CONEMAUGH VALLEY MEMORIAL HOSP	19.2972	\$1,162,774.92	19.0401	\$1,157,663.28
Erie	CORRY MEMORIAL HOSPITAL ²	18.2202	\$0.00		\$0.00
Delaware	CROZER CHESTER MEDICAL CENTER	29.6877	\$2,110,204.23		\$2,129,296.08
Delaware	DELAWARE COUNTY MEMORIAL HOSP	20.8388	\$608,018.93	20.8464	\$613,745.16
Chester	DEVEREUX CHILDREN'S BEHAVIOR HEALTH CENTER	90.7663	\$242,531.68	91.5756	\$242,531.68
Lycoming	DIVINE PROVIDENCE WILLIAMSPORT	41.6578	\$83,386.38	42.2971	\$85,432.19
Bucks	DOYLESTOWN HOSPITAL ¹	6.9491	\$0.00	6.9557	\$0.00

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Clearfield	DUBOIS REGIONAL MEDICAL CENTER	31.6653	\$594,199.79		\$599,575.75
Montgomery	EAGLEVILLE HOSPITAL	41.1411	\$317,464.30	41.1124	\$320,112.59
Northampton	EASTON HOSPITAL ¹	13.1197	\$0.00		\$0.00
Elk	ELK REGIONAL HEALTH CENTER ²	12.0066	\$0.00		\$0.00
Lawrence	ELLWOOD CITY HOSPITAL ²	18.7745	\$0.00		\$0.00
Susquehanna	ENDLESS MOUNTAIN HEALTH SYSTEM ¹	13.3685	\$0.00	13.3195	\$0.00
Lancaster	EPHRATA COMMUNITY HOSPITAL ¹	12.5572	\$0.00	12.5714	\$0.00
Union	EVANGELICAL COMMUNITY HOSPITAL ¹	14.5023	\$0.00		\$0.00
Philadelphia	FAIRMOUNT BEHAVIORAL HEALTH SYSTEMS ²	52.3002	\$0.00		\$0.00
Luzerne	FIRST HOSPITAL WYOMING VALLEY	50.0899	\$184,946.52	51.5071	\$184,946.52
Bucks	FOUNDATIONS BEHAVIORAL HEALTH	82.3214	\$276,030.70	82.4533	\$277,327.56
Westmoreland	FRICK COMMUNITY HEALTH CENTER ²	17.6195	\$0.00		\$0.00
Philadelphia	FRIENDS HOSPITAL ³	55.048	\$1,257,488.10	55.9268	\$1,257,488.10
Fulton	FULTON COUNTY MEDICAL CENTER ¹	8.2535	\$0.00	8.4016	\$0.00
Montour	GEISINGER MEDICAL CENTER	23.6582	\$1,249,089.75		\$1,260,390.75
Luzerne	GEISINGER WYOMING VALLEY ³	18.8881	\$650,504.84	19.3755	\$640,247.18
Adams	GETTYSBURG HOSPITAL	19.7548	\$150,417.68	19.7783	\$151,958.76
Carbon	GNADEN HUETTEN MEMORIAL HOSPITAL	20.1712	\$161,914.84	20.1775	\$163,430.77
Lebanon	GOOD SAMARITAN HOSPITAL ¹	17.3854	\$0.00	17.3798	\$0.00
Lehigh	GOOD SHEPHERD HOME & REHAB CTR ¹	13.1911	\$0.00		\$0.00
Bucks	GRANDVIEW HOSPITAL ¹	11.7455	\$0.00	11.7706	\$0.00

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

³ denotes the hospital had one or more data elements that were unable to be verified..

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Mercer	GROVE CITY MEDICAL CENTER ¹	14.297	\$0.00	14.0284	\$0.00
Erie	HAMOT MEDICAL CENTER	18.9243	\$700,110.13	18.9324	\$706,744.63
York	HANOVER GENERAL HOSPITAL ¹	10.1893	\$0.00	10.1579	\$0.00
Luzerne	HAZLETON GENERAL HOSPITAL ¹	14.7691	\$0.00		\$0.00
Montour	HEALTHSOUTH PENN STATE GEISINGER ²	8.0752	\$0.00		\$0.00
Blair	HEALTHSOUTH ALTOONA ¹	13.8722	\$0.00	13.8214	\$0.00
Allegheny	HEALTHSOUTH HARMARVILLE REHAB CTR ¹	16.2422	\$0.00	18.0004	\$0.00
Erie	HEALTHSOUTH LAKE ERIE INST REHAB ²	17.5292	\$0.00		\$0.00
Centre	HEALTHSOUTH NITTANY VALLEY REHAB ²	11.7956	\$0.00		\$0.00
Berks	HEALTHSOUTH REHAB HOSP of READING ²	17.8136	\$0.00		\$0.00
Cumberland	HEALTHSOUTH REHAB OF MECHANICSBURG ²	8.8443	\$0.00		\$0.00
Allegheny	HEALTHSOUTH REHAB OF SEWICKLEY ²	11.6518	\$0.00		\$0.00
York	HEALTHSOUTH REHAB OF YORK ²	7.7593	\$0.00		\$0.00
Lancaster	HEART of LANCASTER REGIONAL MED CTR ¹	13.2753	\$0.00	14.9492	\$0.00
Fayette	HIGHLAND HOSPITAL AND HEALTH CTR	40.3924	\$237,445.47	40.4155	\$239,730.30
Montgomery	HOLY REDEEMER HOSPITAL ¹	13.8277	\$0.00	13.4324	\$0.00
Cumberland	HOLY SPIRIT HOSPITAL ¹	13.9575	\$0.00	14.3322	\$0.00
Montgomery	HORSHAM PSYCH HOSPITAL ²	54.101	\$0.00		\$0.00
Philadelphia	HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA	26.9033	\$2,723,789.42		\$2,748,432.62
Indiana	INDIANA HOSPITAL ¹	13.2504	\$0.00	13.2626	\$0.00
Huntingdon	J C BLAIR MEMORIAL HOSPITAL	25.7996	\$157,509.44	25.6155	\$157,800.01

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Lawrence	JAMESON MEMORIAL HOSPITAL	21.427	\$495,940.23	21.3865	\$499,481.19
Philadelphia	JEANES HOSPITAL ¹	13.1857	\$0.00	13.1796	\$0.00
Allegheny	JEFFERSON REGIONAL MED CTR ¹	9.4745	\$0.00	9.5256	\$0.00
Chester	JENNERSVILLE REGIONAL HOSPITAL ³	19.1858	\$124,768.92	19.1825	\$125,875.77
Lycoming	JERSEY SHORE HOSPITAL ²	8.9973	\$0.00		\$0.00
Luzerne	JOHN HEINZ INSTITUTE OF REHAB MED ¹	7.491	\$0.00	7.4437	\$0.00
McKean	KANE COMMUNITY HOSPITAL ¹	10.4991	\$0.00	10.3037	\$0.00
Philadelphia	KENSINGTON HOSPITAL	99.7228	\$359,933.78	99.4571	\$362,222.55
Lehigh	KIDSPEACE	70.7606	\$42,140.33	70.068	\$42,140.33
Philadelphia	KIRKBRIDE PSYCH HOSPITAL	71.8967	\$553,519.66	71.9231	\$559,009.26
Lancaster	LANCASTER GENERAL HOSPITAL ¹	17.4515	\$0.00		\$0.00
Lancaster	LANCASTER REGIONAL MEDICAL CENTER	22.0739	\$325,249.20	22.1297	\$331,320.54
Lancaster	LANCASTER REHABILITATION HOSPITAL ²	10.1289	\$0.00		\$0.00
Montgomery	LANKENAU HOSPITAL ¹	14.382	\$0.00	14.3942	\$0.00
Montgomery	LANSDALE HOSPITAL ¹	10.6557	\$0.00	10.6528	\$0.00
Westmoreland	LATROBE AREA HOSPITAL INC ¹	17.7846	\$0.00	17.7966	\$0.00
Lehigh	LEHIGH VALLEY HOSPITAL CENTER	19.304	\$1,783,517.24	19.3037	\$1,799,623.39
Lehigh	LEHIGH VALLEY HOSPITAL MUHLENBERG ¹	10.5336	\$0.00		\$0.00
Mifflin	LEWISTOWN HOSPITAL	23.803	\$298,209.59	21.9773	\$277,827.92
Clinton	LOCK HAVEN HOSPITAL	23.7679	\$77,043.01	24.3088	\$77,516.04
Bucks	LOWER BUCKS HOSPITAL	21.6711	\$390,673.09	21.6761	\$394,297.76

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

3 denotes the hospital had one or more data elements that were unable to be verified.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Philadelphia	MAGEE REHAB HOSPITAL	19.6127	\$259,365.63	23.8174	\$240,369.49
Allegheny	MAGEE WOMENS HOSPITAL	34.9988	\$1,346,340.00		\$1,358,520.87
Lackawanna	MARIAN COMMUNITY HOSPITAL ³	23.7304	\$169,847.34	23.7533	\$171,549.20
Centre	MEADOWS PSYCHIATRIC CENTER ²	62.3714	\$0.00		\$0.00
Crawford	MEADVILLE MEDICAL CENTER	21.153	\$340,687.15	21.3969	\$347,733.72
Beaver	MEDICAL CENTER BEAVER PA INC ¹	16.4422	\$0.00	16.4629	\$0.00
Bradford	MEMORIAL HOSPITAL TOWANDA	25.0935	\$66,936.89	25.1229	\$67,621.56
York	MEMORIAL HOSPITAL YORK	20.7727	\$228,936.66	20.7686	\$230,962.89
Delaware	MERCY CATHOLIC MEDICAL CENTER-FITZGERALD	29.2651	\$762,736.70	29.2897	\$770,285.89
Philadelphia	MERCY HOSPITAL OF PHILADELPHIA	55.5669	\$1,399,701.52	55.5414	\$1,411,716.76
Lackawanna	MERCY HOSPITAL SCRANTON ¹	13.4441	\$0.00	13.4475	\$0.00
Luzerne	MERCY SPECIAL CARE HOSPITAL ²	2.5188	\$0.00		\$0.00
Montgomery	MERCY SUBURBAN HOSPITAL	20.611	\$344,089.25	20.6023	\$347,054.82
Wyoming	MERCY TYLER MEMORIAL HOSPITAL ³	19.6257	\$83,362.41	19.6362	\$84,161.67
Somerset	MEYERSDALE COMMUNITY HOSPITAL ²	8.7201	\$0.00		\$0.00
Lackawanna	MID VALLEY HOSPITAL ASSN ²	9.8968	\$0.00		\$0.00
Erie	MILLCREEK COMMUNITY HOSPITAL	42.3449	\$379,792.94	42.3996	\$383,724.61
Cambria	MINERS HOSPITAL OF NORTHERN CAMBRIA ¹	14.336	\$0.00	14.2835	\$0.00
Schuylkill	MINERS MEMORIAL MEDICAL CENTER ²	12.455	\$0.00		\$0.00
Washington	MONONGAHELA VALLEY HOSPITAL INC ¹	17.412	\$0.00	17.146	\$0.00
Montgomery	MONTGOMERY CO EMERGENCY SERVICE, INC	62.7155	\$628,500.40		\$634,186.69

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

³ denotes the hospital had one or more data elements that were unable to be verified.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Montgomery	MONTGOMERY HOSPITAL	21.9383	\$335,252.63	21.9286	\$338,135.63
Lackawanna	MOSES TAYLOR HOSPITAL ¹	18.7246	\$0.00	18.6494	\$0.00
Centre	MOUNT NITANNY MEDICAL CENTER ¹	13.4605	\$0.00		\$0.00
Lycoming	MUNCY VALLEY HOSPITAL ¹	7.5524	\$0.00	7.5434	\$0.00
Blair	NASON HOSPITAL ASSOCIATION	20.1492	\$82,080.54		\$82,823.16
Philadelphia	NAZARETH HOSPITAL ¹	16.0204	\$0.00		\$0.00
Philadelphia	NPHS-GIRARD MEDICAL CENTER	70.5057	\$868,789.88	72.3341	\$899,384.49
Philadelphia	NPHS-ST JOSEPH HOSPITAL	74.3288	\$1,347,086.64	70.458	\$1,288,488.51
Allegheny	OHIO VALLEY GENERAL HOSPITAL ²	13.6206	\$0.00		\$0.00
Carbon	PALMERTON HOSPITAL ²	9.7519	\$0.00		\$0.00
Chester	PAOLI MEMORIAL HOSPITAL ¹	3.8888	\$0.00		\$0.00
Philadelphia	PENN PRESBYTERIAN MEDICAL CTR UPHS	32.9169	\$1,059,445.17		\$1,069,030.39
Dauphin	PENN STATE MILTON S HERSHEY MEDICAL CENTER	22.5122	\$1,517,140.22	22.5395	\$1,532,728.38
Philadelphia	PENNSYLVANIA HOSPITAL UPHS	28.384	\$1,626,244.39	28.3312	\$1,637,906.07
Lebanon	PHILHAVEN HOSPITAL	47.1808	\$492,409.09		\$496,864.11
Chester	PHOENIXVILLE HOSPITAL ¹	10.7036	\$0.00	12.3977	\$0.00
Dauphin	PINNACLE HEALTH HOSPITALS	20.6663	\$1,595,257.24		\$1,609,690.16
Monroe	POCONO HOSPITAL ¹	18.7299	\$0.00	18.7635	\$0.00
Montgomery	POTTSTOWN MEMORIAL MEDICAL CENTER ¹	14.1009	\$0.00		\$0.00
Jefferson	PUNXSUTAWNEY AREA HOSPITAL	21.4681	\$76,271.67	21.0953	\$75,625.30
Berks	READING HOSPITAL AND MED CENTER ¹	17.3204	\$0.00		\$0.00

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Delaware	RIDDLE MEMORIAL HOSPITAL ¹	8.918	\$0.00		\$0.00
Bradford	ROBERT PACKER HOSPITAL ¹	18.2968	\$0.00		\$0.00
Philadelphia	ROXBOROUGH MEMORIAL HOSPITAL ¹	14.0535	\$0.00		\$0.00
Franklin	ROXBURY PSYCHIATRIC HOSPITAL	25.4759	\$63,086.00	60.7523	\$63,086.00
Lehigh	SACRED HEART HOSPITAL	24.5994	\$435,759.86	24.4841	\$437,615.44
Schuylkill	SCHUYLKILL MED CTR - EAST NORWEGIAN ST ²	9.5912	\$0.00		\$0.00
Schuylkill	SCHUYLKILL MED CTR - SOUTH JACKSON ST	26.4116	\$556,021.91	26.4131	\$561,083.45
Allegheny	SEWICKLEY VALLEY HOSPITAL ¹	13.5772	\$0.00	13.5708	\$0.00
Northumberland	SHAMOKIN AREA COMMUNITY HOSPITAL ¹	9.9714	\$0.00		\$0.00
Mercer	SHARON REGIONAL HEALTH CENTER	25.3958	\$520,334.91	25.4283	\$525,714.89
Tioga	SOLDIERS AND SAILORS MEMORIAL HOSPITAL	30.8388	\$148,641.41	30.8456	\$150,019.07
Somerset	SOMERSET HOSPITAL CENTER FOR HEALTH	21.4959	\$197,733.37		\$199,522.35
Greene	SOUTHWEST REGIONAL MEDICAL CENTER	20.0178	\$111,784.61	20.0509	\$112,982.49
Allegheny	SOUTHWOOD PSYCHIATRIC HOSPITAL	77.4833	\$28,612.31		\$28,612.31
Schuylkill	ST CATHERINE HEALTHCARE CENTER ³	22.2598	\$47,134.61		\$47,561.06
Allegheny	ST CLAIR MEMORIAL HOSPITAL ¹	7.9358	\$0.00	8.0279	\$0.00
Berks	ST JOSEPH MEDICAL CENTER	30.9458	\$674,151.06		\$680,250.38
Lehigh	ST LUKES HOSPITAL - BETHLEHEM ¹	18.7704	\$0.00	18.7785	\$0.00
Bucks	ST LUKES HOSPITAL QUAKERTOWN ¹	16.8641	\$0.00		\$0.00
Bucks	ST MARY HOSPITAL - LANGHORNE ¹	7.9645	\$0.00	7.9338	\$0.00
Erie	ST VINCENT HEALTH CENTER	24.2909	\$949,455.93	24.3152	\$959,007.06

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

³ denotes the hospital had one or more data elements that were unable to be verified.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Northumberland	SUNBURY COMMUNITY HOSPITAL ³	26.1058	\$147,957.26	26.3816	\$150,603.35
Philadelphia	TEMPLE UNIVERSITY HSP	54.8241	\$6,534,067.78	55.6271	\$6,689,759.29
Allegheny	THE CHILDRENS HOME OF PITTSBURGH	70.9898	\$96,906.29	73.7628	\$101,602.71
Allegheny	THE CHILDRENS INSTITUTE OF PITTSBURGH	46.8062	\$252,594.18		\$254,879.50
Philadelphia	THOMAS JEFFERSON UNIVERSITY HOSPITAL ³	26.3931	\$3,171,404.66	26.4349	\$3,205,158.02
Philadelphia	THS-HAHNEMANN HOSPITAL	39.6441	\$2,189,710.74	37.871	\$2,110,702.68
Philadelphia	THS-ST CHRISTOPHER'S HOSPITAL	73.9026	\$1,351,603.57	72.9828	\$710,780.12
Crawford	TITUSVILLE HOSPITAL	21.6672	\$92,830.05		\$93,669.92
Bradford	TROY COMMUNITY HOSPITAL ⁴	81.6036	\$73,797.74	7.2906	\$0.00
Blair	TYRONE HOSPITAL ²	18.7001	\$0.00		\$0.00
Fayette	UNIONTOWN HOSPITAL ASSOCIATION	25.6454	\$543,780.22		\$548,700.02
Bedford	UPMC BEDFORD ²	18.1817	\$0.00		\$0.00
Mercer	UPMC HORIZON	18.9669	\$285,696.02	19.2741	\$292,949.15
Allegheny	UPMC MCKEESPORT	26.2623	\$633,603.22	26.6558	\$648,914.92
Allegheny	UPMC Mercy	26.0601	\$1,707,156.17	26.133	\$1,727,425.30
Venango	UPMC NORTHWEST	19.9146	\$298,002.52	19.9141	\$301,307.43
Allegheny	UPMC PASSAVANT ¹	4.3336	\$0.00		\$0.00
Allegheny	UPMC PRESBYTERIAN SHADYSIDE	24.2393	\$4,853,496.59	24.1494	\$4,879,236.90
Allegheny	UPMC ST MARGARET ¹	8.9329	\$0.00	8.8548	\$0.00
Montgomery	VALLEY FORGE MEDICAL CENTER	61.0224	\$411,905.09	60.9563	\$415,181.51
Warren	WARREN GENERAL HOSPITAL	23.7655	\$162,816.38	27.81	\$192,249.36

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

³ denotes the hospital had one or more data elements that were unable to be verified.

⁴ denoted the hospital originally qualified for payment under the uncompensated care approach, however, based on the results of our review, the hospital does not qualify for payment.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW LIC Score	DPW Payment	AG Adjusted LIC Score	AG Payment
Washington	WASHINGTON HOSPITAL	19.8661	\$612,286.14	20.0657	\$624,032.51
Wayne	WAYNE COUNTY MEMORIAL HOSPITAL ^{1 5}	18.8471	\$0.00	19.1045	\$160,733.20
Franklin	WAYNESBORO HOSPITAL ¹	17.1344	\$0.00		\$0.00
Allegheny	WEST PENN-ALLEGHENY GENERAL HOSPITAL	20.2049	\$1,475,911.50	20.2195	\$1,490,339.49
Allegheny	WESTERN PENNSYLVANIA HOSPITAL	23.4052	\$1,058,263.73	23.3925	\$1,067,258.25
Allegheny	WESTERN PENNSYLVANIA HOSPITAL - FORBES ¹	13.1747	\$0.00	13.1831	\$0.00
Westmoreland	WESTMORELAND HOSPITAL ¹	16.5574	\$0.00		\$0.00
Luzerne	WILKES-BARRE GENERAL HOSPITAL ¹	16.5301	\$0.00	16.5591	\$0.00
Lycoming	WILLIAMSPORT HOSPITAL ¹	17.966	\$0.00		\$0.00
Somerset	WINDBER HOSPITAL ¹	13.4637	\$0.00	13.4961	\$0.00
York	YORK HOSPITAL	22.8834	\$1,486,193.49		\$1,499,639.67
Totals:			\$75,256,424.66		\$75,256,424.70

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach.

⁵ denotes the hospital originally qualified for payment under the extraordinary expense approach, however, based on the results of our review, the hospital should qualify under the uncompensated care approach.

Exhibit 5 - Uncompensated Care

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DPW Overpayment (Underpayment)</u>
ALBERT EINSTEIN MEDICAL CENTER	\$3,213,160.30	\$3,236,600.00	(\$23,439.70)
ARIA HEALTH	\$1,671,360.85	\$1,700,361.41	(\$29,000.56)
ARMSTRONG COUNTY MEMORIAL HOSPITAL	\$297,540.14	\$300,622.52	(\$3,082.38)
BARNES KASSON COUNTY HOSPITAL	\$50,540.33	\$50,958.43	(\$418.10)
BELMONT CENTER FOR COMP TREATMENT	\$401,461.56	\$401,461.56	\$0.00
BLOOMSBURG HOSPITAL INC	\$104,467.71	\$105,412.87	(\$945.16)
BRADFORD REGIONAL MEDICAL CENTER	\$332,442.46	\$335,450.20	(\$3,007.74)
BUTLER COUNTY MEMORIAL HOSPITAL	\$564,086.17	\$545,224.03	\$18,862.14
CHAMBERSBURG HOSPITAL	\$527,450.27	\$531,650.39	(\$4,200.12)
CHILDRENS HOSPITAL OF PHILADELPHIA	\$2,291,628.94	\$2,312,647.52	(\$21,018.58)
CHILDRENS HOSPITAL OF PITTSBURGH OF UPMC	\$1,573,441.21	\$1,586,797.83	(\$13,356.62)
COMMUNITY MEDICAL CENTER	\$727,048.87	\$733,927.09	(\$6,878.22)
CONEMAUGH VALLEY MEMORIAL HOSP	\$1,162,774.92	\$1,157,663.28	\$5,111.64
CROZER CHESTER MEDICAL CENTER	\$2,110,204.23	\$2,129,296.08	(\$19,091.85)
DELAWARE COUNTY MEMORIAL HOSP	\$608,018.93	\$613,745.16	(\$5,726.23)
DEVEREUX CHILDREN'S BEHAVIOR HEALTH CENTE	\$242,531.68	\$242,531.68	\$0.00
DIVINE PROVIDENCE WILLIAMSPORT	\$83,386.38	\$85,432.19	(\$2,045.81)
DUBOIS REGIONAL MEDICAL CENTER	\$594,199.79	\$599,575.75	(\$5,375.96)
EAGLEVILLE HOSPITAL	\$317,464.30	\$320,112.59	(\$2,648.29)
FIRST HOSPITAL WYOMING VALLEY	\$184,946.52	\$184,946.52	\$0.00
FOUNDATIONS BEHAVIORAL HEALTH	\$276,030.70	\$277,327.56	(\$1,296.86)
FRIENDS HOSPITAL **	\$1,257,488.10	\$1,257,488.10	\$0.00
GEISINGER MEDICAL CENTER	\$1,249,089.75	\$1,260,390.75	(\$11,301.00)
GEISINGER WYOMING VALLEY **	\$650,504.84	\$640,247.18	\$10,257.66
GETTYSBURG HOSPITAL	\$150,417.68	\$151,958.76	(\$1,541.08)
GNADEN HUETTEN MEMORIAL HOSPITAL	\$161,914.84	\$163,430.77	(\$1,515.93)
HAMOT MEDICAL CENTER	\$700,110.13	\$706,744.63	(\$6,634.50)
HIGHLAND HOSPITAL AND HEALTH CTR	\$237,445.47	\$239,730.30	(\$2,284.83)
HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA	\$2,723,789.42	\$2,748,432.62	(\$24,643.20)
J C BLAIR MEMORIAL HOSPITAL	\$157,509.44	\$157,800.01	(\$290.57)
JAMESON MEMORIAL HOSPITAL	\$495,940.23	\$499,481.19	(\$3,540.96)
JENNERSVILLE REGIONAL HOSPITAL **	\$124,768.92	\$125,875.77	(\$1,106.85)
KENSINGTON HOSPITAL	\$359,933.78	\$362,222.55	(\$2,288.77)
KIDSPACE	\$42,140.33	\$42,140.33	\$0.00
KIRKBRIDE PSYCH HOSPITAL	\$553,519.66	\$559,009.26	(\$5,489.60)
LANCASTER REGIONAL MEDICAL CENTER	\$325,249.20	\$331,320.54	(\$6,071.34)
LEHIGH VALLEY HOSPITAL CENTER	\$1,783,517.24	\$1,799,623.39	(\$16,106.15)
LEWISTOWN HOSPITAL	\$298,209.59	\$277,827.92	\$20,381.67
LOCK HAVEN HOSPITAL	\$77,043.01	\$77,516.04	(\$473.03)
LOWER BUCKS HOSPITAL	\$390,673.09	\$394,297.76	(\$3,624.67)
MAGEE REHAB HOSPITAL	\$259,365.63	\$240,369.49	\$18,996.14
MAGEE WOMENS HOSPITAL	\$1,346,340.00	\$1,358,520.87	(\$12,180.87)
MARIAN COMMUNITY HOSPITAL **	\$169,847.34	\$171,549.20	(\$1,701.86)
MEADVILLE MEDICAL CENTER	\$340,687.15	\$347,733.72	(\$7,046.57)
MEMORIAL HOSPITAL TOWANDA	\$66,936.89	\$67,621.56	(\$684.67)

** Denotes hospital for which various data elements could not be verified.

Exhibit 5 - Uncompensated Care (Continued)

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General</u>	<u>DPW Overpayment (Underpayment)</u>
		<u>Recalculated Payment Entitlement</u>	
MEMORIAL HOSPITAL YORK	\$228,936.66	\$230,962.89	(\$2,026.23)
MERCY CATHOLIC MEDICAL CENTER-FITZGERALD	\$762,736.70	\$770,285.89	(\$7,549.19)
MERCY HOSPITAL OF PHILADELPHIA	\$1,399,701.52	\$1,411,716.76	(\$12,015.24)
MERCY SUBURBAN HOSPITAL	\$344,089.25	\$347,054.82	(\$2,965.57)
MERCY TYLER MEMORIAL HOSPITAL **	\$83,362.41	\$84,161.67	(\$799.26)
MILLCREEK COMMUNITY HOSPITAL	\$379,792.94	\$383,724.61	(\$3,931.67)
MONTGOMERY CO EMERGENCY SERVICE, INC	\$628,500.40	\$634,186.69	(\$5,686.29)
MONTGOMERY HOSPITAL	\$335,252.63	\$338,135.63	(\$2,883.00)
NASON HOSPITAL ASSOCIATION	\$82,080.54	\$82,823.16	(\$742.62)
NPHS-GIRARD MEDICAL CENTER	\$868,789.88	\$899,384.49	(\$30,594.61)
NPHS-ST JOSEPH HOSPITAL	\$1,347,086.64	\$1,288,488.51	\$58,598.13
PENN PRESBYTERIAN MEDICAL CTR UPHS	\$1,059,445.17	\$1,069,030.39	(\$9,585.22)
PENN STATE MILTON S HERSHEY MEDICAL CENTER	\$1,517,140.22	\$1,532,728.38	(\$15,588.16)
PENNSYLVANIA HOSPITAL UPHS	\$1,626,244.39	\$1,637,906.07	(\$11,661.68)
PHILHAVEN HOSPITAL	\$492,409.09	\$496,864.11	(\$4,455.02)
PINNACLE HEALTH HOSPITALS	\$1,595,257.24	\$1,609,690.16	(\$14,432.92)
PUNXSUTAWNEY AREA HOSPITAL	\$76,271.67	\$75,625.30	\$646.37
ROXBURY PSYCHIATRIC HOSPITAL	\$63,086.00	\$63,086.00	\$0.00
SACRED HEART HOSPITAL	\$435,759.86	\$437,615.44	(\$1,855.58)
SCHUYLKILL MED CTR - SOUTH JACKSON ST	\$556,021.91	\$561,083.45	(\$5,061.54)
SHARON REGIONAL HEALTH CENTER	\$520,334.91	\$525,714.89	(\$5,379.98)
SOLDIERS AND SAILORS MEMORIAL HOSPITAL	\$148,641.41	\$150,019.07	(\$1,377.66)
SOMERSET HOSPITAL CENTER FOR HEALTH	\$197,733.37	\$199,522.35	(\$1,788.98)
SOUTHWEST REGIONAL MEDICAL CENTER	\$111,784.61	\$112,982.49	(\$1,197.88)
SOUTHWOOD PSYCHIATRIC HOSPITAL	\$28,612.31	\$28,612.31	\$0.00
ST CATHERINE HEALTHCARE CENTER **	\$47,134.61	\$47,561.06	(\$426.45)
ST JOSEPH MEDICAL CENTER	\$674,151.06	\$680,250.38	(\$6,099.32)
ST VINCENT HEALTH CENTER	\$949,455.93	\$959,007.06	(\$9,551.13)
SUNBURY COMMUNITY HOSPITAL **	\$147,957.26	\$150,603.35	(\$2,646.09)
TEMPLE UNIVERSITY HSP	\$6,534,067.78	\$6,689,759.29	(\$155,691.51)
THE CHILDRENS HOME OF PITTSBURGH	\$96,906.29	\$101,602.71	(\$4,696.42)
THE CHILDRENS INSTITUTE OF PITTSBURGH	\$252,594.18	\$254,879.50	(\$2,285.32)
THOMAS JEFFERSON UNIVERSITY HOSPITAL **	\$3,171,404.66	\$3,205,158.02	(\$33,753.36)
THS-ILAHNEMANN HOSPITAL	\$2,189,710.74	\$2,110,702.68	\$79,008.06
THS-ST CHRISTOPHER'S HOSPITAL	\$1,351,603.57	\$710,780.12	\$640,823.45
TITUSVILLE HOSPITAL	\$92,830.05	\$93,669.92	(\$839.87)
TROY COMMUNITY HOSPITAL	\$73,797.74	\$0.00	\$73,797.74
UNIONTOWN HOSPITAL ASSOCIATION	\$543,780.22	\$548,700.02	(\$4,919.80)
UPMC HORIZON	\$285,696.02	\$292,949.15	(\$7,253.13)
UPMC MCKEESPORT	\$633,603.22	\$648,914.92	(\$15,311.70)
UPMC MERCY	\$1,707,156.17	\$1,727,425.30	(\$20,269.13)
UPMC NORTHWEST	\$298,002.52	\$301,307.43	(\$3,304.91)
UPMC PRESBYTERIAN SHADYSIDE	\$4,853,496.59	\$4,879,236.90	(\$25,740.31)
VALLEY FORGE MEDICAL CENTER	\$411,905.09	\$415,181.51	(\$3,276.42)
WARREN GENERAL HOSPITAL	\$162,816.38	\$192,249.36	(\$29,432.98)

** Denotes hospital for which various data elements could not be verified.

Exhibit 5 - Uncompensated Care (Continued)

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General</u>	<u>DPW Overpayment (Underpayment)</u>
		<u>Recalculated Payment Entitlement</u>	
WASHINGTON HOSPITAL	\$612,286.14	\$624,032.51	(\$11,746.37)
WAYNE COUNTY MEMORIAL HOSPITAL	\$0.00	\$160,733.20	(\$160,733.20)
WEST PENN-ALLEGHENY GENERAL HOSPITAL	\$1,475,911.50	\$1,490,339.49	(\$14,427.99)
WESTERN PENNSYLVANIA HOSPITAL	\$1,058,263.73	\$1,067,258.25	(\$8,994.52)
YORK HOSPITAL	\$1,486,193.49	\$1,499,639.67	(\$13,446.18)
TOTALS	\$75,256,424.66	\$75,256,424.70	(\$0.04)

DEPARTMENT OF PUBLIC WELFARE'S RESPONSE



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE

October 17, 2013

Ms. Tracie L. Fountain, CPA
Director
Bureau of Firefighters' Relief Association Audits
Department of the Auditor General
316-D Finance Building
Harrisburg, Pennsylvania 17120

Dear Ms. Fountain:

Thank you for your August 27, 2013 letter, which transmitted the draft report for the Tobacco Settlement Uncompensated Care and Extraordinary Expense Payments to Hospitals and for providing the Department of Public Welfare (DPW) with the opportunity to comment. The purpose of the review was to determine whether the 164 hospitals receiving payments could document their entitlement to the funds received. As a result of this review, the Auditor General (AG) is recommending that DPW change its data collection and payment process and redistribute the 2010 tobacco payments consistent with their calculations.

DPW was recently notified that, as a result of an arbitration decision concerning payments made in 2003, Pennsylvania's share of payments from the tobacco Master Settlement Agreement (MSA) will be reduced by an estimated \$180 million - \$220 million, or 60 percent of the Commonwealth's base tobacco payment. Due to the uncertainty concerning the future of the Uncompensated Care and Extraordinary Expense Programs, DPW will not be considering the establishment or implementation of new policies, procedures, or practices at this time.

Finding No. 1:

Extraordinary Expense Claims Data Utilized by the DPW Was Not Entirely Accurate Resulting in Hospitals Receiving \$859,496 More Than They Were Entitled to Receive

AG Recommendation: Establish a mandatory requirement for hospitals to access the Pennsylvania Health Care Cost Containment Council's (PHC4) website during the claims verification process timeframes established by PHC4 and make corrections to the previously submitted claims data as necessary. Further, establish a penalty for hospitals failing to adhere to this process.

DEPARTMENT OF PUBLIC WELFARE'S RESPONSE (Continued)

In the event that DPW believes the PHC4 verification process does not resolve disallowances, the AG recommends that the DPW consider implementing another process to collect final hospital extraordinary expense data or work with the PHC4 to develop a more reliable claims database from which to base DPW's extraordinary expense payments. Finally, the AG recommends DPW collect overpayments and make additional payments to hospitals based on the AG's review results.

DPW Response:

As stated above, DPW is not establishing or implementing new policies, procedures, or practices for the Hospital Extraordinary Expense Program at this time due to the uncertainty surrounding this program's future.

DPW disagrees with the payment discrepancies identified by the AG. The AG used certain information in their review that was not available to DPW at the time the extraordinary expense eligibility and payment amounts were calculated. In fact, the information used by the AG included claims that had not even been submitted by hospitals for consideration as an extraordinary expense claim at the time DPW calculated these payments. Given the passage of time, which resulted in the availability of more current data to the AG, their calculations of extraordinary expense payments, logically, are different from that of DPW.

According to the draft report, the AG identified the key problem pertaining to the identification of extraordinary expense claims as being the fact that hospitals' initial payer designations are subject to change. Although the AG recognized this issue, they failed to recognize that DPW is required by the Tobacco Settlement Act and by its approved State Plan to make extraordinary expense payments to qualifying hospitals on an annual basis. DPW also must report the identity of the qualifying hospitals and their payment amounts to the General Assembly by November 30 of each year. In order to comply with these requirements, DPW must use the best information available at the time to determine eligibility and payment amounts. As you are aware, the calculation of payment amounts is complicated and involves substantial work. In order to perform these annual calculations, DPW cannot allow the information verification process to continue indefinitely, but must establish an endpoint for submitting changes to hospital information. This endpoint occurs after the PHC4 website application has been inactivated and the data is finalized and forwarded to DPW for use in the Extraordinary Expense Program calculations, thereby providing a "snapshot" or "point in time" calculation. Absent such an endpoint, DPW would be recalculating and redistributing annual payments each and every time a hospital changes the payer designation, even for one eligible claim.

Further, prior to the finalization of the data and in order to receive the most current available information from the hospitals, as part of the annual claims verification process, PHC4 provides hospitals with the opportunity to review and update their self-pay records through the use of a PHC4 website specifically designed and dedicated for this purpose. DPW and PHC4 encourage hospitals to access this website through

DEPARTMENT OF PUBLIC WELFARE'S RESPONSE (Continued)

written notification from PHC4. In addition, DPW has solicited and received the Hospital and Healthsystem Association of Pennsylvania's (HAP) assistance in providing additional notice to hospitals encouraging use of the website. For the 2010 payments, DPW's Bureau of Fee-for-Service Program, Division of Rate Setting staff also contacted each hospital that received a Tobacco Extraordinary Expense payment in the prior year, and requested their cooperation in verifying and reconciling their 2010 self-pay records. Of the hospitals contacted, 95 percent accessed and utilized the PHC4 website to verify the information provided. After providing this opportunity for hospitals to verify the information, PHC4 finalized the data and forwarded it to DPW for use in its payment calculations for 2010. DPW is not aware of any alternate process or data source which will result in the provision of better data. Given hospitals' familiarity with the PHC4, DPW considers the use of PHC4 and its website the most effective and efficient means to collect the information from hospitals.

The Tobacco Settlement Act and DPW's approved State Plan require DPW to annually calculate and disburse extraordinary expense payments to qualifying hospitals. Neither requires DPW to recalculate and redistribute payments as updated information becomes available from hospitals after the DPW has made its determination. Given the number of hospitals potentially eligible for extraordinary expense payments and the fact that payer designations within each eligible claim for all of these hospitals are subject to change for indefinite periods of time, such a requirement would result in constant revision and recalculation of payment amounts for indefinite periods of time, which is a result seemingly inconsistent with the General Assembly's intent.

Even though DPW is not required to make any funding adjustments, we will determine what adjustments, if any, we can make given the uncertainty of the program going forward as well as other uncertainties. Any collection of overpayments or making any additional payments will be based on this determination.

Finding No. 2:

Uncompensated Care Data Elements Utilized by the DPW Was Not Entirely Accurate Resulting in a Redistribution of \$926,483 among the 94 Hospitals that Received this Payment

AG Recommendation: DPW collect any overpayments from, or make additional payments to, hospitals based upon the results of their uncompensated care reviews. Further, the AG recommends that DPW establish a system that penalizes each hospital for each data element for which it fails to provide supporting documentation.

The AG included specific recommendations pertaining to two hospitals as follows:

- Troy Community Hospital should be required to return the payment it received due to the fact that the hospital's uncompensated care (UC) score, based upon the results of their reviews, fell below the median UC Score to qualify for an uncompensated care payment; and,

DEPARTMENT OF PUBLIC WELFARE'S RESPONSE (Continued)

- Wayne County Memorial Hospital should receive an additional payment from the uncompensated care approach, due to the fact that the hospital's UC score, based upon the results of their reviews, exceeded the median required to qualify for an uncompensated care payment.

DPW Response:

For the AG's recommendations that DPW establish different data collection requirements, practices, and processes and penalties for hospitals failing to comply with the new processes, as stated above, DPW is not establishing or implementing new policies, procedures, or practices for the Hospital Uncompensated Care Program at this time.

The AG indicates that the purpose of their reviews, in part, is to determine whether each hospital received the payment to which it was entitled. However, unlike DPW, the AG reviews the data only for those hospitals that received uncompensated care payments; however, DPW is required to determine eligibility and calculate payments based on data from all hospitals. In determining the median UC score, DPW bases its calculation on information from all eligible hospitals; however, the AG used revised data from a subset of those hospitals, specifically the hospitals that received an uncompensated care payment and in some cases those hospitals that received an extraordinary expense payment, but did not review data for all eligible hospitals. Even assuming that DPW's calculation of uncompensated care eligibility and payments was not based on accurate data, without a full review of *all* the eligible hospitals' data as required by law and DPW's approved State Plan, the AG's calculations of uncompensated care payments cannot be a basis on which to redistribute the 2010 Uncompensated Care payments.

As previously stated for the extraordinary expense payments, the Tobacco Settlement Act and DPW's approved State Plan require DPW to annually calculate and disburse payments (both extraordinary expense and uncompensated care payments) to qualifying hospitals. Neither requires DPW to recalculate and redistribute payments based on updated or audited information. In fact, the intent of the Tobacco Settlement Act supports DPW's practice of basing its calculation on the data available at that time. In designating the information to be used to calculate a hospital's uncompensated care score, the Tobacco Settlement Act provides that each element is to be based on "*the most recent hospital financial analysis data reported to [PHC4]*" and "*the most recent data available to the Department.*" 35 P.S. §5701.1104(c). Therefore, DPW will not collect overpayments from, or make additional payments to, hospitals based upon the results of the uncompensated care reviews.

The AG's recommendations that Troy Community Hospital return the payment it received and Wayne County Memorial Hospital receive an additional payment are based on the results of their reviews of uncompensated care payments and determination of a revised median UC score. However, as stated above, the AG determined the median UC score using revised data from a subset of all eligible

DEPARTMENT OF PUBLIC WELFARE'S RESPONSE (Continued)

hospitals, specifically the hospitals that received an uncompensated care payment and in some cases the hospitals that received an extraordinary expense payment, but did not review data for all eligible hospitals. Without a full review of all the eligible hospitals' data, as required by law and DPW's approved State Plan, the AG's calculations of uncompensated care payments cannot be a basis on which to redistribute the payments. Therefore, DPW will not require that Troy Community Hospital return the UC payment it received and will not make an additional payment to Wayne County Memorial Hospital.

Thank you for the opportunity to respond to these findings. Please contact Ms. Trudy Oberholtzer, Bureau of Fee-for-Service Programs at (717) 772-6060 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen K. Deklinski", with a stylized flourish at the end.

Karen K. Deklinski
Deputy Secretary for Administration

c: Ms. Trudy Oberholtzer, Bureau of Fee-for-Service Programs

**PENNSYLVANIA HEALTH CARE COST CONTAINMENT
COUNCIL'S RESPONSE**

September 20, 2013

Tracie L. Fountain, C.P.A.
Director, Bureau of Firefighters' Relief Association Audits
Department of the Auditor General
Commonwealth of Pennsylvania
Room 316-D Finance Building
Harrisburg, PA 17120-0018

Dear Ms. Fountain:

On behalf of the Pennsylvania Health Care Cost Containment Council (PHC4), I thank you for the opportunity to comment on the 2010 Tobacco Settlement Fund Summary Report. As with previous reports, we appreciate and support the valuable work of the Auditor General's (AG) Office and efforts to improve the quality of data used in the process. The AG's work has been very valuable in dealing with the complex process of identifying uncompensated care cases.

In addition to its regular data verification process, PHC4 provides an additional web-based verification process for hospitals applying for Extraordinary Expense (EE) or Uncompensated Care (UC) payments under the Tobacco Settlement Act.

EE Program

Of the 70 hospitals that received EE payments during the audited period 65 hospitals used PHC4's site to verify their data an additional time. The remaining five hospitals did not verify their data at PHC4's site; however, they only account for 1% of the total redistribution. Specifically, two of the five hospitals combined account for \$84,000 (1.8%) of the \$4.7 million underpayment and the other three hospitals combined account for \$76,000 (1.4%) of the \$5.6 million overpayment.

EE Overpayment

Lancaster General Hospital (LGH) has accounted for the vast majority of the EE overpayments for the past three audits: 2008-2010 Tobacco Settlement Summary Reports. LGH utilized PHC4's self-pay verification website for all years of data. LGH's EE overpayments on the last four audits were:

1. **2010:** LGH is 88% (\$4.9 million) of the \$5.6 million EE overpayment (2008 PHC4 data)
2. **2009:** LGH is 73% (\$2.9 million) of the \$3.9 million EE overpayment (2007 PHC4 data)
3. **2008:** LGH is 62% (\$1.7 million) of the \$2.8 million EE overpayment (2006 PHC4 data)
4. **2007:** LGH is 8% (\$148,000) of the \$1.9 million EE overpayment (2005 PHC4 data)

**PENNSYLVANIA HEALTH CARE COST CONTAINMENT
COUNCIL'S RESPONSE (Continued)**

EE Underpayment

Of the EE underpayment, 33% came from three hospitals. Combined the three hospitals underpayment is \$1.6 million. These hospitals utilized PHC4 verification website but the auditor identified 25 new records not initially submitted to PHC4 at two of the hospitals.

1. **St Luke's Hospital /Bethlehem:** 12% (\$553,000) of the \$4.7 million EE underpayment (auditor removed 14 records)
2. **Reading Hospital:** 11% (\$523,000) of the \$4.7 million EE underpayment (auditor added 8 new records)
3. **Pocono Medical Center:** 10% (\$480,000) of the \$4.7 million EE underpayment (auditor added 17 new records)

UC Program

Over and under payments through the UC Program included a small number of hospitals accounting for large percentages of the audit exceptions:

- 69% of the overpayment came from one hospital: **St Christopher's Hospital for Children**
- Two hospitals each account for 17% individually for the underpayment: **Wayne Memorial Hospital and Temple University Hospital**

It is important to note that this process continues to improve significantly over time. **In that light, I would respectfully suggest further exploration as to what is unique about the processing of claims at hospitals that had a significant impact on the overall numbers.**

PHC4 stands ready to work further with the Auditor General's Office and the Department of Public Welfare (DPW) in the spirit of continuous quality improvement. As always, we will duly consider your recommendations in our ongoing efforts to achieve system enhancements that will further reduce overpayments and underpayments for uncompensated care cases associated with the Tobacco Settlement Act.

Best regards,

Joe Martin
Executive Director

REPORT DISTRIBUTION LIST

This report was initially distributed to:

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Commonwealth of Pennsylvania

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Department of Public Welfare

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All Hospitals Contained in
This Report

This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.

EXHIBIT B

TOBACCO FUND PAYMENTS SUMMARY REPORT

Hospitals' Subsidy Entitlement to
Extraordinary Expense and
Uncompensated Care Payments
Received from the Department of
Public Welfare in November 2011

October 2014



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

October 2, 2014

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

The Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq. (Act), mandated the Department of Public Welfare (DPW) to make payments to hospitals for a portion of uncompensated care services provided by these facilities. On November 4, 2011, the DPW calculated payment entitlements totaling \$72,746,494 to fund a total of 159 hospitals for uncompensated care under the extraordinary expense approach and the uncompensated care approach. Under the extraordinary expense approach, 68 hospitals were allocated a total of \$10,911,974. These payments were based on claims data submitted by the hospitals to the Pennsylvania Health Care Cost Containment Council (PHC4). Under the uncompensated care approach, 91 additional hospitals were allocated a total of \$61,834,520. These payments were based on 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 Department of the Auditor General conducted reviews of the data submitted by each of these hospitals to determine whether each hospital received what it was entitled to under the requirements of this Act. This report summarizes the results of our 159 reviews and includes recommendations for improving the program's data collection and payment process.

The Department of the Auditor General performed reviews of the documentation submitted to the PHC4 by all 68 hospitals that received the extraordinary expense payments made on November 4, 2011. The purpose of these reviews was to determine whether proper documentation existed to support the claims submitted as extraordinary expense-eligible claims and to determine whether each hospital received the payment to which it was entitled. The results of these reviews determined that \$855,649 of the \$10,911,974 originally calculated and distributed to the 68 hospitals under the extraordinary expense method require repayment to the Commonwealth and redistribution by the DPW to the qualified hospitals. This net overpayment

consists of 22 hospitals that were overpaid by a total of \$2,797,612 and 46 hospitals that were underpaid by a total of \$1,941,963.

The Department of the Auditor General also performed reviews of the documentation submitted to the PHC4 and the DPW by all 91 hospitals that received uncompensated care payments made on November 4, 2011. The purpose of these reviews was to determine whether proper documentation existed for the fifteen data elements utilized by the DPW for each of the hospitals and to determine whether each hospital received the payment to which it was entitled. The results of these reviews determined that a redistribution of the original payments is required. 12 hospitals were overpaid, while 79 hospitals were underpaid, resulting in a redistribution of \$1,421,579. Two hospitals' payments, Foundations Behavioral Health and Kidspeace, were capped due to the upper payment limit and, therefore, no adjustments were made to their original payments. Two hospitals, Conemaugh Valley Memorial Hospital and Troy Community Hospital, originally qualified for payments under the uncompensated care approach as their original UC scores fell within the median UC score for all hospitals. Two Hospitals, Frick Hospital and Magee Rehab Hospital, did not originally qualify for payments under the uncompensated care approach as their UC scores fell below the median UC score for all hospitals. As a result of our reviews, the median UC score decreased from 19.0663% to 18.8621%; thus, excluding Conemaugh Valley Memorial Hospital and Troy Community Hospital from qualifying for payment under the uncompensated care approach and qualifying Frick Hospital and Magee Rehab Hospital for payment under the uncompensated care approach. Therefore, a total of 93 hospitals are included in the redistribution of uncompensated care payments, as shown beginning on page 26 of this report.

Regarding the status of the findings included in our prior summary report, we acknowledge that while the DPW has complied annually with our recommendation to collect any overpayments from, or make additional payments to, hospitals based upon the results of our individual reviews, the DPW has again failed to fully address our repeat recommendation to develop a process that would ensure a more reliable database of hospitals' claims from which extraordinary expense payments are determined. This is the sixth consecutive year that DPW has failed to address this recommendation, as included in each of our annual extraordinary expense summary reports. As claims data utilized by the DPW is not entirely accurate and results in hospitals receiving more or less in extraordinary expense payments than they are entitled to receive, the DPW should implement our recommendation, as noted in detail on page 5 of this report. Our prior summary report also included a second finding which addressed the uncompensated care payment approach for the first time, as noted in detail on page 7 of this report. As with the extraordinary expense approach, the data utilized by the DPW is not entirely accurate, or could not be verified, and results in hospitals receiving more or less in uncompensated care payments than they are entitled to receive. We believe our recommendations will result in more reliable data from which the DPW can base its extraordinary expense and uncompensated care payments to qualified hospitals.

Sincerely,



Eugene A. DePasquale
Auditor General

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BACKGROUND

Beginning in June 2002, hospitals that qualified for payments under the Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq. (Act), could receive funds using either an extraordinary expense approach or an uncompensated care approach. Under the extraordinary expense approach, payment is based on a hospital's number of qualified claims. Qualified claims are those claims in which the cost of the claim exceeded twice the average cost of all claims for a particular hospital and for which the hospital provided inpatient services to an uninsured patient. Under the uncompensated care approach, payment is based on the level of uncompensated care at each hospital and 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. It should be noted that the 2011 uncompensated care payment was to be calculated based on three-year averages of these data elements for the fiscal years ended June 30, 2007, 2008, and 2009. However, due to errors in data used by the Centers for Medicare and Medicaid Services (CMS) to calculate the Medicare SSI days for the fiscal years ended June 30, 2006, 2007, 2008, and 2009, the DPW chose to calculate the 2011 Medicare SSI days data element based on three-year averages of Medicare SSI days for the fiscal years ended June 30, 2003, 2004, and 2005, as these years represent the most recent data available for Medicare SSI days.

To calculate the extraordinary expense payments it made to the 68 hospitals in November 2011, the DPW used claims data for the period July 1, 2008 to June 30, 2009 submitted by hospitals to the PHC4. To calculate the uncompensated care payments it made to the 91 hospitals in November 2011, the DPW used uncompensated care costs and net patient revenues submitted to the PHC4 for the fiscal years ended June 30, 2007, 2008, and 2009; patients' census records supporting MA days and total inpatient days, as included on the facility's MA cost reports submitted to the DPW for the fiscal years ended June 30, 2007, 2008, and 2009; and the Medicare SSI days, as determined by the CMS for the fiscal years ended June 30, 2003, 2004, and 2005.

SCOPE, OBJECTIVE AND METHODOLOGY

Extraordinary Expense Approach

The Department of the Auditor General performed reviews of the data submitted to the PHC4 by the 68 hospitals that received extraordinary expense payments made on November 4, 2011 and analyzed the applicable claims data for the period July 1, 2008 to June 30, 2009. The purpose of our reviews was to determine whether the hospitals could substantiate their reported claims and verify that the patient was uninsured and received no compensation from third party payers such as Medicare, Medicaid, or Blue Cross. Payments made by the patient themselves toward their financial obligation reduced the allowable costs of the respective claim when determining eligibility. In conducting our reviews, we allowed hospitals to include eligible claims not initially reported.

The methodology in support of our objective included:

- reviewing Chapter 11 of the Act and other pertinent information;
- reviewing hospital charity care and bad debt policies and procedures;
- interviewing hospital personnel about the procedures followed to determine each patient's payer classification status;
- verifying receipt of the tobacco payment by the hospital;
- verifying the accuracy of the claims data submitted by the hospital to the PHC4 and subsequently by the PHC4 to the DPW, as well as the cost to charge ratios utilized by the DPW;
- examining patients' records to verify self-pay status and to determine if any payments were made by the patient toward their financial obligation;
- verifying claims met the minimum claim charge to qualify as extraordinary expense;
- reviewing any additional hospital claims for the period July 1, 2008 to June 30, 2009 not originally submitted to determine eligibility; and
- recalculating the hospital's extraordinary expense tobacco payment entitlement based on revised information.

Uncompensated Care Approach

The Department of the Auditor General performed reviews of the data submitted to the PHC4 and the DPW by the 91 hospitals that received the November 2011 uncompensated care payments and analyzed data for the fiscal years ended June 30, 2007, June 30, 2008, and June 30, 2009 (June 30, 2003, June 30, 2004, and June 30, 2005 for Medicare SSI days). The purpose of these reviews was to determine whether proper documentation existed for the fifteen data elements utilized by the DPW for each of the hospitals.

SCOPE, OBJECTIVE AND METHODOLOGY (Continued)

The methodology in support of our objective included:

- reviewing Chapter 11 of the Act and other pertinent information;
- reviewing hospital charity care policies and procedures;
- interviewing hospital personnel about the procedures followed to submit the original data and any revisions, if applicable, to the PHC4;
- verifying receipt of the tobacco payment by the hospital;
- verifying the accuracy of the bad debt expense and charity care costs, which are factors of uncompensated care costs, and net patient revenue submitted by the hospital to the PHC4 and subsequently by the PHC4 to the DPW, as well as the cost to charge ratios utilized by the DPW;
- verifying the accuracy of the fee-for-service days, Health Maintenance Organization HMO days, and out-of-state days, which are factors of total MA days, and total inpatient days submitted by the hospital to the DPW;
- verifying the accuracy of the Medicare SSI days utilized by the DPW based on data from the CMS website database;
- recalculating the hospital's UC score using the verified fifteen data elements; and
- recalculating the hospital's uncompensated care tobacco payment entitlement based on revised information.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Extraordinary Expense Claims Data Utilized By The DPW Was Not Entirely Accurate Resulting In Hospitals Receiving \$855,649 More Than They Were Entitled To Receive.

Condition: We determined that of the 486 extraordinary expense claims totaling \$10,911,974 originally reported by the 67 hospitals, only 387 (80 percent) were allowable. We further determined that another 50 claims, not originally included in the PHC4 database of claims for the same period, were allowable. (See Exhibits 1 and 2.)

Criteria: Act 77 of 2001, Chapter 11, gives the DPW the responsibility to collect the necessary data, determine eligibility, and calculate and make extraordinary expense payments to qualified hospitals on an annual basis.

Cause: When reviewing hospitals' extraordinary expense claims we found that the hospitals' initial payer designations given to these claims when patients began hospital stays, either subsequently changed or were never updated to reflect changes that occurred during or after their hospital stays. This resulted in changes to the hospitals' "compensated" or "uncompensated" status for certain extraordinary expense claims. Such incorrect statuses of claims are provided by many hospitals to the PHC4 which then forwards the incorrect data to the DPW where it is used to calculate extraordinary expense payments. This problem causes concern related to the DPW's use of the PHC4 database since that database does not always contain finalized payer designations.

Because of similar findings reported in previous years, the PHC4, in conjunction with the DPW, initiated a process in January 2005 that gave hospitals an additional claims verification opportunity prior to final tobacco payments being calculated and processed. Although the PHC4 has established a website that allows hospitals access to extraordinary expense claims data in order to make revisions, we found that many of these hospitals continue to revise their claims data inaccurately; as cited in our 2010 summary report. For the 2011 extraordinary expense payment, one hospital, Lancaster General, accounted for 85% of the \$2.8 million in overpayments made to 22 hospitals and six hospitals (Abington Memorial Hospital; Grandview Hospital; Holy Redeemer Hospital; St. Mary Medical Center; UPMC-Hamot, and UPMC-St. Margaret) accounted for 59% of the \$1.9 million in underpayments made to 46 hospitals. Failure of hospitals to access, review and update claims data accurately during the website verification process contributed to the disallowance of claims during our reviews. As stated in our 2010 Summary Report, the DPW's further inspection into the processes of the hospitals that account for the majority of the extraordinary expense over/underpayments could alleviate such discrepancies in the future.

Effect: The DPW initially distributed \$10,911,974 of extraordinary expense tobacco payments for 2011 based on 486 claims originally submitted by the 68 hospitals. However, the provision of Act 77 of 2001 limits the DPW's payments to hospitals to the actual costs of their qualified claims. As a result of our procedures, we determined that a total of 387 claims qualified for payment and that the actual cost of these qualified claims is \$10,056,325, thus limiting the amount of funds available for distribution to \$10,056,325. (See Exhibit 3). We adjusted certain

FINDINGS AND RECOMMENDATIONS (Continued)

claims resulting in a new extraordinary expense overpayment of \$855,649. This net overpayment consists of the following:

	<u>Number</u>	<u>Total Amount</u>
Hospitals Overpaid	22	\$ 2,797,612
Hospitals Underpaid	<u>46</u>	<u>\$(1,941,963)</u>
Total Net Overpayment	<u>68</u>	<u>\$ 855,649</u>

Recommendations: We again recommend that the DPW establish a mandatory requirement for hospitals to access the PHC4's website during the claims verification process timeframes established by the PHC4 and make accurate revisions, as necessary, to previously submitted claims data. As this is the sixth consecutive year that the DPW has failed to address this recommendation, we again recommend that the DPW establish a penalty for all hospitals failing to adhere to this revised mandatory process.

It should be noted that in their response to our 2010 Summary Report, DPW officials disagreed with the over and underpayments identified during our individual hospital reviews, stating that the Department of the Auditor General used certain information during the conduct of our reviews that was not available to DPW at the time that DPW calculated extraordinary expense eligibility and payment amounts. DPW officials further stated that, while the Tobacco Settlement Act and DPW's approved State Plan requires DPW to annually calculate and disburse payments to qualifying hospitals, neither requires DPW to recalculate and redistribute payments as updated information becomes available from hospitals after DPW has made its determination and, even though DPW is not required to make any funding adjustments, DPW officials will determine what collections of overpayments or resolution of underpayments, if any, can be made given the uncertainty of the Extraordinary Expense program going forward.

In response, we stated in our 2010 Summary Report that the Department of the Auditor General understands that the DPW must use the best information available at the time to determine eligibility and to calculate subsidy payment amounts in order to report this information to the General Assembly by November 30 of each year. In this, and in prior audits, we have considered that the DPW's subsidy payments represent estimated payments based on qualifying claims data available at that time and that the purpose of our reviews is to adjust these estimated payments to actual based on the most recent data available for the qualifying claims related to the payment year under review. Additionally, because hospitals' collection efforts for the respective claims continue after the DPW's endpoint, our process requires hospitals to affirm that no further collections efforts will be pursued and that related accounts will be considered closed after our department confirms eligibility; thus setting an endpoint after which no other changes can occur. We further stated that, as a recommending agency, the Department of the Auditor General understands the DPW's position to wait to make the determination whether any funding adjustments will be made given the uncertainty of the program going forward. Therefore, if the program remains in existence, we again further recommend that the DPW continue to collect any overpayments from, or make additional payments to, hospitals based upon the results of our individual reviews.

FINDINGS AND RECOMMENDATIONS (Continued)

Department of Public Welfare's Response:

We did not request a response from the Department of Public Welfare (DPW) since, in response to the recommendations included in our 2010 Summary Report, DPW officials stated they would not be considering the establishment or implementation of new policies, procedures, or practices due to the uncertainty concerning the future of the Uncompensated Care and Extraordinary Expense programs. We did, however, provide DPW officials with a copy of this (our 2011 Summary) report.

Pennsylvania Health Care Cost Containment Council's Response:

We did not request a response from the Pennsylvania Health Care Cost Containment Council (PCH4) since, in response to the recommendations included in our 2010 Summary Report, DPW officials stated they would not be considering the establishment or implementation of new policies, procedures, or practices due to the uncertainty concerning the future of the Uncompensated Care and Extraordinary Expense programs. We did, however, provide PHC4 officials with a copy of this (our 2011 Summary) report.

FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 2: Uncompensated Care Data Elements Utilized By The DPW Were Not Entirely Accurate Resulting In A Need For A Redistribution Of \$1,421,579 Among The 91 Hospitals That Received This Payment.

Condition: We determined that the uncompensated care data submitted to the PHC4 and the DPW by the individual hospitals was not entirely accurate which led to revisions in the median UC score and individual UC scores for individual hospitals. Furthermore, six hospitals were unable to substantiate one or more data elements. (See Exhibits 4 and 5.)

Criteria: Act 77 of 2001, Chapter 11, gives the DPW the responsibility to collect the necessary data, determine eligibility, and calculate and make uncompensated care payments to qualified hospitals on an annual basis.

Cause: Data initially submitted by the hospitals to the PHC4 and the DPW was not always accurate based on our review of the source documentation, such as audited financial statements and patient census reports. These issues resulted in revisions to the certain hospitals' UC scores. Finally, we were unable to obtain any supporting documentation for the 15 data elements for six hospitals as a result of the following: one hospital suspended all patient services prior to the start of our review; two hospitals experienced a change of ownership and supporting documentation was not maintained; one hospital filed for bankruptcy prior to the start of our review; and two hospitals failed to provide requested documentation for certain data elements.

Effect: The DPW initially determined that 91 hospitals qualified for uncompensated care payments and distributed \$61,834,520 of uncompensated care entitlements for 2011. As a result of our procedures, we determined that two of the 91 hospitals that DPW initially determined qualified, Conemaugh Valley Memorial Hospital and Troy Community Hospital, did not actually qualify for the payment it received. We also determined that two of the hospitals that DPW initially determined unqualified, Frick Hospital and Magee Rehab Hospital, did qualify for payments under the uncompensated care approach; thus, based on the results of our reviews, 91 hospitals qualified for uncompensated care payments. We adjusted the hospitals' UC scores based on our review of their documentation resulting in a need for DPW to redistribute funds based on these findings. For the six hospitals for which we were unable to obtain supporting documentation, we were unable to verify the accuracy of these hospitals' UC scores. As stated in our 2010 Summary Report, the DPW's method used to recalculate each hospital's entitlement does not penalize hospitals for their failure to provide supporting documentation for claimed data elements. Therefore, our recalculated UC scores based on the results of our reviews for these six hospitals were calculated as if the unverified data elements were verified as accurate. This, again, resulted in the hospitals' revised entitlements being greater than the original payments for all hospitals that were unable to provide supporting documentation.

FINDINGS AND RECOMMENDATIONS (Continued)

	<u>Number</u>	<u>Total Amount</u>
Hospitals Overpaid	12	\$ 1,421,579
Hospitals Underpaid	79	\$(1,421,579)
Hospitals Capped at UPL	<u>2</u>	<u>\$ 0</u>
Total Net Overpayment	<u>93</u>	<u>\$ 0</u>

(Note: These totals include Conemaugh Valley Memorial Hospital, Troy Community Hospital, Frick Hospital, Magee Rehab Hospital, and the two capped hospitals, Foundations Behavioral Health and Kisperce, as explained on the previous page.)

Recommendations: We, again, recommend that the DPW collect any overpayments from, or make additional payments to, hospitals based upon the results of our uncompensated care reviews. Conemaugh Valley Memorial Hospital and Troy Community Hospital should be required to return the payments each received due to the fact that both of these hospitals' UC Scores, based upon the results of our reviews, fell below the median UC Score to qualify for uncompensated care payment. Frick Hospital and Magee Rehab Hospital should receive payments based on the same recalculation of the median UC Score. Based upon data from the PHC4, Troy Community Hospital did not have any self-pay claims in which the cost of the claim exceeded twice the average cost of all claims for that hospital. Therefore, Troy Community Hospital would not qualify for extraordinary expense payment either. We, again, further recommend that the DPW establish a system that penalizes each hospital for each data element for which it fails to provide supporting documentation.

It should be noted that in their response to our 2010 Summary Report, DPW officials stated that DPW will not be establishing or implementing new policies, procedures, or practices for the Hospital Uncompensated Care Program at this time. DPW officials further stated that, because we only reviewed the data for those hospitals that received uncompensated care payments, and not the eligibility requirements for all hospitals; our recalculation of subsidy entitlement cannot be a basis on which to redistribute the 2010 Uncompensated Care payments. DPW officials also stated that, as with Extraordinary Expense payments, neither the Tobacco Settlement Act nor DPW's approved State Plan require DPW to recalculate and redistribute payments based on updated or audited information; therefore, DPW will not be collecting overpayments, or making additional payments to, hospitals based upon the results of the Auditor General Department's uncompensated care reviews.

In response, we stated in our 2010 Summary Report that the Department of the Auditor General conducted reviews for all 164 hospitals that received extraordinary expense payments or uncompensated care payments made on November 29, 2010. Each of the 164 reviews consisted of verifying the uncompensated care score for each hospital. There are an additional 33 hospitals whose uncompensated care score was used in the payment calculation but did not qualify for a payment under either approach. These 33 hospitals were not reviewed because our authority to audit the tobacco settlement monies only applies to those hospitals who received payments but, at the DPW's request, we will review all eligible hospitals' data in order to provide a more accurate basis on which to redistribute the uncompensated care payments beginning with payments made on August 27, 2012 (2012 payment year). It should be noted that our

FINDINGS AND RECOMMENDATIONS (Continued)

methodology remained unchanged for the 2011 and 2012 payment years. For the 2011 Uncompensated Care payments made by the DPW, we determined that of the 14 hospitals that were overpaid a total of \$1,421,579, only one hospital, Conemaugh Valley Memorial Hospital, accounted for 66% of the total overpayments and of the 79 hospitals that were underpaid, two hospitals, Frick Hospital and Magee Rehab Hospital, accounted for 24% of the underpayments. (See Exhibit 5.) As a recommending agency, the Department of the Auditor General understands the DPW's position to not establish or implement any new policies, procedures, or practices for this program given the uncertainty of the program going forward. Therefore, if the program remains in existence, the DPW's further inspection into these hospitals' processes could alleviate such discrepancies in the future.

Department of Public Welfare's Response:

We did not request a response from the Department of Public Welfare (DPW) since, in response to the recommendations included in our 2010 Summary Report, DPW officials stated they would not be considering the establishment or implementation of new policies, procedures, or practices due to the uncertainty concerning the future of the Uncompensated Care and Extraordinary Expense programs. We did, however, provide DPW officials with a copy of this (our 2011 Summary) report.

Pennsylvania Health Care Cost Containment Council's Response:

We did not request a response from the Pennsylvania Health Care Cost Containment Council (PCH4) since, in response to the recommendations included in our 2010 Summary Report, DPW officials stated they would not be considering the establishment or implementation of new policies, procedures, or practices due to the uncertainty concerning the future of the Uncompensated Care and Extraordinary Expense programs. We did, however, provide PHC4 officials with a copy of this (our 2011 Summary) report.

EXHIBIT 1 – EXTRAORDINARY EXPENSE RECALCULATIONS**DPW EE PAYMENTS BASED
ON REPORTED CLAIMS****ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT
ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS**

HOSPITAL	No. of FY 08-09 Extraordinary Expense Claims	Total Cost of EO Expense Claims FY08-09	% Share of EO Expense	Allocated EE Tobacco Money	No. of FY 08-09 Extraordinary Expense Claims	Audited Costs of EE Claims FY08-09	% Share of EO Expense	Reallocated Tobacco Money	Payment Limitation Based on Cost of FY 08-09 Extraordinary Expense Claims
ABINGTON MEMORIAL HOSP	4	145,717.37	1.0456	114,099.26	20	564,965.09	5.6180	613,036	564,965
ALLEGHENY KISKI MED. CTR	2	71,364.29	0.5121	55,879.49	2	51,897.15	0.5161	56,313	51,897
ALTOONA REGIONAL HEALTH SYSTEM	9	153,573.74	1.1020	120,250.94	8	133,473.94	1.3273	144,830	133,473
AMERICAN ONCOLOGIC HOSPITAL	1	31,962.61	0.2294	25,027.28	1	31,962.61	0.3178	34,682	31,963
BRANDYWINE HOSPITAL	2	52,749.70	0.3785	41,303.94	2	52,750.55	0.5246	57,239	52,751
BROOKVILLE HOSPITAL	1	17,402.09	0.1249	13,626.14	0	0.00	0.0000	0	0
BRYN MAWR HOSP	5	141,080.93	1.0124	110,468.85	5	141,420.32	1.4063	153,453	141,420
CANONSBURG GENERAL HOSPITAL	2	25,648.09	0.1840	20,082.91	2	25,148.10	0.2501	27,288	25,148
CARLISLE REGIONAL MED. CTR	1	35,700.75	0.2562	27,954.32	0	0.00	0.0000	0	0
CHESTER COUNTY HOSPITAL	9	204,789.19	1.4695	160,353.53	7	136,238.39	1.3548	147,830	136,238
CHS BERWICK HOSPITAL	1	66,544.88	0.4775	52,105.81	1	54,298.91	0.5399	58,919	54,299
CLEARFIELD HOSP	1	9,305.61	0.0668	7,286.46	1	9,204.33	0.0915	9,988	9,204
CORRY MEMORIAL HOSPITAL	1	13,789.71	0.0990	10,797.59	1	10,654.63	0.1060	11,561	10,655
DOYLESTOWN HOSP	8	142,085.70	1.0196	111,255.60	7	135,460.38	1.3470	146,986	135,460
EASTON HOSP	8	184,415.16	1.3233	144,400.32	7	158,091.62	1.5721	171,543	158,092
ELK REGIONAL HEALTH CENTER	1	15,372.34	0.1103	12,036.81	1	15,532.09	0.1545	16,854	15,532
ELLWOOD CITY HOSPITAL	5	76,207.47	0.5468	59,671.79	4	61,072.45	0.6073	66,269	61,072
EPHRATA COMMUNITY HOSP	2	51,947.90	0.3728	40,676.12	3	54,515.95	0.5421	59,154	54,516
EVANGELICAL COMMUNITY HOSP	6	88,337.88	0.6339	69,170.11	4	48,878.08	0.4860	53,037	48,878
FORBES REGIONAL HOSPITAL	18	300,927.87	2.1594	235,631.82	17	282,471.02	2.8089	306,505	282,471
FRICK HOSPITAL	1	10,931.45	0.0784	8,559.52	1	10,931.45	0.1087	11,862	10,931
FULTON COUNTY MED. CTR	1	11,996.73	0.0861	9,393.65	1	12,216.43	0.1215	13,256	12,216
GOOD SAMARITAN HOSPITAL	9	224,214.38	1.6089	175,563.81	4	108,184.51	1.0758	117,389	108,185
GRANDVIEW HOSP	16	451,208.10	3.2378	353,303.88	16	457,331.12	4.5477	496,244	457,331
HAMOT MEDICAL CENTER	23	866,707.65	6.2193	678,647.34	21	817,584.76	8.1301	887,150	817,585
HANOVER GENERAL HOSP	7	152,305.97	1.0929	119,238.25	7	150,426.95	1.4958	163,226	150,427
HAZLETON GENERAL HOSP	4	81,054.56	0.5816	63,467.15	4	53,493.87	0.5319	58,045	53,494

EXHIBIT 1 – EXTRAORDINARY EXPENSE RECALCULATIONS (Continued)**DPW EE PAYMENTS BASED
ON REPORTED CLAIMS****ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT
ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS**

HOSPITAL	No. of FY 08-09 Extraordinary Expense Claims	Total Cost of EO Expense Claims FY08-09	% Share of EO Expense	Allocated EE Tobacco Money	No. of FY 08-09 Extraordinary Expense Claims	Audited Costs of EE Claims FY08-09	% Share of EO Expense	Reallocated Tobacco Money	Payment Limitation Based on Cost of FY 08-09 Extraordinary Expense Claims
HEALTHSOUTH REHAB OF ALTOONA	1	31,635.21	0.2270	24,770.92	1	31,635.21	0.3146	34,327	31,635
HERITAGE VALLEY BEAVER	15	290,849.37	2.0871	227,740.18	14	260,071.30	2.5861	282,200	260,071
HERITAGE VALLEY SEWICKLEY	4	47,599.62	0.3416	37,271.34	4	47,599.62	0.4733	51,650	47,600
HOLY REDEEMER HOSPITAL	2	38,098.46	0.2734	29,831.76	6	172,000.79	1.7104	186,636	172,001
HOLY SPIRIT HOSP	6	147,683.13	1.0597	115,638.49	8	182,673.14	1.8165	198,216	182,673
INDIANA REGIONAL MED CTR	10	127,756.94	0.9168	100,035.93	5	70,181.56	0.6979	76,153	70,182
JEANES HOSP	2	57,988.38	0.4161	45,405.92	2	45,100.62	0.4485	48,938	45,101
JEFFERSON REGIONAL MED CTR	6	138,233.37	0.9919	108,230.16	6	138,226.08	1.3745	149,987	138,226
KANE COMMUNITY HOSP	1	14,244.24	0.1022	11,155.49	1	14,244.24	0.1416	15,456	14,244
LANCASTER GENERAL HOSP	111	4,601,154.99	33.0168	3,602,785.29	31	1,226,320.51	12.1945	1,330,663	1,226,321
LANKENAU HOSP	5	181,816.20	1.3047	142,365.28	5	181,816.20	1.8080	197,286	181,816
LATROBE AREA HOSP	3	44,330.99	0.3181	34,711.94	3	44,285.99	0.4404	48,054	44,286
LEHIGH VALLEY HOSPITAL MUHLBERG	7	216,753.60	1.5554	169,721.88	8	239,739.97	2.3840	260,138	239,740
MERCY HOSPITAL SCRANTON	7	236,871.40	1.6997	185,474.48	4	162,033.01	1.6113	175,820	162,033
MERCY TYLER MEMORIAL HOSPITAL	1	11,876.93	0.0852	9,299.84	0	0.00	0.0000	0	0
MINERS MEMORIAL MEDICAL CENTER	1	21,097.97	0.1514	16,520.08	1	21,182.52	0.2106	22,985	21,183
MONONGAHELA VALLEY HOSP	2	31,340.12	0.2249	24,539.86	2	31,340.12	0.3116	34,007	31,340
MOUNT NITTANY MED CTR	8	189,539.16	1.3601	148,412.49	8	191,082.93	1.9001	207,341	191,083
MUNCY VALLEY HOSP	1	7,090.78	0.0509	5,552.21	0	0.00	0.0000	0	0
NAZARETH HOSPITAL	7	155,498.25	1.1158	121,757.87	7	155,498.25	1.5463	168,729	155,498
OHIO VALLEY GENERAL HOSPITAL	4	57,305.72	0.4112	44,871.39	2	24,143.19	0.2401	26,200	24,145
PAOLI MEMORIAL HOSP REHABILITATION	2	43,369.06	0.3112	33,958.74	2	43,369.06	0.4313	47,059	43,369
PHOENIXVILLE HOSP	1	104,704.24	0.7513	81,985.26	1	49,023.33	0.4875	53,195	49,023
POCONO HOSP	4	102,120.94	0.7328	79,962.49	2	52,472.41	0.5218	56,937	52,472
READING HOSPITAL AND MEDICAL CENTER	20	536,732.26	3.8515	420,270.80	15	396,929.28	3.9471	430,702	396,929
	22	803,100.44	5.7629	628,841.77	19	666,283.01	6.6255	722,976	666,285

EXHIBIT 1 – EXTRAORDINARY EXPENSE RECALCULATIONS (Continued)**DPW EE PAYMENTS BASED
ON REPORTED CLAIMS****ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT
ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS**

HOSPITAL	No. of FY 08-09 Extraordinary Expense Claims	Total Cost of		% Share of EO Expense	Allocated		No. of FY 08-09 Extraordinary Expense Claims	Audited Costs of EE Claims FY08-09		% Share of EO Expense	Reallocated		Payment Limitation Based on Cost of FY 08-09 Extraordinary Expense Claims
		EO Expense Claims FY08-09	Extraordinary Expense Claims FY08-09		EE Tobacco	Money		of EE Claims FY08-09	Extraordinary Expense Claims		Tobacco	Money	
RIDDLE MEMORIAL HOSP	1	22,826.77	0.1638		17,873.76		2	42,447.13	0.4221		46,059		42,447
ROBERT PACKER HOSP	9	237,002.61	1.7007		185,577.21		10	236,312.45	2.3499		256,419		236,312
ROXBOROUGH MEMORIAL HOSP	3	82,656.20	0.5931		64,721.26		0	0.00	0.0000		0		0
SCHOYKILL MEDICAL CENTER - EAST	3	45,500.29	0.3265		35,627.53		3	45,987.15	0.4573		49,900		45,987
ST. CLAIR MEMORIAL HOSPITAL	7	115,975.14	0.8322		90,810.58		5	87,404.30	0.8691		94,841		87,404
ST. LUKE'S QUAKERTOWN HOSP	2	28,225.61	0.2025		22,101.15		2	29,172.96	0.2901		31,655		29,173
ST. MARY HOSPITAL - LANGHORNE	11	338,789.81	2.4311		265,278.38		14	396,844.53	3.9462		430,610		396,845
UPMC-PASSAVANT	9	293,491.47	2.1060		229,808.99		9	293,477.47	2.9183		318,447		293,478
UPMC-ST. MARGARET WAYNE COUNTY MEMORIAL HOSPITAL	5	106,763.95	0.7661		83,598.05		9	245,312.95	2.4394		266,186		245,313
WAYNESBORO HOSP	4	49,017.69	0.3517		38,381.71		4	48,407.69	0.4814		52,527		48,408
WESTMORELAND HOSP	2	32,369.93	0.2323		25,346.23		2	32,494.66	0.3231		35,260		32,495
WILKES-BARRE GENERAL HOSPITAL	16	388,911.13	2.7907		304,524.26		13	327,138.54	3.2531		354,973		327,139
WILLIAMS-PORT HOSP	3	98,290.35	0.7053		76,963.07		2	76,703.49	0.7628		83,231		76,706
WILLIAMSPORT HOSP	9	221,522.20	1.5896		173,455.78		7	161,131.21	1.6023		174,841		161,131
WINDBER HOSP	1	8,319.97	0.0597		6,514.68		1	8,027.96	0.0798		8,711		8,028
TOTALS	486	13,935,797	100.00		10,911,974		387	10,056,325	100.00		10,911,974		10,056,325

EXHIBIT 2 - EXTRAORDINARY EXPENSE
ADDITIONAL CLAIMS LISTING

**Additional EE Eligible Claims Identified as a Result of
Auditor General Reviews**

<u>Hospital</u>	<u>Number of Claims</u>
Abington Memorial Hospital	19
Corry Memorial Hospital	1
Doylestown Hospital	2
Ephrata Community Hospital	2
Holy Redeemer Hospital	5
Holy Spirit Hospital	2
Jeanes Hospital	1
Lancaster General Hospital	1
Lehigh Valley Hospital - Muhlenberg	1
Riddle Hospital	1
Robert Packer Hospital	2
St. Mary Hospital - Langhorne	7
UPMC – St. Margaret	4
Williamsport Regional Medical Center	2
<hr/> Total	<hr/> <u>50</u>

EXHIBIT 3 - EXTRAORDINARY EXPENSE OVER/UNDER PAYMENTS

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DPW Overpayment (Underpayment)</u>
ABINGTON MEMORIAL HOSP.	\$114,099	\$564,965	(\$450,866)
ALLEGHENY KISKI MED. CTR.	\$55,879	\$51,897	\$3,982
ALTOONA REGIONAL HEALTH SYSTEM	\$120,251	\$133,473	(\$13,222)
AMERICAN ONCOLOGIC HOSPITAL	\$25,027	\$31,963	(\$6,936)
BRANDYWINE HOSPITAL	\$41,304	\$52,751	(\$11,447)
BROOKVILLE HOSPITAL	\$13,626	\$0	\$13,626
BRYN MAWR HOSP.	\$110,469	\$141,420	(\$30,951)
CANONSBURG GENERAL HOSPITAL	\$20,083	\$25,148	(\$5,065)
CARLISLE REGIONAL MED. CTR.	\$27,954	\$0	\$27,954
CHESTER COUNTY HOSPITAL	\$160,354	\$136,238	\$24,116
CHS BERWICK HOSPITAL	\$52,106	\$54,299	(\$2,193)
CLEARFIELD HOSP.	\$7,286	\$9,204	(\$1,918)
CORRY MEMORIAL HOSPITAL	\$10,798	\$10,655	\$143
DOYLESTOWN HOSP.	\$111,256	\$135,460	(\$24,204)
EASTON HOSP.	\$144,400	\$158,092	(\$13,692)
ELK REGIONAL HEALTH CENTER	\$12,037	\$15,532	(\$3,495)
ELLWOOD CITY HOSPITAL	\$59,672	\$61,072	(\$1,400)
EPHRATA COMMUNITY HOSP.	\$40,676	\$54,516	(\$13,840)
EVANGELICAL COMMUNITY HOSP.	\$69,170	\$48,878	\$20,292
FORBES REGIONAL HOSPITAL	\$235,632	\$282,471	(\$46,839)
FRICK HOSPITAL	\$8,560	\$10,931	(\$2,371)
FULTON COUNTY MED. CTR.	\$9,394	\$12,216	(\$2,822)
GOOD SAMARITAN HOSPITAL	\$175,564	\$108,185	\$67,379
GRANDVIEW HOSP.	\$353,304	\$457,331	(\$104,027)
HAMOT MEDICAL CENTER	\$678,647	\$817,585	(\$138,938)
HANOVER GENERAL HOSP.	\$119,258	\$150,427	(\$31,169)
HAZLETON GENERAL HOSP.	\$63,467	\$53,494	\$9,973
HEALTHSOUTH REHAB. OF ALTOONA	\$24,771	\$31,635	(\$6,864)
HERITAGE VALLEY BEAVER	\$227,740	\$260,071	(\$32,331)
HERITAGE VALLEY SEWICKLEY	\$37,271	\$47,600	(\$10,329)
HOLY REDEEMER HOSPITAL	\$29,832	\$172,001	(\$142,169)
HOLY SPIRIT HOSP.	\$115,638	\$182,673	(\$67,035)
INDIANA REGIONAL MED. CTR.	\$100,036	\$70,182	\$29,854
JEANES HOSP.	\$45,406	\$45,101	\$305
JEFFERSON REGIONAL MED. CTR.	\$108,239	\$138,226	(\$29,987)

EXHIBIT 3 - EXTRAORDINARY EXPENSE OVER/UNDER PAYMENTS (Continued)

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DPW Overpayment (Underpayment)</u>
KANE COMMUNITY HOSP.	\$11,153	\$14,244	(\$3,091)
LANCASTER GENERAL HOSP.	\$3,602,785	\$1,226,321	\$2,376,464
LANKENAU HOSP.	\$142,365	\$181,816	(\$39,451)
LATROBE AREA HOSP.	\$34,712	\$44,286	(\$9,574)
LEHIGH VALLEY HOSPITAL MUHLENBERG	\$169,722	\$239,740	(\$70,018)
MERCY HOSPITAL SCRANTON	\$185,474	\$162,033	\$23,441
MERCY TYLER MEMORIAL HOSPITAL	\$9,300	\$0	\$9,300
MINERS MEMORIAL MEDICAL CENTER	\$16,520	\$21,183	(\$4,663)
MONONGAHELA VALLEY HOSP.	\$24,540	\$31,340	(\$6,800)
MOUNT NITTANY MED. CTR.	\$148,412	\$191,083	(\$42,671)
MUNCY VALLEY HOSP.	\$5,552	\$0	\$5,552
NAZARETH HOSPITAL	\$121,758	\$155,498	(\$33,740)
OHIO VALLEY GENERAL HOSPITAL	\$44,871	\$24,145	\$20,726
PAOLI MEMORIAL HOSP.	\$33,959	\$43,369	(\$9,410)
PENN STATE HERSHEY REHABILITATION	\$81,985	\$49,023	\$32,962
PHOENIXVILLE HOSP.	\$79,962	\$52,472	\$27,490
POCONO HOSP.	\$420,271	\$396,929	\$23,342
READING HOSPITAL AND MEDICAL CENTER	\$628,842	\$666,285	(\$37,443)
RIDDLE MEMORIAL HOSP.	\$17,874	\$42,447	(\$24,573)
ROBERT PACKER HOSP.	\$185,577	\$236,312	(\$50,735)
ROXBOROUGH MEMORIAL HOSP.	\$64,721	\$0	\$64,721
SCHUYLKILL MEDICAL CENTER - EAST	\$35,628	\$45,987	(\$10,359)
ST. CLAIR MEMORIAL HOSPITAL	\$90,811	\$87,404	\$3,407
ST. LUKE'S QUAKERTOWN HOSP.	\$22,101	\$29,173	(\$7,072)
ST. MARY HOSPITAL - LANGHORNE.	\$265,278	\$396,845	(\$131,567)
UPMC-PASSAVANT	\$229,810	\$293,478	(\$63,668)
UPMC-ST. MARGARET	\$83,598	\$245,313	(\$161,715)
WAYNE COUNTY MEMORIAL HOSPITAL	\$38,382	\$48,408	(\$10,026)
WAYNESBORO HOSP.	\$25,346	\$32,495	(\$7,149)
WESTMORELAND HOSP.	\$304,524	\$327,139	(\$22,615)
WILKES-BARRE GENERAL HOSPITAL	\$76,964	\$76,706	\$258
WILLIAMSPORT HOSP.	\$173,456	\$161,131	\$12,325
WINDBER HOSP.	\$6,515	\$8,028	(\$1,513)
TOTALS	\$10,911,974	\$10,056,325	\$855,649

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS**AG UC Re-Calculation for FY 2010 - 2011**

Money Pot: \$61,834,520.36
 DPW Median UC Score: 19.066282271271
 AG Adjusted Median UC Score: 18.8621488645316

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Montgomery	ABINGTON MEMORIAL HOSPITAL ¹	11.7031	\$0.00		\$0.00
Philadelphia	ALBERT EINSTEIN MEDICAL CENTER	39.5438	\$2,724,431.32	40.476	\$2,814,544.05
Allegheny	ALLE-KISKI MEDICAL CENTER ¹ ²	12.9942	\$0.00	12.9723	\$0.00
Lackawanna	ALLIED SERVICES REHABILITATION HOSPITAL	6.8793	\$0.00		\$0.00
Blair	ALTOONA HOSPITAL ¹ ¹	18.8315	\$0.00	17.8919	\$0.00
Philadelphia	AMERICAN ONCOLOGIC HOSPITAL	5.7589	\$0.00	5.56	\$0.00
Philadelphia	ARIA HEALTH	22.9019	\$1,321,519.53	23.1779	\$1,357,482.45
Armstrong	ARMSTRONG COUNTY MEMORIAL HOSPITAL	19.8593	\$237,184.04	19.8996	\$240,935.62
Susquehanna	BARNES KASSON COUNTY HOSPITAL	33.0385	\$43,736.20		\$44,473.85
Philadelphia	BELMONT CENTER FOR COMP. TREATMENT ²	57.6798	\$646,417.44	57.2506	\$492,377.07
Columbia	BLOOMSBURG HOSPITAL INC	17.2538	\$0.00		\$0.00
McKean	BRADFORD REGIONAL MEDICAL CENTER ¹	35.2944	\$258,897.00	35.0922	\$261,755.41
Chester	BRANDYWINE HOSPITAL ²	15.6524	\$0.00		\$0.00
Montgomery	BROOKE GLEN BEHAVIORAL HOSPITAL ¹	60.279	\$0.00		\$0.00
Jefferson	BROOKVILLE HOSPITAL ¹	10.1966	\$0.00	10.3992	\$0.00
Montgomery	BRYN MAWR HOSPITAL ²	5.9797	\$0.00	5.4777	\$0.00
Chester	BRYN MAWR REHAB ²	7.2427	\$0.00		\$0.00
Clinton	BUCKTAIL MEDICAL CENTER ²	13.1225	\$0.00		\$0.00

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.
² denotes the hospital did not qualify to receive a tobacco payment.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Butler	BUTLER COUNTY MEMORIAL HOSPITAL	19.657	\$436,556.23	19.0522	\$430,261.07
Washington	CANONSBURG GENERAL HOSPITAL ¹	9.5499	\$0.00		\$0.00
Cumberland	CARLISLE REGIONAL MEDICAL CENTER ¹	9.65	\$0.00	9.5666	\$0.00
Franklin	CHAMBERSBURG HOSPITAL	20.3093	\$437,014.10	20.4353	\$448,244.32
Potter	CHARLES COLE MEMORIAL HOSPITAL ²	17.3622	\$0.00		\$0.00
Chester	CHESTER COUNTY HOSPITAL ¹	15.1555	\$0.00		\$0.00
Philadelphia	CHESTNUT HILL HEALTH SYSTEM ²	16.5298	\$0.00		\$0.00
Philadelphia	CHILDRENS HOSPITAL OF PHILADELPHIA	41.7547	\$1,964,898.41	41.7868	\$1,999,574.95
Allegheny	CHILDRENS HOSPITAL OF PITTSBURGH OF UPMC	50.6272	\$1,315,664.30	50.5027	\$1,334,565.89
Columbia	CHS BERWICK HOSPITAL ¹	13.5821	\$0.00	14.2569	\$0.00
Clarion	CLARION HOSPITAL	19.1357	\$79,469.47	19.1298	\$80,785.03
Clarion	CLARION PSYCHIATRIC CENTER ²	62.9503	\$0.00		\$0.00
Clearfield	CLEARFIELD HOSPITAL ¹	16.7724	\$0.00	16.8116	\$0.00
Lackawanna	COMMUNITY MEDICAL CENTER	24.8326	\$560,333.75	24.8386	\$569,920.50
Cambria	CONEMAUGH VALLEY MEMORIAL HOSP ⁴	19.2014	\$929,661.39	18.557	\$0.00
Erie	CORRY MEMORIAL HOSPITAL ¹	16.9693	\$0.00	17.1715	\$0.00
Delaware	CROZER CHESTER MEDICAL CENTER	29.9175	\$1,721,962.56	29.8501	\$1,769,351.05
Delaware	DELAWARE COUNTY MEMORIAL HOSP	21.936	\$508,837.29	21.5446	\$510,437.61
Chester	DEVEREUX CHILDREN'S BEHAVIOR HEALTH CENTER	92.399	\$252,478.49	93.0449	\$250,098.28
Lycoming	DIVINE PROVIDENCE WILLIAMSPORT	41.8548	\$68,342.76	42.7356	\$70,957.97
Bucks	DOYLESTOWN HOSPITAL ¹	7.2797	\$0.00	7.2335	\$0.00

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

⁴ denotes the hospital originally qualified for payment under uncompensated care approach, however, based on results of our review, the hospital does not qualify for payment.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Clearfield	DUBOIS REGIONAL MEDICAL CENTER	30.5373	\$483,889.37		\$492,050.61
Montgomery	EAGLEVILLE HOSPITAL	39.7493	\$231,259.45	39.2403	\$236,263.94
Northampton	EASTON HOSPITAL ¹	13.2802	\$0.00		\$0.00
Elk	ELK REGIONAL HEALTH CENTER ¹	11.6301	\$0.00	11.884	\$0.00
Lawrence	ELLWOOD CITY HOSPITAL ¹	18.6461	\$0.00		\$0.00
Susquehanna	ENDLESS MOUNTAIN HEALTH SYSTEM ²	13.1474	\$0.00		\$0.00
Lancaster	EPHRATA COMMUNITY HOSPITAL ¹	13.2328	\$0.00	13.7134	\$0.00
Union	EVANGELICAL COMMUNITY HOSPITAL ¹	14.4536	\$0.00		\$0.00
Philadelphia	FAIRMOUNT BEHAVIORAL HEALTH SYSTEMS ²	59.1628	\$0.00		\$0.00
Luzerne	FIRST HOSPITAL WYOMING VALLEY ³	51.3221	\$184,946.52	54.7217	\$193,271.40
Bucks	FOUNDATIONS BEHAVIORAL HEALTH	63.3229	\$173,586.00	62.8417	\$173,586.00
Westmoreland	FRICK COMMUNITY HEALTH CENTER ^{1, 5, 6}	18.9056	\$0.00		\$124,383.36
Philadelphia	FRIENDS HOSPITAL	55.3909	\$1,096,286.55	55.1405	\$1,055,586.03
Fulton	FULTON COUNTY MEDICAL CENTER ¹	8.9031	\$0.00	9.4339	\$0.00
Montour	GEISINGER MEDICAL CENTER	23.7002	\$1,057,101.39	23.1202	\$1,048,624.15
Luzerne	GEISINGER WYOMING VALLEY	20.2139	\$528,595.23	20.1446	\$535,668.99
Adams	GETTYSBURG HOSPITAL	20.2549	\$121,235.96		\$123,280.71
Carbon	GNADEN HUETTEN MEMORIAL HOSPITAL	19.3562	\$105,754.55	19.0019	\$99,165.00
Lebanon	GOOD SAMARITAN HOSPITAL ¹	15.3249	\$0.00	18.8186	\$0.00
Lehigh	GOOD SHEPHERD HOME & REHAB CTR ²	12.5488	\$0.00		\$0.00
Bucks	GRANDVIEW HOSPITAL ¹	12.6656	\$0.00	12.6519	\$0.00

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

3 denotes the hospital had one or more date elements that were unable to be verified.

5 denotes the hospital originally qualified for payment under extraordinary expense approach, however, based on results of our review, the hospital should qualify under the uncompensated care approach.

6 denotes that entity is referred to as Frick Hospital, its official name, throughout the body of this report.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Mercer	GROVE CITY MEDICAL CENTER ²	14.5424	\$0.00		\$0.00
Erie	HAMOT MEDICAL CENTER ¹	18.6811	\$0.00		\$0.00
York	HANOVER GENERAL HOSPITAL ¹	10.1289	\$0.00		\$0.00
Luzerne	HAZLETON GENERAL HOSPITAL ¹	15.1616	\$0.00	15.1655	\$0.00
Montour	HEALTHSOUTH PENN STATE GEISINGER ²	8.6076	\$0.00		\$0.00
Blair	HEALTHSOUTH ALTOONA ¹	13.3159	\$0.00		\$0.00
Allegheny	HEALTHSOUTH HARMARVILLE REHAB CTR ²	17.359	\$0.00		\$0.00
Erie	HEALTHSOUTH LAKE ERIE INST REHAB ²	17.7502	\$0.00		\$0.00
Centre	HEALTHSOUTH NITTANY VALLEY REHAB ²	12.435	\$0.00		\$0.00
Berks	HEALTHSOUTH REHAB HOSP of READING ²	17.8441	\$0.00		\$0.00
Cumberland	HEALTHSOUTH REHAB OF MECHANICSBURG ²	7.9568	\$0.00		\$0.00
Allegheny	HEALTHSOUTH REHAB OF SEWICKLEY ²	10.8443	\$0.00		\$0.00
York	HEALTHSOUTH REHAB OF YORK ²	8.7131	\$0.00		\$0.00
Lancaster	HEART of LANCASTER REGIONAL MED CTR ²	14.1616	\$0.00		\$0.00
Fayette	HIGHLAND HOSPITAL AND HEALTH CTR	39.427	\$181,622.37	39.3893	\$184,738.32
Montgomery	HOLY REDEEMER HOSPITAL ¹	16.421	\$0.00	15.946	\$0.00
Cumberland	HOLY SPIRIT HOSPITAL ¹	15.9352	\$0.00	15.6737	\$0.00
Montgomery	HORSHAM PSYCH HOSPITAL ²	52.677	\$0.00		\$0.00
Philadelphia	HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA	26.7546	\$2,281,260.01	26.8293	\$2,320,407.16
Indiana	INDIANA HOSPITAL ¹	13.88	\$0.00		\$0.00
Huntingdon	J C BLAIR MEMORIAL HOSPITAL	26.6068	\$127,405.95	26.3782	\$128,441.61

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Lawrence	JAMESON MEMORIAL HOSPITAL	20.9579	\$384,421.84	20.9121	\$390,051.07
Philadelphia	JEANES HOSPITAL ¹	14.3522	\$0.00	13.9807	\$0.00
Allegheny	JEFFERSON REGIONAL MED CTR ¹	9.8772	\$0.00	9.9292	\$0.00
Chester	JENNERSVILLE REGIONAL HOSPITAL ³	19.5344	\$101,023.78	19.533	\$102,719.90
Lycoming	JERSEY SHORE HOSPITAL ²	9.0877	\$0.00		\$0.00
Luzerne	JOHN HEINZ INSTITUTE OF REHAB MED ²	7.6428	\$0.00		\$0.00
McKean	KANE COMMUNITY HOSPITAL ¹	10.1305	\$0.00	10.1324	\$0.00
Philadelphia	KENSINGTON HOSPITAL	99.1257	\$283,893.71	99.5106	\$289,802.88
Lehigh	KIDSPEACE	71.5585	\$63,824.42	70.9974	\$63,824.42
Philadelphia	KIRKBRIDE PSYCH HOSPITAL	71.1613	\$381,742.02	70.8398	\$386,427.12
Lancaster	LANCASTER GENERAL HOSPITAL ¹	17.4638	\$0.00		\$0.00
Lancaster	LANCASTER REGIONAL MEDICAL CENTER	22.1375	\$223,920.00	22.0933	\$227,704.49
Lancaster	LANCASTER REHABILITATION HOSPITAL ²	8.6634	\$0.00		\$0.00
Montgomery	LANKENAU HOSPITAL ¹	13.8069	\$0.00	12.1678	\$0.00
Montgomery	LANSDALE HOSPITAL ²	11.1085	\$0.00		\$0.00
Westmoreland	LATROBE AREA HOSPITAL INC ¹	18.5146	\$0.00		\$0.00
Lehigh	LEHIGH VALLEY HOSPITAL CENTER	19.5393	\$1,517,768.66	19.5512	\$1,543,219.81
Lehigh	LEHIGH VALLEY HOSPITAL MUHLENBERG ¹	10.326	\$0.00	10.3231	\$0.00
Mifflin	LEWISTOWN HOSPITAL	23.3794	\$219,450.96	25.0945	\$239,522.11
Clinton	LOCK HAVEN HOSPITAL	24.0355	\$57,483.71	24.3653	\$57,635.11
Bucks	LOWER BUCKS HOSPITAL ³	21.3538	\$306,613.49	21.3519	\$311,757.12

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

³ denotes the hospital had one or more data elements that were unable to be verified.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Philadelphia	MAGEE REHAB HOSPITAL ⁵	19.0549	\$0.00		\$207,902.70
Allegheny	MAGEE WOMENS HOSPITAL	35.1966	\$1,195,929.71	35.1643	\$1,214,983.03
Lackawanna	MARIAN COMMUNITY HOSPITAL ³	23.8907	\$121,044.60	25.8861	\$133,366.90
Centre	MEADOWS PSYCHIATRIC CENTER ²	60.0716	\$0.00		\$0.00
Crawford	MEADVILLE MEDICAL CENTER	20.8903	\$273,497.38	21.0688	\$280,902.96
Beaver	MEDICAL CENTER BEAVER PA INC ²	16.972	\$0.00		\$0.00
Bradford	MEMORIAL HOSPITAL TOWANDA	24.6247	\$52,245.02	24.5838	\$53,141.41
York	MEMORIAL HOSPITAL YORK ³	20.7463	\$183,833.88	20.778	\$187,220.35
Delaware	MERCY CATHOLIC MEDICAL CENTER-FITZGERALD	29.2004	\$623,883.30	29.2155	\$634,733.12
Philadelphia	MERCY HOSPITAL OF PHILADELPHIA ²	56.0152	\$1,152,022.55	55.9996	\$1,171,125.02
Lackawanna	MERCY HOSPITAL SCRANTON ¹	13.3366	\$0.00		\$0.00
Luzerne	MERCY SPECIAL CARE HOSPITAL	2.3756	\$0.00		\$0.00
Montgomery	MERCY SUBURBAN HOSPITAL	20.7561	\$274,887.26		\$279,523.49
Wyoming	MERCY TYLER MEMORIAL HOSPITAL ¹	18.7399	\$0.00		\$0.00
Somerset	MEYERSDALE COMMUNITY HOSPITAL ²	9.4393	\$0.00		\$0.00
Lackawanna	MID VALLEY HOSPITAL ASSN ²	10.8773	\$0.00		\$0.00
Erie	MILLCREEK COMMUNITY HOSPITAL ²	41.9635	\$0.00		\$0.00
Cambria	MINERS HOSPITAL OF NORTHERN CAMBRIA ²	14.3404	\$0.00		\$0.00
Schuylkill	MINERS MEMORIAL MEDICAL CENTER ¹	13.4358	\$0.00		\$0.00
Washington	MONONGAHELA VALLEY HOSPITAL INC ¹	17.7752	\$0.00	18.1439	\$0.00
Montgomery	MONTGOMERY CO EMERGENCY SERVICE, INC	62.7502	\$514,502.36		\$523,179.92

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3 denotes the hospital had one or more data elements that were unable to be verified.

5 denotes the hospital originally qualified for payment under extraordinary expense approach, however, based on results of our review, the hospital should qualify under the uncompensated care approach.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Montgomery	MONTGOMERY HOSPITAL	24.1151	\$281,085.40	24.4355	\$289,623.63
Lackawanna	MOSES TAYLOR HOSPITAL	20.5914	\$446,425.43	20.6481	\$455,205.15
Centre	MOUNT NITANNY MEDICAL CENTER ¹	13.3267	\$0.00	13.5844	\$0.00
Lycoming	MUNCY VALLEY HOSPITAL ¹	7.6197	\$0.00		\$0.00
Blair	NASON HOSPITAL ASSOCIATION	22.116	\$71,182.30	22.283	\$72,302.93
Philadelphia	NAZARETH HOSPITAL ¹	17.3886	\$0.00	17.6971	\$0.00
Philadelphia	NPHS-ST JOSEPH HOSPITAL	77.3247	\$1,858,485.39	70.0919	\$1,713,058.87
Allegheny	OHIO VALLEY GENERAL HOSPITAL ¹	13.4982	\$0.00		\$0.00
Carbon	PALMERTON HOSPITAL ²	10.4685	\$0.00		\$0.00
Chester	PAOLI MEMORIAL HOSPITAL ¹	3.5024	\$0.00		\$0.00
Philadelphia	PENN PRESBYTERIAN MEDICAL CTR UPHS	32.1192	\$877,958.30	32.1327	\$893,140.11
Dauphin	PENN STATE HERSHEY REHABILITATION ¹	11.0532	\$0.00		\$0.00
Dauphin	PENN STATE MILTON S HERSHEY MEDICAL CENTER	22.8375	\$1,242,984.59		\$1,263,948.68
Philadelphia	PENNSYLVANIA HOSPITAL UPHS	29.0251	\$1,373,120.43	29.04	\$1,396,997.57
Dauphin	PENNSYLVANIA PSYCHIATRIC INSTITUTE	53.5291	\$334,296.14	53.652	\$340,714.47
Lebanon	PHILHAVEN HOSPITAL	46.9974	\$414,288.72	45.7069	\$442,070.48
Chester	PHOENIXVILLE HOSPITAL ¹	10.5104	\$0.00	12.2058	\$0.00
Dauphin	PINNACLE HEALTH HOSPITALS	21.0159	\$1,274,688.69		\$1,296,187.50
Monroe	POCONO HOSPITAL ¹	18.6805	\$0.00		\$0.00
Montgomery	POTTSTOWN MEMORIAL MEDICAL CENTER ²	13.6248	\$0.00		\$0.00
Jefferson	PUNXSUTAWNEY AREA HOSPITAL ²	22.0048	\$62,648.79		\$63,705.42

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit I.

² denotes the hospital did not qualify to receive a tobacco payment.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Berks	READING HOSPITAL AND MED CENTER ¹	18.2528	\$0.00		\$0.00
Delaware	RIDDLE MEMORIAL HOSPITAL ¹	8.8663	\$0.00		\$0.00
Bradford	ROBERT PACKER HOSPITAL ¹	18.2517	\$0.00	18.5194	\$0.00
Philadelphia	ROXBOROUGH MEMORIAL HOSPITAL ¹	14.9999	\$0.00	14.7603	\$0.00
Franklin	ROXBURY PSYCHIATRIC HOSPITAL	33.397	\$78,806.97	55.4656	\$40,832.24
Lehigh	SACRED HEART HOSPITAL	24.8546	\$333,926.70	24.8548	\$339,561.71
Schuylkill	SCHUYLKILL MED CTR - EAST NORWEGIAN ST ¹	10.1564	\$0.00	10.1779	\$0.00
Schuylkill	SCHUYLKILL MED CTR - SOUTH JACKSON ST	28.0509	\$471,382.99	28.3913	\$485,149.13
Allegheny	SEWICKLEY VALLEY HOSPITAL ²	13.9269	\$0.00	13.9106	\$0.00
Northumberland	SHAMOKIN AREA COMMUNITY HOSPITAL ²	10.1449	\$0.00		\$0.00
Mercer	SHARON REGIONAL HEALTH CENTER	25.3939	\$413,272.87	25.349	\$419,500.13
Tioga	SOLDIERS AND SAILORS MEMORIAL HOSPITAL	31.5324	\$125,342.21	31.5232	\$128,113.91
Somerset	SOMERSET HOSPITAL CENTER FOR HEALTH	21.0906	\$161,278.96	21.1219	\$163,965.38
Greene	SOUTHWEST REGIONAL MEDICAL CENTER	24.4295	\$110,450.10	24.4083	\$112,227.92
Allegheny	SOUTHWOOD PSYCHIATRIC HOSPITAL ²	77.2681	\$0.00		\$0.00
Schuylkill	ST CATHERINE HEALTHCARE CENTER ³	21.9546	\$40,511.13		\$41,194.38
Allegheny	ST CLAIR MEMORIAL HOSPITAL ¹	8.6049	\$0.00	8.7032	\$0.00
Berks	ST JOSEPH MEDICAL CENTER	30.6019	\$535,447.12	30.592	\$544,301.69
Lehigh	ST LUKES HOSPITAL - BETHLEHEM	19.9702	\$1,178,977.71	19.8112	\$1,189,317.49
Bucks	ST LUKES HOSPITAL QUAKERTOWN ¹	18.1297	\$0.00	18.1573	\$0.00
Bucks	ST MARY HOSPITAL - LANGHORNE ¹	6.4662	\$0.00	7.9455	\$0.00

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Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Erie	ST VINCENT HEALTH CENTER	25.5172	\$832,081.93	25.5068	\$845,770.99
Northumberland	SUNBURY COMMUNITY HOSPITAL	27.5517	\$112,300.24	24.4533	\$92,674.29
Philadelphia	TEMPLE UNIVERSITY HSP	56.1143	\$5,234,760.75	56.2305	\$5,334,068.06
Allegheny	THE CHILDRENS HOME OF PITTSBURGH	73.9084	\$89,289.44	74.5333	\$91,563.12
Allegheny	THE CHILDRENS INSTITUTE OF PITTSBURGH	48.5454	\$238,281.63	48.6626	\$242,885.41
Philadelphia	THOMAS JEFFERSON UNIVERSITY HOSPITAL	27.0789	\$2,606,328.69	27.1608	\$2,658,310.81
Philadelphia	THS-HAHNEMANN HOSPITAL	40.1738	\$1,786,361.60	40.2119	\$1,818,214.42
Philadelphia	THS-ST CHRISTOPHER'S HOSPITAL ²	75.9084	\$0.00		\$0.00
Crawford	TITUSVILLE HOSPITAL	25.711	\$72,730.79	25.269	\$72,651.66
Bradford	TROY COMMUNITY HOSPITAL ⁴	103.4273	\$70,328.53	8.5312	\$0.00
Blair	TYRONE HOSPITAL ²	16.0975	\$0.00		\$0.00
Fayette	UNIONTOWN HOSPITAL ASSOCIATION	26.0439	\$440,341.41	26.0006	\$447,025.22
Bedford	UPMC BEDFORD	19.4666	\$53,338.86	20.0534	\$55,669.63
Mercer	UPMC HORIZON	19.0777	\$245,844.96	19.3281	\$253,368.13
Allegheny	UPMC MCKEESPORT	27.8861	\$537,357.83	28.0918	\$551,248.12
Allegheny	UPMC Mercy	26.7524	\$1,356,617.64	26.8997	\$1,388,588.42
Venango	UPMC NORTHWEST	19.278	\$241,585.39	19.2977	\$246,403.60
Allegheny	UPMC PASSAVANT ¹	4.6126	\$0.00		\$0.00
Allegheny	UPMC PRESBYTERIAN SHADYSIDE	23.7629	\$3,935,850.08	23.7134	\$3,993,894.02
Allegheny	UPMC ST MARGARET ¹	9.2775	\$0.00	9.1658	\$0.00
Montgomery	VALLEY FORGE MEDICAL CENTER	62.7773	\$359,073.52	62.0197	\$360,723.42

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

4 denotes the hospital originally qualified for payment under uncompensated care approach, however, based on results of our review, the hospital does not qualify for payment.

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Warren	WARREN GENERAL HOSPITAL	24.3416	\$134,071.66	24.0188	\$135,868.76
Washington	WASHINGTON HOSPITAL	19.1255	\$478,297.86	19.1709	\$487,668.87
Wayne	WAYNE COUNTY MEMORIAL HOSPITAL ¹	18.2635	\$0.00		\$0.00
Franklin	WAYNESBORO HOSPITAL ¹	18.0369	\$0.00		\$0.00
Allegheny	WEST PENN-ALLEGHENY GENERAL HOSPITAL	19.1653	\$1,170,783.59	19.4056	\$1,205,461.04
Allegheny	WESTERN PENNSYLVANIA HOSPITAL	24.7647	\$893,275.06	24.636	\$903,619.47
Allegheny	WESTERN PENNSYLVANIA HOSPITAL - FORBES ²	12.5542	\$0.00	12.532	\$0.00
Westmoreland	WESTMORELAND HOSPITAL ¹	16.9346	\$0.00	16.9238	\$0.00
Luzerne	WILKES-BARRE GENERAL HOSPITAL ¹	16.9017	\$0.00	16.9225	\$0.00
Lycoming	WILLIAMSPORT HOSPITAL ¹	17.6162	\$0.00	17.7387	\$0.00
Somerset	WINDBER HOSPITAL ¹	14.8487	\$0.00		\$0.00
York	YORK HOSPITAL	22.8208	\$1,246,721.65		\$1,267,748.76
	Totals:		\$61,834,520.33		\$61,834,520.34

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

EXHIBIT 5 – UNCOMPENSATED CARE OVER/UNDER PAYMENTS

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DPW Overpayment (Underpayment)</u>
ALBERT EINSTEIN MEDICAL CENTER	\$2,724,431.32	\$2,814,544.05	(\$90,112.73)
ARIA HEALTH	\$1,321,519.53	\$1,357,482.45	(\$35,962.92)
ARMSTRONG COUNTY MEMORIAL HOSPITAL	\$237,184.04	\$240,935.62	(\$3,751.58)
BARNES KASSON COUNTY HOSPITAL	\$43,736.20	\$44,473.85	(\$737.65)
BELMONT CENTER FOR COMP TREATMENT	\$646,417.44	\$492,377.07	\$154,040.37
BRADFORD REGIONAL MEDICAL CENTER	\$258,897.00	\$261,755.41	(\$2,858.41)
BUTLER COUNTY MEMORIAL HOSPITAL	\$436,556.23	\$430,261.07	\$6,295.16
CHAMBERSBURG HOSPITAL	\$437,014.10	\$448,244.32	(\$11,230.22)
CHILDRENS HOSPITAL OF PHILADELPHIA	\$1,964,898.41	\$1,999,574.95	(\$34,676.54)
CHILDRENS HOSPITAL OF PITTSBURGH OF UPMC	\$1,315,664.30	\$1,334,565.89	(\$18,901.59)
CLARION HOSPITAL	\$79,469.47	\$80,785.03	(\$1,315.56)
COMMUNITY MEDICAL CENTER	\$560,333.75	\$569,920.50	(\$9,586.75)
CONEMAUGH VALLEY MEMORIAL HOSP	\$929,661.39	\$0.00	\$929,661.39
CROZER CHESTER MEDICAL CENTER	\$1,721,962.56	\$1,769,351.05	(\$47,388.49)
DELAWARE COUNTY MEMORIAL HOSP	\$508,837.29	\$510,437.61	(\$1,600.32)
DEVEREUX CHILDREN'S BEHAVIOR HEALTH CENTER	\$252,478.49	\$250,098.28	\$2,380.21
DIVINE PROVIDENCE WILLIAMSPORT	\$68,342.76	\$70,957.97	(\$2,615.21)
DUBOIS REGIONAL MEDICAL CENTER	\$483,889.37	\$492,050.61	(\$8,161.24)
EAGLEVILLE HOSPITAL	\$231,259.45	\$236,263.94	(\$5,004.49)
FIRST HOSPITAL WYOMING VALLEY **	\$184,946.52	\$193,271.40	(\$8,324.88)
FOUNDATIONS BEHAVIORAL HEALTH	\$173,586.00	\$173,586.00	\$0.00
FRICK HOSPITAL	\$0.00	\$124,383.36	(\$124,383.36)
FRIENDS HOSPITAL	\$1,096,286.55	\$1,055,586.03	\$40,700.52
GEISINGER MEDICAL CENTER	\$1,057,101.39	\$1,048,624.15	\$8,477.24
GEISINGER WYOMING VALLEY	\$528,595.23	\$535,668.99	(\$7,073.76)
GETTYSBURG HOSPITAL	\$121,235.96	\$123,280.71	(\$2,044.75)
GNADEN HUETTEN MEMORIAL HOSPITAL	\$105,754.55	\$99,165.00	\$6,589.55
HIGHLAND HOSPITAL AND HEALTH CTR	\$181,622.37	\$184,738.32	(\$3,115.95)
HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA	\$2,281,260.01	\$2,320,407.16	(\$39,147.15)
J C BLAIR MEMORIAL HOSPITAL	\$127,405.95	\$128,441.61	(\$1,035.66)
JAMESON MEMORIAL HOSPITAL	\$384,421.84	\$390,051.07	(\$5,629.23)
JENNERSVILLE REGIONAL HOSPITAL **	\$101,023.78	\$102,719.90	(\$1,696.12)
KENSINGTON HOSPITAL	\$283,893.71	\$289,802.88	(\$5,909.17)

** Denotes hospitals for which various data elements could not be verified

EXHIBIT 5 – UNCOMPENSATED CARE OVER/UNDER PAYMENTS (Continued)

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DPW Overpayment (Underpayment)</u>
KIDSPEACE	\$63,824.42	\$63,824.42	\$0.00
KIRKBRIDE PSYCH HOSPITAL	\$381,742.02	\$386,427.12	(\$4,685.10)
LANCASTER REGIONAL MEDICAL CENTER	\$223,920.00	\$227,704.49	(\$3,784.49)
LEHIGH VALLEY HOSPITAL CENTER	\$1,517,768.66	\$1,543,219.81	(\$25,451.15)
LEWISTOWN HOSPITAL	\$219,450.96	\$239,522.11	(\$20,071.15)
LOCK HAVEN HOSPITAL	\$57,483.71	\$57,635.11	(\$151.40)
LOWER BUCKS HOSPITAL **	\$306,613.49	\$311,757.12	(\$5,143.63)
MAGEE REHAB HOSPITAL	\$0.00	\$207,902.70	(\$207,902.70)
MAGEE WOMENS HOSPITAL	\$1,195,929.71	\$1,214,983.03	(\$19,053.32)
MARIAN COMMUNITY HOSPITAL **	\$121,044.60	\$133,366.90	(\$12,322.30)
MEADVILLE MEDICAL CENTER	\$273,497.38	\$280,902.96	(\$7,405.58)
MEMORIAL HOSPITAL TOWANDA	\$52,245.02	\$53,141.41	(\$896.39)
MEMORIAL HOSPITAL YORK **	\$183,833.88	\$187,220.35	(\$3,386.47)
MERCY CATHOLIC MEDICAL CENTER-FITZGERALD	\$623,883.30	\$634,733.12	(\$10,849.82)
MERCY HOSPITAL OF PHILADELPHIA	\$1,152,022.55	\$1,171,125.02	(\$19,102.47)
MERCY SUBURBAN HOSPITAL	\$274,887.26	\$279,523.49	(\$4,636.23)
MONTGOMERY CO EMERGENCY SERVICE, INC	\$514,502.36	\$523,179.92	(\$8,677.56)
MONTGOMERY HOSPITAL	\$281,085.40	\$289,623.63	(\$8,538.23)
MOSES TAYLOR HOSPITAL	\$446,425.43	\$455,205.15	(\$8,779.72)
NASON HOSPITAL ASSOCIATION	\$71,182.30	\$72,302.93	(\$1,120.63)
NPHS-ST JOSEPH HOSPITAL	\$1,858,485.39	\$1,713,058.87	\$145,426.52
PENN PRESBYTERIAN MEDICAL CTR UPHS	\$877,958.30	\$893,140.11	(\$15,181.81)
PENN STATE MILTON S HERSHEY MEDICAL CENTER	\$1,242,984.59	\$1,263,948.68	(\$20,964.09)
PENNSYLVANIA HOSPITAL UPHS	\$1,373,120.43	\$1,396,997.57	(\$23,877.14)
PENNSYLVANIA PSYCHIATRIC INSTITUTE	\$334,296.14	\$340,714.47	(\$6,418.33)
PHILHAVEN HOSPITAL	\$414,288.72	\$442,070.48	(\$27,781.76)
PINNACLE HEALTH HOSPITALS	\$1,274,688.69	\$1,296,187.50	(\$21,498.81)
PUNXSUTAWNEY AREA HOSPITAL	\$62,648.79	\$63,705.42	(\$1,056.63)
ROXBURY PSYCHIATRIC HOSPITAL	\$78,806.97	\$40,832.24	\$37,974.73
SACRED HEART HOSPITAL	\$333,926.70	\$339,561.71	(\$5,635.01)
SCHUYLKILL MED CTR - SOUTH JACKSON ST	\$471,382.99	\$485,149.13	(\$13,766.14)
SHARON REGIONAL HEALTH CENTER	\$413,272.87	\$419,500.13	(\$6,227.26)
SOLDIERS AND SAILORS MEMORIAL HOSPITAL	\$125,342.21	\$128,113.91	(\$2,771.70)
SOMERSET HOSPITAL CENTER FOR HEALTH	\$161,278.96	\$163,965.38	(\$2,686.42)

** Denotes hospitals for which various data elements could not be verified.

EXHIBIT 5 – UNCOMPENSATED CARE OVER/UNDER PAYMENTS (Continued)

SOUTHWEST REGIONAL MEDICAL CENTER	\$110,450.10	\$112,227.92	(\$1,777.82)
ST CATHERINE HEALTHCARE CENTER **	\$40,511.13	\$41,194.38	(\$683.25)
ST JOSEPH MEDICAL CENTER	\$535,447.12	\$544,301.69	(\$8,854.57)
ST LUKES HOSPITAL - BETHLEHEM	\$1,178,977.71	\$1,189,317.49	(\$10,339.78)
ST VINCENT HEALTH CENTER	\$832,081.93	\$845,770.99	(\$13,689.06)
SUNBURY COMMUNITY HOSPITAL	\$112,300.24	\$92,674.29	\$19,625.95
TEMPLE UNIVERSITY HSP	\$5,234,760.75	\$5,334,068.06	(\$99,307.31)
THE CHILDRENS HOME OF PITTSBURGH	\$89,289.44	\$91,563.12	(\$2,273.68)
THE CHILDRENS INSTITUTE OF PITTSBURGH	\$238,281.63	\$242,885.41	(\$4,603.78)
THOMAS JEFFERSON UNIVERSITY HOSPITAL	\$2,606,328.69	\$2,658,310.81	(\$51,982.12)
THS-HAHNEMANN HOSPITAL	\$1,786,361.60	\$1,818,214.42	(\$31,852.82)
TITUSVILLE HOSPITAL	\$72,730.79	\$72,651.66	\$79.13
TROY COMMUNITY HOSPITAL	\$70,328.53	\$0.00	\$70,328.53
UNIONTOWN HOSPITAL ASSOCIATION	\$440,341.41	\$447,025.22	(\$6,683.81)
UPMC BEDFORD	\$53,338.86	\$55,669.63	(\$2,330.77)
UPMC HORIZON	\$245,844.96	\$253,368.13	(\$7,523.17)
UPMC MCKEESPORT	\$537,357.83	\$551,248.12	(\$13,890.29)
UPMC MERCY	\$1,356,617.64	\$1,388,588.42	(\$31,970.78)
UPMC NORTHWEST	\$241,585.39	\$246,403.60	(\$4,818.21)
UPMC PRESBYTERIAN SHADYSIDE	\$3,935,850.08	\$3,993,894.02	(\$58,043.94)
VALLEY FORGE MEDICAL CENTER	\$359,073.52	\$360,723.42	(\$1,649.90)
WARREN GENERAL HOSPITAL	\$134,071.66	\$135,868.76	(\$1,797.10)
WASHINGTON HOSPITAL	\$478,297.86	\$487,668.87	(\$9,371.01)
WEST PENN-ALLEGHENY GENERAL HOSPITAL	\$1,170,783.59	\$1,205,461.04	(\$34,677.45)
WESTERN PENNSYLVANIA HOSPITAL	\$893,275.06	\$903,619.47	(\$10,344.41)
YORK HOSPITAL	\$1,246,721.65	\$1,267,748.76	(\$21,027.11)
TOTALS	\$61,834,520.33	\$61,834,520.34	(\$0.01)

** Denotes hospitals for which various data elements could not be verified.

REPORT DISTRIBUTION LIST

This report was initially distributed to:

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EXHIBIT C

Fy 2012

TOBACCO FUND PAYMENTS SUMMARY REPORT

Hospitals' Subsidy Entitlement to
Extraordinary Expense and
Uncompensated Care Payments
Received from the Department of
Human Services in August 2012

April 2015



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

April 15, 2015

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Wolf:

The Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq. (Act), mandated the Department of Human Services (DHS) to make payments to hospitals for a portion of uncompensated care services provided by these facilities. On August 27, 2012, the DHS calculated payment entitlements totaling \$56,416,648 to fund a total of 157 hospitals for uncompensated care under the extraordinary expense approach and the uncompensated care approach. Under the extraordinary expense approach, 66 hospitals were allocated a total of \$8,462,497. These payments were based on claims data submitted by the hospitals to the Pennsylvania Health Care Cost Containment Council (PHC4). Under the uncompensated care approach, 91 additional hospitals were allocated a total of \$47,954,151. These payments were based on 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.

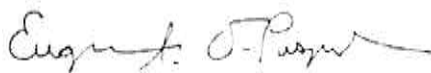
The Department of the Auditor General conducted reviews of the data submitted by each of these hospitals to determine whether each hospital received what it was entitled to under the requirements of this Act. This report summarizes the results of our 157 reviews and includes recommendations for improving the program's data collection and payment process.

The Department of the Auditor General performed reviews of the documentation submitted to the PHC4 by all 66 hospitals that received the extraordinary expense payments made on August 27, 2012. The purpose of these reviews was to determine whether proper documentation existed to support the claims submitted as extraordinary expense-eligible claims and to determine whether each hospital received the payment to which it was entitled. The results of these reviews determined that a redistribution of the original payments is required. 18 hospitals were overpaid, while 48 hospitals were underpaid, resulting in a need for the redistribution of \$2,090,989.

The Department of the Auditor General also performed reviews of the documentation submitted to the PHC4 and the DHS by all 91 hospitals that received uncompensated care payments made on August 27, 2012. The purpose of these reviews was to determine whether proper documentation existed for the fifteen data elements utilized by the DHS for each of the hospitals and to determine whether each hospital received the payment to which it was entitled. The results of these reviews determined that a redistribution of the original payments is required. 80 hospitals were overpaid, while 9 hospitals were underpaid, resulting in a redistribution of \$1,441,399. Four hospitals' payments were capped due to the upper payment limit or the uncompensated care cost cap and, therefore, no adjustments were made to their original payments. Two hospitals, Brandywine Hospital and Troy Community Hospital, did originally qualify for payment under the uncompensated care approach as its UC score fell above the median UC score for all hospitals. Two Hospitals, Lehigh Valley Hospital Center and Nazareth Hospital, did not originally qualify for payment under the uncompensated care approach as its UC score fell below the median UC score for all hospitals. As a result of our reviews, the median UC score decreased from 19.3465% to 19.3527%; thus excluding Brandywine Hospital and Troy Community Hospital from qualifying for payment under the uncompensated care approach and qualifying Lehigh Valley Hospital Center and Nazareth Hospital for payment under the uncompensated care approach. Therefore, a total of 93 hospitals are included in the redistribution of uncompensated care payments, as shown on page 26 of this report.

Regarding the subsidy entitlement adjustments detailed in our 2010 and 2011 summary reports, the DHS has yet to make any funding adjustments for the 2010 and 2011 payment years by collecting any overpayments from, or make additional payments to, hospitals based upon the results of our individual reviews. Furthermore, the DHS has failed to fully address our repeat recommendation to develop a process that would ensure a more reliable database of hospitals' claims from which extraordinary expense payments are determined. This is the seventh consecutive year that DHS has failed to address this recommendation, as included in each of our annual extraordinary expense summary reports. As claims data utilized by the DHS is not entirely accurate and results in hospitals receiving more or less in extraordinary expense payments than they are entitled to receive, the DHS should implement our recommendation, as noted in detail on page 4 of this report. Our 2011 summary report also included a second finding which addressed the uncompensated care payment approach for the second time, as noted in detail on page 7 of this report. As with the extraordinary expense approach, the data utilized by the DHS is not entirely accurate, or could not be verified, and results in hospitals receiving more or less in uncompensated care payments than they are entitled to receive. We believe that the DHS' processing of the funding adjustments detailed in our 2010, 2011, and 2012 summary reports, and adherence to the recommendations included in these reports, will result in each hospital receiving the amount of funds to which each is legally entitled and in DHS having more reliable data from which it can base its original extraordinary expense and uncompensated care payments to qualified hospitals.

Sincerely,



Eugene A. DePasquale
Auditor General

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BACKGROUND

Beginning in June 2002, hospitals that qualified for payments under the Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq. (Act), could receive funds using either an extraordinary expense approach or an uncompensated care approach. Under the extraordinary expense approach, payment is based on a hospital's number of qualified claims. Qualified claims are those claims in which the cost of the claim exceeded twice the average cost of all claims for a particular hospital and for which the hospital provided inpatient services to an uninsured patient. Under the uncompensated care approach, payment is based on the level of uncompensated care at each hospital and 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 SSI days, MA days and total inpatient days. It should be noted that the 2012 uncompensated care payment was to be calculated based on three-year averages of these data elements for the fiscal years ended June 30, 2008, 2009, and 2010. However, due to previous errors in data used by the Centers for Medicare and Medicaid Services (CMS) to calculate the Medicare SSI days for the fiscal years ended June 30, 2006, 2007, 2008, and 2009, the DHS chose to calculate the 2012 Medicare SSI days data element based on three-year averages of Medicare SSI days for the fiscal years ended June 30, 2007, 2008, and 2009, as these years represent the most recent data available for Medicare SSI days.

To calculate the extraordinary expense payments it made to the 66 hospitals in August 2012, the DHS used claims data for the period July 1, 2009 to June 30, 2010 submitted by hospitals to the PHC4. To calculate the uncompensated care payments it made to the 91 hospitals in August 2012, the DHS used uncompensated care costs and net patient revenues submitted to the PHC4 for the fiscal years ended June 30, 2008, 2009, and 2010; patients' census records supporting MA days and total inpatient days, as included on the facility's MA cost reports submitted to the DHS for the fiscal years ended June 30, 2008, 2009, and 2010; and the Medicare SSI days, as determined by the CMS for the fiscal years ended June 30, 2007, 2008, and 2009.

SCOPE, OBJECTIVE AND METHODOLOGY

Extraordinary Expense Approach

The Department of the Auditor General performed reviews of the data submitted to the PHC4 by the 66 hospitals that received extraordinary expense payments made on August 27, 2012 and analyzed the applicable claims data for the period July 1, 2009 to June 30, 2010. The purpose of our reviews was to determine whether the hospitals could substantiate their reported claims and verify that the patient was uninsured and received no compensation from third party payers such as Medicare, Medicaid, or Blue Cross. Payments made by the patient themselves toward their financial obligation reduced the allowable costs of the respective claim when determining eligibility. In conducting our reviews, we allowed hospitals to include eligible claims not initially reported.

The methodology in support of our objective included:

- reviewing Chapter 11 of the Act and other pertinent information;
- reviewing hospital charity care and bad debt policies and procedures;
- interviewing hospital personnel about the procedures followed to determine each patient's payer classification status;
- verifying receipt of the tobacco payment by the hospital;
- verifying the accuracy of the claims data submitted by the hospital to the PHC4 and subsequently by the PHC4 to the DHS, as well as the cost to charge ratios utilized by the DHS;
- examining patients' records to verify self-pay status and to determine if any payments were made by the patient toward their financial obligation;
- verifying claims met the minimum claim charge to qualify as extraordinary expense;
- reviewing any additional hospital claims for the period July 1, 2009 to June 30, 2010 not originally submitted to determine eligibility; and
- recalculating the hospital's extraordinary expense tobacco payment entitlement based on revised information.

Uncompensated Care Approach

The Department of the Auditor General performed reviews of the data submitted to the PHC4 and the DHS by the 91 hospitals that received the August 2012 uncompensated care payments and analyzed data for the fiscal years ended June 30, 2008, June 30, 2009, and June 30, 2010 (June 30, 2007, June 30, 2008, and June 30, 2009 for Medicare SSI days). The purpose of these reviews was to determine whether proper documentation existed for the fifteen data elements utilized by the DHS for each of the hospitals.

SCOPE, OBJECTIVE AND METHODOLOGY (Continued)

The methodology in support of our objective included:

- reviewing Chapter 11 of the Act and other pertinent information;
- reviewing hospital charity care policies and procedures;
- interviewing hospital personnel about the procedures followed to submit the original data and any revisions, if applicable, to the PHC4;
- verifying receipt of the tobacco payment by the hospital;
- verifying the accuracy of the bad debt expense and charity care costs, which are factors of uncompensated care costs, and net patient revenue submitted by the hospital to the PHC4 and subsequently by the PHC4 to the DHS, as well as the cost to charge ratios utilized by the DHS;
- verifying the accuracy of the fee-for-service days, Health Maintenance Organization (HMO) days, and out-of-state days, which are factors of total MA days, and total inpatient days submitted by the hospital to the DHS;
- verifying the accuracy of the Medicare SSI days utilized by the DHS based on data from the CMS website database;
- recalculating the hospital's UC score using the verified fifteen data elements; and
- recalculating the hospital's uncompensated care tobacco payment entitlement based on revised information.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Extraordinary Expense Claims Data Utilized By The DHS Was Not Entirely Accurate Resulting In A Need For A Redistribution Of \$2,090,989 Among 66 Hospitals.

Condition: We determined that of the 800 extraordinary expense claims totaling \$25,946,289 originally reported by the 66 hospitals, only 586 (73 percent) were allowable. We further determined that another 29 claims, not originally included in the PHC4 database of claims for the same period, were allowable. (See Exhibits 1 and 2.)

Criteria: Act 77 of 2001, Chapter 11, gives the DHS the responsibility to collect the necessary data, determine eligibility, and calculate and make extraordinary expense payments to qualified hospitals on an annual basis.

Cause: When reviewing hospitals' extraordinary expense claims we found that the hospitals' initial payer designations given to these claims when patients began hospital stays, either subsequently changed or were never updated to reflect changes that occurred during or after their hospital stays. This resulted in changes to the hospitals' "compensated" or "uncompensated" status for certain extraordinary expense claims. Such incorrect statuses of claims are provided by many hospitals to the PHC4 which then forwards the incorrect data to the DHS where it is used to calculate extraordinary expense payments. This problem causes concern related to the DHS's use of the PHC4 database since that database does not always contain finalized payer designations.

Because of similar findings reported in previous years, the PHC4, in conjunction with the DHS, initiated a process in January 2005 that gave hospitals an additional claims verification opportunity prior to final tobacco payments being calculated and processed. Although the PHC4 has established a website that allows hospitals access to extraordinary expense claims data in order to make revisions, we found that many of these hospitals continue to revise their claims data inaccurately, as cited in our 2010 and 2011 summary reports. For the 2012 extraordinary expense payment, one hospital (Lancaster General Hospital) accounts for 72% of the \$2.1 million in overpayments made to 18 hospitals. Furthermore, even though Lancaster General Hospital utilized the PHC4's self-pay verification website to process all years of its data, Lancaster General Hospital has accounted for the vast majority of the extraordinary expense overpayments for the 2008-2011 payment years, as detailed in our corresponding Tobacco Settlement Summary Reports, which has resulted in this hospital receiving overpayments in excess of \$8.7 million. In addition, for the 2012 payment year, four hospitals (Abington Memorial Hospital; Hamot Medical Center; Lehigh Valley Hospital Center, and West Penn-Allegheny General Hospital) accounted for 47% of the \$2.1 million in underpayments made to 48 hospitals. For the 2011 payment year, Abington Memorial Hospital and Hamot Medical Center accounted for 30% of the extraordinary expense underpayments totaling \$1.9 million. While Hamot Medical Center utilized the PHC4's self-pay verification website for 2011 and 2012, Abington Memorial Hospital failed to utilize the PHC4's self-pay verification website for both years. The failure of hospitals to access, review and update claims data accurately during the website verification process contributed to the disallowance of claims during our reviews. Furthermore, as stated in our 2011 Summary Report, the DHS' further inspection into the claims data submission processes of the hospitals accounting for the majority of the extraordinary expense over/underpayments could alleviate such discrepancies in the future.

FINDINGS AND RECOMMENDATIONS (Continued)

Effect: The DHS initially distributed \$8,462,497 of extraordinary expense tobacco payments for 2012 based on 800 claims totaling \$25,946,289 originally submitted by the 66 hospitals. As a result of our procedures, we determined that a total of 586 claims totaling \$17,319,674 qualified for payment. Since the total costs of the qualified claims exceeded the total amount of monies available for distribution, a share percentage was used to calculate each hospital's entitlement (See Exhibit 1).

The redistribution consists of the following:

	<u>Number</u>	<u>Total Amount</u>
Hospitals Overpaid	18	\$ 2,090,989
Hospitals Underpaid	<u>48</u>	<u>\$(2,090,989)</u>
Total Net Overpayment	<u>66</u>	<u>\$ _____ 0</u>

Recommendations: We again recommend that the DHS establish a mandatory requirement for hospitals to access the PHC4's website during the claims verification process timeframes established by the PHC4 and make accurate revisions, as necessary, to previously submitted claims data. As this is the seventh consecutive year that the DHS has failed to address this recommendation, we again recommend that the DHS establish a penalty for all hospitals failing to adhere to this revised mandatory process.

It should be noted that in their response to our 2010 Summary Report, the DHS officials disagreed with the over and underpayments identified during our individual hospital reviews, stating that the Department of the Auditor General used certain information during the conduct of our reviews that was not available to the DHS at the time that the DHS calculated extraordinary expense eligibility and payment amounts. The DHS officials further stated that, while the Tobacco Settlement Act and the DHS' approved State Plan requires the DHS to annually calculate and disburse payments to qualifying hospitals, neither requires the DHS to recalculate and redistribute payments as updated information becomes available from hospitals after the DHS has made its determination and, even though the DHS is not required to make any funding adjustments, the DHS officials will determine what collections of overpayments or resolution of underpayments, if any, can be made given the uncertainty of the Extraordinary Expense program going forward.

In response, we stated in our 2010 Summary Report that the Department of the Auditor General understands that the DHS must use the best information available at the time to determine eligibility and to calculate subsidy payment amounts in order to report this information to the General Assembly by November 30 of each year. In this, and in prior audits, we have considered that the DHS' subsidy payments represent estimated payments based on qualifying claims data available at that time and that the purpose of our reviews is to adjust these estimated payments to actual based on the most recent data available for the qualifying claims related to the payment year under review. Additionally, because hospitals' collection efforts for the respective claims continue after the DHS' endpoint, our process requires hospitals to affirm that no further collection efforts will be pursued and that related accounts will be considered closed after our department confirms eligibility. This sets an endpoint after which no other changes can occur. We further stated that, as a recommending agency, the Department of the

FINDINGS AND RECOMMENDATIONS (Continued)

Auditor General understands the DHS' position to wait to make the determination whether any funding adjustments will be made given the uncertainty of the program going forward. Therefore, if the program remains in existence, we again further recommend that the DHS continue to collect any overpayments from, or make additional payments to, hospitals based upon the results of our individual reviews. To date, the DHS has not processed any of our identified under or over payments nor taken any corrective actions in response to the findings included in our 2010 Tobacco Fund Payments Summary Report (released May 23, 2014) or our 2011 Tobacco Fund Payments Summary Report (released on October 2, 2014). As a result of this inaction, which is detailed on page 4, hospitals that were overpaid received what are tantamount to annual interest free loans. In the case of Lancaster General Hospital the amount was in excess of \$8.7 million over a four year period. In addition, if the DHS never redistributes these funds, hospitals that were overpaid will be allowed to keep state funds that they are not legally entitled to, and hospitals that were underpaid will be denied their entitled subsidy amounts for the indigent care they provided. Therefore, it is imperative that the DHS collect and redistribute our identified overpayments. We recommend that the DHS process the over and underpayment adjustments detailed in our 2010, 2011, and 2012 summary reports to ensure each hospital receives the amount of subsidy to which each is entitled for each payment year.

Department of Human Services' Response:

We did not request a response from the Department of Human Services (DHS) since, in response to the recommendations included in our 2010 Summary Report, the DHS officials stated they would not be considering the establishment or implementation of new policies, procedures, or practices due to the uncertainty concerning the future of the Uncompensated Care and Extraordinary Expense programs. We did, however, provide the DHS officials with a copy of this (our 2012 Summary) report.

Pennsylvania Health Care Cost Containment Council's Response:

We did not request a response from the Pennsylvania Health Care Cost Containment Council (PCH4) since, in response to the recommendations included in our 2010 Summary Report, the DHS officials stated they would not be considering the establishment or implementation of new policies, procedures, or practices due to the uncertainty concerning the future of the Uncompensated Care and Extraordinary Expense programs. We did, however, provide the PCH4 officials with a copy of this (our 2012 Summary) report.

FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 2: Uncompensated Care Data Elements Utilized By The DHS Were Not Entirely Accurate Resulting In A Need For A Redistribution Of \$1,441,399 Among 93 Hospitals.

Condition: We determined that the uncompensated care data submitted to the PHC4 and the DHS by the individual hospitals was not entirely accurate which led to revisions in the median UC score and individual UC scores for individual hospitals. (See Exhibits 4 and 5.)

Criteria: Act 77 of 2001, Chapter 11, gives the DHS the responsibility to collect the necessary data, determine eligibility, and calculate and make uncompensated care payments to qualified hospitals on an annual basis.

Cause: Data initially submitted by the hospitals to the PHC4 and the DHS was not always accurate based on our review of the source documentation, such as audited financial statements and patient census reports. These issues resulted in revisions to the hospitals' UC scores.

Effect: The DHS initially determined that 91 hospitals qualified for uncompensated care payments and distributed \$47,954,151 of uncompensated care entitlements for 2012. As a result of our procedures, we determined that 2 of the 91 hospitals that the DHS initially determined qualified, Brandywine Hospital and Troy Community Hospital, did not actually qualify for the payment it received. We also determined that 2 of hospitals that the DHS initially determined unqualified, Lehigh Valley Hospital Center and Nazareth Hospital, did qualify for payment under the uncompensated care approach; thus, based on the results of our reviews, 91 hospitals qualified for uncompensated care payments. We adjusted hospitals' UC scores based on our review of their documentation resulting in a need for the DHS to redistribute funds based on these findings.

	<u>Number</u>	<u>Total Amount</u>
Hospitals Overpaid	80	\$1,441,399
Hospitals Underpaid	9	\$(1,441,399)
Hospitals Capped	4	\$ 0
Total Net Overpayment	<u>93</u>	<u>\$ 0</u>

(Note: These totals include Brandywine Hospital, Troy Community Hospital, Lehigh Valley Hospital Center, Nazareth Hospital, and the four capped hospitals, Brooke Glen Behavioral Hospital, First Hospital of Wyoming Valley, Kidspace, and Millcreek Community Hospital, as explained above.)

Recommendations: We, again, recommend that the DHS collect any overpayments from, or make additional payments to, hospitals based upon the results of our uncompensated care reviews. Brandywine Hospital and Troy Community Hospital should be required to return the payments each received due to the fact that each of the hospital's UC Score, based upon the results of our reviews, fell below the median UC Score to qualify for uncompensated care payment. Lehigh Valley Hospital Center and Nazareth Hospital should receive payments based on the same recalculation of the median UC Score. Based upon data from the DHS and the PHC4, Brandywine Hospital and Troy Community Hospital had 5 self-pay claims and 2 self-pay

FINDINGS AND RECOMMENDATIONS (Continued)

claims, respectively, which would potentially qualify them for an extraordinary expense payment. Furthermore, Lehigh Valley Hospital Center and Nazareth Hospital received payments under the extraordinary expense approach. Thus, it should be determined under which approach these two hospitals should be paid.

It should be noted that in their response to our 2010 Summary Report, the DHS officials stated that the DHS will not be establishing or implementing new policies, procedures, or practices for the Hospital Uncompensated Care Program at this time. The DHS officials further stated that, because we only reviewed the data for those hospitals that received uncompensated care payments, and not the eligibility requirements for all hospitals; our recalculation of subsidy entitlement cannot be a basis on which to redistribute the 2010 Uncompensated Care payments. The DHS officials also stated that, as with Extraordinary Expense payments, neither the Tobacco Settlement Act nor the DHS' approved State Plan require the DHS to recalculate and redistribute payments based on update or audited information; therefore, the DHS will not be collecting overpayments, or making additional payments to, hospitals based upon the results of the Auditor General Department's uncompensated care reviews.

In response, we stated in our 2010 Summary Report that the Department of the Auditor General conducted reviews for all 164 hospitals that received extraordinary expense payments or uncompensated care payments made on November 29, 2010. Each of the 164 reviews consisted of verifying the uncompensated care score for each hospital. There were an additional 33 hospitals whose uncompensated care scores were used in the payment calculation but did not qualify for a payment under either approach. These 33 hospitals were not reviewed because our authority to audit the tobacco settlement monies only applies to those hospitals who received payments but, at the DHS' request, we will review all eligible hospitals' data in order to provide a more accurate basis on which to redistribute the uncompensated car payments beginning with payments made on August 27, 2012 (2012 payment year). It should be noted that our methodology remained unchanged for the 2011, 2012, and 2013 payment years. For the 2012 Uncompensated Care payments made by the DHS, we determined that of the 9 hospitals that were underpaid a total of \$1,441,399, only one hospital, Lehigh Valley Hospital Center, accounted for 79% of the total underpayments and of the 80 hospitals that were overpaid, three hospitals, Brandywine Hospital, Belmont Center for Comprehensive Treatment, and Geisinger Medical Center, accounted for 33% of the overpayments. As a recommending agency, the Department of the Auditor General understands the DHS' position to not establish or implement any new policies, procedures, or practices for this program given the uncertainty of the program going forward. Therefore, if the program remains in existence, the DHS' further inspection into these hospitals' processes could alleviate such discrepancies in the future.

Department of Human Services' Response:

We did not request a response from the Department of Human Services (DHS) since, in response to the recommendations included in our 2010 Summary Report, the DHS officials stated they would not be considering the establishment or implementation of new policies, procedures, or practices due to the uncertainty concerning the future of the Uncompensated Care and Extraordinary Expense programs. We did, however, provide the DHS officials with a copy of this (our 2012 Summary) report.

FINDINGS AND RECOMMENDATIONS (Continued)

Pennsylvania Health Care Cost Containment Council's Response:

We did not request a response from the Department of Human Services (DHS) since, in response to the recommendations included in our 2010 Summary Report, the DHS officials stated they would not be considering the establishment or implementation of new policies, procedures, or practices due to the uncertainty concerning the future of the Uncompensated Care and Extraordinary Expense programs. We did, however, provide the DHS officials with a copy of this (our 2012 Summary) report.

EXHIBIT 1 – EXTRAORDINARY EXPENSE RECALCULATIONS**DHS EE PAYMENTS BASED
ON REPORTED CLAIMS****ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT
ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS**

<u>HOSPITAL</u>	<u>No. of FY 09-10 Extraordinary Expense Claims</u>	<u>Total Cost of EO Expense Claims FY 09-10</u>	<u>% Share of EO Expense</u>	<u>Allocated EE Tobacco Money</u>	<u>No. of FY 09-10 Extraordinary Expense Claims</u>	<u>Audited Costs of EE Claims FY 09-10</u>	<u>% Share of EO Expense</u>	<u>Reallocated Tobacco Money</u>	<u>Payment Limitation Based on Cost of FY 09-10 Extraordinary Expense Claims</u>
ABINGTON MEMORIAL HOSPITAL	19	667,108.55	2.5711	217,580.41	22	767,470.71	4.4312	374,991	374,991
ALLEGHENY MEDICAL CENTER	3	60,714.28	0.2340	19,802.23	3	61,132.69	0.3530	29,870	29,870
BLOOMSBURG HOSPITAL	2	20,087.81	0.0774	6,551.73	4	0.00	0.0000	0	0
BROOKVILLE HOSPITAL	3	29,413.80	0.1134	9,593.44	2	19,972.83	0.1153	9,759	9,759
BRYN MAWR HOSPITAL	9	327,228.53	1.2612	106,727.04	8	298,137.34	1.7214	145,672	145,672
BUTLER COUNTY MEMORIAL HOSPITAL	25	495,444.18	1.9095	161,591.32	24	472,512.71	2.7282	230,873	230,873
CANONSBURG GENERAL HOSPITAL	1	14,698.69	0.0567	4,704.04	1	14,794.41	0.0854	7,229	7,229
CARLISLE REGIONAL MEDICAL CENTER	1	24,683.22	0.0951	8,050.54	0	0.00	0.0000	0	0
CHARLES COLE MEMORIAL HOSPITAL	1	14,392.55	0.0555	4,494.19	1	15,295.13	0.0883	7,475	7,475
CHESTER COUNTY HOSPITAL	14	717,527.36	2.7654	234,024.70	5	86,664.68	0.5004	42,345	42,345
CLARION HOSPITAL	2	76,846.69	0.2962	25,063.89	1	62,053.13	0.3583	30,319	30,319
CLEARFIELD HOSPITAL	1	10,199.20	0.0393	3,326.51	1	10,199.20	0.0589	4,983	4,983
CORRY MEMORIAL HOSPITAL	1	15,245.70	0.0588	4,972.45	1	15,245.69	0.0880	7,449	7,449
DOYLESTOWN HOSPITAL	10	240,917.86	0.9285	78,576.43	8	174,911.42	1.0009	85,463	85,463
EASTON HOSPITAL	2	100,238.21	0.3863	32,693.14	2	100,301.96	0.5791	49,008	49,008
ELK REGIONAL HEALTH CENTER	2	33,317.55	0.1284	10,266.67	2	33,421.69	0.1930	16,330	16,330
EPHRATA COMMUNITY HOSPITAL	1	29,331.42	0.1130	9,566.57	1	29,331.42	0.1694	14,331	14,331
FRICK COMMUNITY HEALTH CENTER	2	30,298.03	0.1168	9,881.84	2	30,276.03	0.1748	14,793	14,793
FULTON COUNTY MEDICAL CENTER	2	25,044.57	0.0965	8,168.40	1	12,712.90	0.0734	6,212	6,212
GEISINGER WYOMING VALLEY	10	245,640.80	0.9467	80,116.83	7	155,244.65	0.8964	75,853	75,853
GETTYSBURG HOSPITAL	10	216,524.93	0.8345	70,620.56	9	175,589.89	1.0138	85,794	85,794
GOOD SAMARITAN HOSPITAL	14	368,685.42	1.4210	120,248.38	6	190,936.43	1.1024	93,293	93,293
GOOD SHEPHERD HOME & REHABILITATION CENTER	4	215,151.09	0.8292	70,172.48	4	200,453.41	1.1574	97,943	97,943
GRANDVIEW HOSPITAL	16	452,978.64	1.7458	147,740.99	16	448,994.32	2.5924	219,381	219,381

EXHIBIT 1 – EXTRAORDINARY EXPENSE RECALCULATIONS (Continued)**DHS EE PAYMENTS BASED
ON REPORTED CLAIMS****ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT
ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS**

HOSPITAL	No. of FY 09-10 Extraordinary Expense Claims	Total Cost of EO Expense Claims FY 09-10	% Share of EO Expense	Allocated EE Tobacco Money	No. of FY 09-10 Extraordinary Expense Claims	Audited Costs of EE Claims FY 09-10	% Share of EO Expense	Reallocated Tobacco Money	Payment Limitation Based on Cost of FY 09-10 Extraordinary Expense Claims
HAMOT MEDICAL CENTER	21	647,795.13	2.4967	211,281.25	20	657,500.69	3.7963	321,259	321,259
HANOVER GENERAL HOSPITAL	6	110,222.75	0.4248	35,949.64	6	93,876.72	0.3420	45,869	45,869
HAZLETON GENERAL HOSPITAL	8	136,814.06	0.5273	44,622.51	7	118,787.78	0.6859	58,040	58,040
HEALTHSOUTH ALTOONA	2	55,221.19	0.2128	18,010.64	1	10,323.51	0.0596	5,044	5,044
HEALTHSOUTH REHABILITATION HOSPITAL OF READING	1	26,777.99	0.1032	8,733.76	0	0.00	0.0000	0	0
HEART OF LANCASTER REGIONAL MEDICAL CENTER	7	168,936.96	0.6511	55,099.54	0	0.00	0.0000	0	0
HOLY REDEEMER HOSPITAL	6	127,711.18	0.4922	41,653.57	8	178,156.50	1.0286	87,048	87,048
HOLY SPIRIT HOSPITAL	16	453,365.73	1.7473	147,867.24	18	486,340.11	2.8080	237,629	237,629
INDIANA HOSPITAL	7	103,381.23	0.3984	33,718.25	3	29,381.01	0.1696	14,356	14,356
JEANES HOSPITAL	8	216,351.61	0.8338	70,564.04	5	111,462.46	0.6436	54,461	54,461
JEFFERSON REGIONAL MEDICAL CENTER	15	389,464.00	1.5010	127,025.41	14	345,124.08	1.9927	168,630	168,630
JENNERSVILLE REGIONAL HOSPITAL	2	40,304.33	0.1553	13,145.44	2	40,304.33	0.2327	19,693	19,693
KANE COMMUNITY HOSPITAL	1	12,312.78	0.0475	4,015.87	0	0.00	0.0000	0	0
LANCASTER GENERAL HOSPITAL	188	8,022,332.53	30.9190	2,616,519.29	58	2,269,888.98	13.1058	1,109,081	1,109,081
LANKENAU HOSPITAL	18	605,786.65	2.3348	197,580.00	18	605,969.66	3.4987	296,080	296,080
LANSDALE HOSPITAL	2	52,474.07	0.2022	17,114.65	0	0.00	0.0000	0	0
LATROBE AREA HOSPITAL	3	54,064.58	0.2084	17,633.40	3	54,064.58	0.3122	26,416	26,416
LEHIGH VALLEY HOSPITAL CENTER MUHLENBERG	72	3,159,312.17	12.1764	1,030,423.66	72	3,147,779.84	18.1746	1,538,024	1,538,024
MEDICAL CENTER, BEAVER	14	475,999.28	1.8346	155,249.27	15	503,615.07	2.9078	246,069	246,069
MERCY SPECIAL CARE HOSPITAL	27	494,721.10	1.9067	161,355.48	26	428,533.26	2.4743	209,384	209,384
MONONGAHELA VALLEY HOSPITAL	1	55,261.58	0.2130	18,023.81	0	0.00	0.0000	0	0
MOUNT NITTANY MEDICAL CENTER	2	37,900.90	0.1461	12,361.55	2	37,900.90	0.2188	18,519	18,519
NAZARETH HOSPITAL	7	35,611.72	0.1373	11,614.92	2	35,611.56	0.2056	17,400	17,400
OHIO VALLEY GENERAL HOSPITAL	2	167,570.94	0.6458	54,654.00	7	167,570.94	0.9675	81,876	81,876
PALMERTON HOSPITAL	2	38,540.73	0.1485	12,570.23	2	36,548.90	0.2110	17,858	17,858
	1	21,446.79	0.0827	6,994.97	1	21,444.54	0.1238	10,478	10,478

EXHIBIT 1 – EXTRAORDINARY EXPENSE RECALCULATIONS (Continued)**DHS EE PAYMENTS BASED
ON REPORTED CLAIMS****ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT
ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS**

<u>HOSPITAL</u>	<u>No. of FY 09-10 Extraordinary Expense Claims</u>	<u>Total Cost of EO Expense Claims FY 09-10</u>	<u>% Share of EO Expense</u>	<u>Allocated EE Tobacco Money</u>	<u>No. of FY 09-10 Extraordinary Expense Claims</u>	<u>Audited Costs of EE Claims FY 09-10</u>	<u>% Share of EO Expense</u>	<u>Reallocated Tobacco Money</u>	<u>Payment Limitation Based on Cost of FY 09-10 Extraordinary Expense Claims</u>
PAOLI MEMORIAL HOSPITAL	11	271,562.42	1.0466	88,571.29	11	271,666.32	1.5685	132,738	132,738
PHOENIXVILLE HOSPITAL	2	42,864.75	0.1652	13,980.53	2	42,864.75	0.2475	20,944	20,944
ROXBOROUGH MEMORIAL HOSPITAL	5	165,982.66	0.6397	54,135.98	0	0.00	0.0000	0	0
SCHUYLKILL MEDICAL CENTER – EAST NORWEGIAN	3	50,856.67	0.1960	16,587.13	3	50,854.33	0.2936	24,848	24,848
SEWICKLEY VALLEY HOSPITAL	7	128,651.38	0.4958	41,960.22	7	110,605.07	0.6386	54,042	54,042
ST. CLAIR MEMORIAL HOSPITAL	11	200,397.74	0.7724	65,360.61	8	149,992.52	0.8060	73,287	73,287
ST. MARY HOSPITAL - LANGHORNE	15	388,609.72	1.4977	126,746.78	18	442,402.70	2.5543	216,161	216,161
TYRONE HOSPITAL	1	10,160.42	0.0392	3,313.86	1	10,303.25	0.0595	5,034	5,034
UPMC PASSAVANT	15	419,055.93	1.6151	136,676.95	14	326,538.78	1.8854	159,549	159,549
UPMC ST. MARGARET WAYNE COUNTY MEMORIAL HOSPITAL	10	273,100.84	1.0526	89,973.05	12	313,125.91	1.8079	152,995	152,995
WEST PENN-ALLEGHENY GENERAL HOSPITAL	6	98,176.81	0.3784	32,020.80	5	85,541.99	0.4939	41,796	41,796
WESTERN PENNSYLVANIA HOSPITAL - FORBES	38	2,000,369.13	7.7097	652,429.26	35	1,747,480.57	10.0896	853,830	853,830
WESTMORELAND HOSPITAL	15	268,872.40	1.0363	87,693.93	15	267,968.28	1.5472	130,931	130,931
WILKES-BARRE GENERAL HOSPITAL	23	395,856.81	1.5257	129,110.45	18	300,181.73	1.7332	146,671	146,671
WILLIAMSPORT HOSPITAL	8	189,876.40	0.7318	61,929.03	7	120,268.48	0.7290	61,696	61,696
	36	900,404.22	3.4706	293,700.18	13	318,041.27	1.8363	155,397	155,397
TOTALS	800	25,946,289	100.00	8,462,497	586	17,319,674	100.00	8,462,497	8,462,497

EXHIBIT 2 - EXTRAORDINARY EXPENSE
ADDITIONAL CLAIMS LISTING

**Additional EE Eligible Claims Identified as a Result of
Auditor General Reviews**

<u>Hospital</u>	<u>Number of Claims</u>
Abington Memorial Hospital	7
Charles Cole Memorial Hospital	1
Good Shepherd Home & Rehabilitation Center	1
Hamot Medical Center	1
Holy Redeemer Hospital	7
Holy Spirit Hospital	2
Lancaster General Hospital	1
Lehigh Valley Hospital Center	3
Lehigh Valley Hospital Muhlenberg	1
St. Mary Hospital - Langhorne	3
UPMC St. Margaret	<u>2</u>
Total	<u>29</u>

EXHIBIT 3 - EXTRAORDINARY EXPENSE OVER/(UNDER) PAYMENTS (Continued)

<u>Hospital</u>	<u>DHS Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DHS Overpayment (Underpayment)</u>
ABINGTON MEMORIAL HOSPITAL	\$217,580	\$374,991	(\$157,411)
ALLE-KISKI MEDICAL CENTER	\$19,802	\$29,870	(\$10,068)
BLOOMSBURG HOSPITAL	\$6,552	\$0	\$6,552
BROOKVILLE HOSPITAL	\$9,593	\$9,759	(\$166)
BRYN MAWR HOSPITAL	\$106,727	\$145,672	(\$38,945)
BUTLER COUNTY MEMORIAL HOSPITAL	\$161,591	\$230,873	(\$69,282)
CANONSBURG GENERAL HOSPITAL	\$4,794	\$7,229	(\$2,435)
CARLISLE REGIONAL MEDICAL CENTER	\$8,051	\$0	\$8,051
CHARLES COLE MEMORIAL HOSPITAL	\$4,694	\$7,473	(\$2,779)
CHESTER COUNTY HOSPITAL	\$234,025	\$42,345	\$191,680
CLARION HOSPITAL	\$25,064	\$30,319	(\$5,255)
CLEARFIELD HOSPITAL	\$3,327	\$4,983	(\$1,656)
CORRY MEMORIAL HOSPITAL	\$4,972	\$7,449	(\$2,477)
DOYLESTOWN HOSPITAL	\$78,576	\$85,463	(\$6,887)
EASTON HOSPITAL	\$32,693	\$49,008	(\$16,315)
ELK REGIONAL HEALTH CENTER	\$10,867	\$16,330	(\$5,463)
EPHRATA COMMUNITY HOSPITAL	\$9,567	\$14,331	(\$4,764)
FRICK COMMUNITY HEALTH CETNER	\$9,882	\$14,793	(\$4,911)
FULTON COUNTY MEDICAL CENTER	\$8,168	\$6,212	\$1,956
GEISINGER WYOMING VALLEY	\$80,117	\$75,853	\$4,264
GETTYSBURG HOSPITAL	\$70,621	\$85,794	(\$15,173)
GOOD SAMARITAN HOSPITAL	\$120,248	\$93,293	\$26,955
GOOD SHEPHERD HOME & REHABILITATION CENTER	\$70,172	\$97,943	(\$27,771)
GRANDVIEW HOSPITAL	\$147,741	\$219,381	(\$71,640)
HAMOT MEDICAL CENTER	\$211,281	\$321,259	(\$109,978)
HANOVER GENERAL HOSPITAL	\$35,950	\$45,869	(\$9,919)
HAZLETON GENERAL HOSPITAL	\$44,623	\$58,040	(\$13,417)
HEALTHSOUTH ALTOONA	\$18,011	\$5,044	\$12,967
HEALTHSOUTH REHABILITATION HOSPITAL OF READING	\$8,734	\$0	\$8,734
HEART OF LANCASTER REGIONAL MEDICAL CENTER	\$55,100	\$0	\$55,100
HOLY REDEEMER HOSPITAL	\$41,654	\$87,048	(\$45,394)
HOLY SPIRIT HOSPITAL	\$147,867	\$237,629	(\$89,762)
INDIANA HOSPITAL	\$33,718	\$14,356	\$19,362
JEANES HOSPITAL	\$70,564	\$54,461	\$16,103

EXHIBIT 3 - EXTRAORDINARY EXPENSE OVER/(UNDER) PAYMENTS (Continued)

<u>Hospital</u>	<u>DHS Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DHS Overpayment (Underpayment)</u>
JEFFERSON REGIONAL MEDICAL CENTER	\$127,025	\$168,630	(\$41,605)
JENNERSVILLE REGIONAL HOSPITAL	\$13,145	\$19,693	(\$6,548)
KANE COMMUNITY HOSPITAL	\$4,016	\$0	\$4,016
LANCASTER GENERAL HOSPITAL	\$2,616,519	\$1,109,081	\$1,507,438
LANKENAU HOSPITAL	\$197,580	\$296,080	(\$98,500)
LANSDALE HOSPITAL	\$17,115	\$0	\$17,115
LATROBE AREA HOSPITAL	\$17,633	\$26,416	(\$8,783)
LEHIGH VALLEY HOSPITAL CENTER	\$1,030,424	\$1,538,024	(\$507,600)
LEHIGH VALLEY HOSPITAL MUHLENBERG MEDICAL CENTER, BEAVER	\$155,249	\$246,069	(\$90,820)
	\$161,355	\$209,384	(\$48,029)
MERCY SPECIAL CARE HOSPITAL	\$18,024	\$0	\$18,024
MONONGAHELA VALLEY HOSPITAL	\$12,362	\$18,519	(\$6,157)
MOUNT NITTANY MEDICAL CENTER	\$11,615	\$17,400	(\$5,785)
NAZARETH HOSPITAL	\$54,654	\$81,876	(\$27,222)
OHIO VALLEY GENERAL HOSPITAL	\$12,570	\$17,858	(\$5,288)
PALMERTON HOSPITAL	\$6,995	\$10,478	(\$3,483)
PAOLI MEMORIAL HOSPITAL	\$88,571	\$132,738	(\$44,167)
PHOENIXVILLE HOSPITAL	\$13,981	\$20,944	(\$6,963)
ROXBOROUGH MEMORIAL HOSPITAL	\$54,136	\$0	\$54,136
SCHUYLKILL MEDICAL CENTER – EAST NORWEGIAN	\$16,587	\$24,848	(\$8,261)
SEWICKLEY VALLEY HOSPITAL	\$41,960	\$54,042	(\$12,082)
ST. CLAIR MEMORIAL HOSPITAL	\$65,361	\$73,287	(\$7,926)
ST. MARY HOSPITAL - LANGHORNE	\$126,747	\$216,161	(\$89,414)
TYRONE HOSPITAL	\$3,314	\$5,034	(\$1,720)
UPMC PASSAVANT	\$136,677	\$159,549	(\$22,872)
UPMC ST. MARGARET	\$89,073	\$152,995	(\$63,922)
WAYNE COUNTY MEMORIAL HOSPITAL	\$32,021	\$41,796	(\$9,775)
WEST PENN-ALLEGHENY GENERAL HOSPITAL	\$652,429	\$853,830	(\$201,401)
WESTERN PENNSYLVANIA HOSPITAL – FORBES	\$87,694	\$130,931	(\$43,237)
WESTMORELAND HOSPITAL	\$129,110	\$146,671	(\$17,561)
WILKES-BARRE GENERAL HOSPITAL	\$61,929	\$61,696	\$233
WILLIAMSPORT HOSPITAL	\$293,700	\$155,397	\$138,303
TOTALS	\$8,462,497	\$8,462,497	\$0

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS**AG UC Re-Calculation for FY 2011 - 2012**

Money Pot: \$47,954,150.89
 DPW Median UC Score: ⁶ 19.3465441563603
 AG Adjusted Median UC Score: 19.3527342839915

County	Hospital	DPW ⁶ UC Score	DPW Payment ⁶	AG Adjusted UC Score	AG Payment
Montgomery	ABINGTON MEMORIAL HOSPITAL ¹	13.2805	\$0.00	13.2105	\$0.00
Philadelphia	ALBERT EINSTEIN MEDICAL CENTER	43.2658	\$2,260,361.27	43.5699	\$2,228,976.98
Allegheny	ALLE-KISKI MEDICAL CENTER ¹	13.8779	\$0.00	13.8523	\$0.00
Lackawanna	ALLIED SERVICES REHABILITATION HOSPITAL ²	5.7039	\$0.00		\$0.00
Blair	ALTOONA HOSPITAL	19.5681	\$494,982.42	19.4995	\$482,932.77
Philadelphia	AMERICAN ONCOLOGIC HOSPITAL ²	7.285	\$0.00		\$0.00
Philadelphia	ARIA HEALTH	25.2435	\$1,067,606.43	25.6349	\$1,059,609.80
Armstrong	ARMSTRONG COUNTY MEMORIAL HOSPITAL	21.7205	\$192,917.03	21.7683	\$188,735.56
Susquehanna	BARNES KASSON COUNTY HOSPITAL	26.5124	\$24,898.79	26.4714	\$24,344.05
Philadelphia	BELMONT CENTER FOR COMP TREATMENT	60.7137	\$662,121.35	60.291	\$508,080.97
Columbia	BLOOMSBURG HOSPITAL INC ¹	16.6509	\$0.00	16.4542	\$0.00
McKean	BRADFORD REGIONAL MEDICAL CENTER	36.4174	\$190,707.86	36.1069	\$185,154.76
Chester	BRANDYWINE HOSPITAL ⁴	21.8813	\$218,892.20	16.0244	\$0.00
Montgomery	BROOKE GLEN BEHAVIORAL HOSPITAL	60.5535	\$72,690.00	59.731	\$72,690.00
Jefferson	BROOKVILLE HOSPITAL ¹	6.9379	\$0.00	7.2102	\$0.00
Montgomery	BRYN MAWR HOSPITAL ^{1,3}	6.3743	\$0.00	6.2649	\$0.00
Chester	BRYN MAWR REHAB ²	7.7225	\$0.00		\$0.00
Clinton	BUCKTAIL MEDICAL CENTER ²	9.3681	\$0.00		\$0.00

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

3 denotes the hospital had one or more data elements that were unable to be verified.

4 denotes the hospital originally qualified for payment under uncompensated care approach, however, based on results of our review, the hospital does not qualify for payment.

6 denotes that effective 11/24/14 the Department of Public Welfare (DPW) changed its name to the Department of Human Services (DHS)

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW ⁶	DPW Payment ⁶	AG Adjusted	AG Payment
		UC Score		UC Score	
Butler	BUTLER COUNTY MEMORIAL HOSPITAL ¹	17.3722	\$0.00	17.4791	\$0.00
Washington	CANONSBURG GENERAL HOSPITAL ¹	8.8555	\$0.00	8.7664	\$0.00
Cumberland	CARLISLE REGIONAL MEDICAL CENTER ^{1,3}	10.2674	\$0.00	10.1866	\$0.00
Franklin	CHAMBERSBURG HOSPITAL	21.4866	\$334,964.32	21.0266	\$321,816.20
Potter	CHARLES COLE MEMORIAL HOSPITAL ¹	15.7035	\$0.00	15.7082	\$0.00
Chester	CHESTER COUNTY HOSPITAL ¹	15.7562	\$0.00	15.3174	\$0.00
Philadelphia	CHESTNUT HILL HEALTH SYSTEM ²	16.5946	\$0.00		\$0.00
Philadelphia	CHILDRENS HOSPITAL OF PHILADELPHIA	41.5652	\$1,552,788.88	41.5902	\$1,521,456.06
Allegheny	CHILDRENS HOSPITAL OF PITTSBURGH OF UPMC	52.2304	\$1,042,007.12	52.0789	\$1,017,407.95
Columbia	CHS BERWICK HOSPITAL ²	14.7984	\$0.00		\$0.00
Clarion	CLARION HOSPITAL ¹	19.1109	\$0.00		\$0.00
Clarion	CLARION PSYCHIATRIC CENTER ²	62.4792	\$0.00		\$0.00
Clearfield	CLEARFIELD HOSPITAL ¹	16.7991	\$0.00	17.5725	\$0.00
Lackawanna	COMMUNITY MEDICAL CENTER	24.0877	\$387,218.62		\$379,177.17
Cambria	CONEMAUGH VALLEY MEMORIAL HOSP	20.3255	\$750,038.97	20.5102	\$734,243.93
Erie	CORRY MEMORIAL HOSPITAL ¹	11.4629	\$0.00	10.7923	\$0.00
Delaware	CROZER CHESTER MEDICAL CENTER	29.7229	\$1,286,890.41	29.9365	\$1,276,826.29
Delaware	DELAWARE COUNTY MEMORIAL HOSP	24.2638	\$406,819.18	24.0591	\$395,529.62
Chester	DEVEREUX CHILDREN'S BEHAVIOR HEALTH CENTER	91.9962	\$191,068.02	91.9605	\$189,149.44
Lycoming	DIVINE PROVIDENCE WILLIAMSPORT	37.6401	\$49,056.60	40.33	\$51,386.71
Bucks	DOYLESTOWN HOSPITAL ¹	7.6515	\$0.00	8.2268	\$0.00

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⁶ denotes that effective 11/24/14 the Department of Public Welfare (DPW) changed its name to the Department of Human Services (DHS)

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW ⁶ UC Score	DPW Payment ⁶	AG Adjusted UC Score	AG Payment
Clearfield	DUBOIS REGIONAL MEDICAL CENTER	31.3875	\$382,082.91	31.3951	\$374,238.70
Montgomery	EAGLEVILLE HOSPITAL	32.7757	\$130,096.47	32.1446	\$127,408.12
Northampton	EASTON HOSPITAL ^{1, 3}	14.7359	\$0.00	14.9535	\$0.00
Elk	ELK REGIONAL HEALTH CENTER ¹	11.4522	\$0.00		\$0.00
Lawrence	ELLWOOD CITY HOSPITAL ²	18.1137	\$0.00		\$0.00
Susquehanna	ENDLESS MOUNTAIN HEALTH SYSTEM ²	10.1967	\$0.00		\$0.00
Lancaster	EPHRATA COMMUNITY HOSPITAL ^{1,3}	16.6124	\$0.00	16.6571	\$0.00
Union	EVANGELICAL COMMUNITY HOSPITAL ²	14.1616	\$0.00		\$0.00
Philadelphia	FAIRMOUNT BEHAVIORAL HEALTH SYSTEMS ²	58.4777	\$0.00		\$0.00
Luzerne	FIRST HOSPITAL WYOMING VALLEY	53.1343	\$203,435.17	53.8688	\$203,435.17
Bucks	FOUNDATIONS BEHAVIORAL HEALTH ²	60.761	\$0.00		\$0.00
Westmoreland	FRICK COMMUNITY HEALTH CENTER ¹	17.4169	\$0.00		\$0.00
Philadelphia	FRIENDS HOSPITAL	56.9316	\$902,440.14	56.2564	\$873,218.18
Fulton	FULTON COUNTY MEDICAL CENTER ¹	9.9058	\$0.00	10.4522	\$0.00
Montour	GEISINGER MEDICAL CENTER	24.3897	\$935,353.64	24.2548	\$826,697.62
Luzerne	GEISINGER WYOMING VALLEY ¹	18.2797	\$0.00	18.2591	\$0.00
Adams	GETTYSBURG HOSPITAL ¹	19.2574	\$0.00		\$0.00
Carbon	GNADEN HUETTEN MEMORIAL HOSPITAL	21.8131	\$92,349.24	19.7927	\$85,291.24
Lebanon	GOOD SAMARITAN HOSPITAL ¹	15.6037	\$0.00	15.3373	\$0.00
Lehigh	GOOD SHEPHERD HOME & REHAB CTR ^{1, 3}	12.7017	\$0.00		\$0.00
Bucks	GRANDVIEW HOSPITAL ^{1, 3}	12.1764	\$0.00	12.1593	\$0.00

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Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW ⁶		AG Adjusted	
		UC Score	DPW Payment ⁶	UC Score	AG Payment
Mercer	GROVE CITY MEDICAL CENTER ²	15.2766	\$0.00		\$0.00
Erie	HAMOT MEDICAL CENTER ¹	19.0838	\$0.00		\$0.00
York	HANOVER GENERAL HOSPITAL ¹	11.0534	\$0.00	11.0965	\$0.00
Luzerne	HAZLETON GENERAL HOSPITAL ^{1, 3}	16.0475	\$0.00	15.644	\$0.00
Montour	HEALTHSOUTH PENN STATE GEISINGER ²	9.0271	\$0.00		\$0.00
Blair	HEALTHSOUTH ALTOONA ¹	13.3219	\$0.00	13.8148	\$0.00
Allegheny	HEALTHSOUTH HARMARVILLE REHAB CTR ²	14.1623	\$0.00		\$0.00
Erie	HEALTHSOUTH LAKE ERIE INST REHAB ²	16.5955	\$0.00		\$0.00
Centre	HEALTHSOUTH NITTANY VALLEY REHAB ²	9.6856	\$0.00		\$0.00
Berks	HEALTHSOUTH REHAB HOSP of READING ^{1, 3}	12.7559	\$0.00		\$0.00
Cumberland	HEALTHSOUTH REHAB OF MECHANICSBURG ²	5.8016	\$0.00		\$0.00
Allegheny	HEALTHSOUTH REHAB OF SEWICKLEY ²	8.6574	\$0.00		\$0.00
York	HEALTHSOUTH REHAB OF YORK ²	6.4861	\$0.00		\$0.00
Lancaster	HEART of LANCASTER REGIONAL MED CTR ^{1, 3}	11.3928	\$0.00	12.0674	\$0.00
Fayette	HIGHLAND HOSPITAL AND HEALTH CTR	38.5858	\$123,888.34	38.4659	\$121,328.67
Montgomery	HOLY REDEEMER HOSPITAL ¹	16.9522	\$0.00	16.273	\$0.00
Cumberland	HOLY SPIRIT HOSPITAL ¹	16.2757	\$0.00	16.0519	\$0.00
Montgomery	HORSHAM PSYCH HOSPITAL ²	50.9735	\$0.00		\$0.00
Philadelphia	HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA	27.3966	\$1,833,461.08	27.4591	\$1,795,133.63
Indiana	INDIANA HOSPITAL ¹	14.4869	\$0.00	14.3168	\$0.00
Huntingdon	J C BLAIR MEMORIAL HOSPITAL	27.9246	\$96,918.78	27.9694	\$95,058.43

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Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW ⁶	DPW Payment ⁶	AG Adjusted	AG Payment
		UC Score		UC Score	
Lawrence	JAMESON MEMORIAL HOSPITAL	20.7766	\$278,833.58		\$273,042.99
Philadelphia	JEANES HOSPITAL ¹	15.4668	\$0.00	15.7159	\$0.00
Allegheny	JEFFERSON REGIONAL MED CTR ¹	9.4042	\$0.00	9.4615	\$0.00
Chester	JENNERSVILLE REGIONAL HOSPITAL ^{1, 3}	18.4851	\$0.00	18.5094	\$0.00
Lycoming	JERSEY SHORE HOSPITAL ²	9.2669	\$0.00		\$0.00
Luzerne	JOHN HEINZ INSTITUTE OF REHAB MED ²	5.5634	\$0.00		\$0.00
McKean	KANE COMMUNITY HOSPITAL ^{1, 3}	11.4126	\$0.00		\$0.00
Philadelphia	KENSINGTON HOSPITAL	96.3718	\$195,801.74	96.3077	\$191,607.90
Lehigh	KIDSPEACE	72.7777	\$119,470.77	72.7319	\$119,470.77
Philadelphia	KIRKBRIDE PSYCH HOSPITAL	72.2708	\$234,835.52	74.5563	\$237,231.00
Lancaster	LANCASTER GENERAL HOSPITAL ¹	18.5966	\$0.00	18.0098	\$0.00
Lancaster	LANCASTER REGIONAL MEDICAL CENTER	19.654	\$145,748.07	19.8538	\$143,913.42
Lancaster	LANCASTER REHABILITATION HOSPITAL ²	8.1279	\$0.00		\$0.00
Montgomery	LANKENAU HOSPITAL ^{1, 3}	14.4696	\$0.00	14.027	\$0.00
Montgomery	LANDDALE HOSPITAL ^{1, 3}	10.1474	\$0.00		\$0.00
Westmoreland	LATROBE AREA HOSPITAL INC ¹	17.368	\$0.00	17.4384	\$0.00
Lehigh	LEHIGH VALLEY HOSPITAL CENTER ^{1, 5}	19.2945	\$0.00	19.3527	\$1,143,384.56
Lehigh	LEHIGH VALLEY HOSPITAL MUHLENBERG ¹	10.1488	\$0.00	10.0877	\$0.00
Mifflin	LEWISTOWN HOSPITAL	24.9391	\$161,662.82	26.7821	\$170,470.13
Clinton	LOCK HAVEN HOSPITAL	23.3697	\$39,296.89	23.9496	\$38,548.50
Bucks	LOWER BUCKS HOSPITAL	20.9354	\$225,417.50	22.0947	\$233,091.49

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Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW ⁶ UC Score	DPW Payment ⁶	AG Adjusted UC Score	AG Payment
Philadelphia	MAGEE REHAB HOSPITAL	23.7233	\$192,292.54	23.7235	\$188,300.90
Allegheny	MAGEE WOMENS HOSPITAL	36.072	\$992,348.56	36.0514	\$971,185.67
Centre	MEADOWS PSYCHIATRIC CENTER ²	59.6348	\$0.00		\$0.00
Crawford	MEADVILLE MEDICAL CENTER	20.8044	\$199,752.36	21.3589	\$201,017.05
Beaver	MEDICAL CENTER BEAVER PA INC ¹	18.4534	\$0.00	18.3504	\$0.00
Bradford	MEMORIAL HOSPITAL TOWANDA	24.3669	\$37,696.63	24.3386	\$36,870.84
York	MEMORIAL HOSPITAL YORK	21.5497	\$135,396.23	21.5557	\$132,621.22
Delaware	MERCY CATHOLIC MEDICAL CENTER-FITZGERALD	32.0482	\$518,420.25	32.0054	\$506,974.91
Philadelphia	MERCY HOSPITAL OF PHILADELPHIA	58.2876	\$889,045.44	58.3404	\$871,371.57
Lackawanna	MERCY HOSPITAL SCRANTON ²	13.0379	\$0.00		\$0.00
Luzerne	MERCY SPECIAL CARE HOSPITAL ^{1, 3}	3.2955	\$0.00		\$0.00
Montgomery	MERCY SUBURBAN HOSPITAL	20.8535	\$199,924.79	20.8583	\$195,817.90
Wyoming	MERCY TYLER MEMORIAL HOSPITAL ²	18.9307	\$0.00		\$0.00
Somerset	MEYERSDALE COMMUNITY HOSPITAL ²	10.3881	\$0.00		\$0.00
Lackawanna	MID VALLEY HOSPITAL ASSN ²	6.3578	\$0.00		\$0.00
Erie	MILLCREEK COMMUNITY HOSPITAL	42.6214	\$236,377.49	42.5637	\$236,377.49
Cambria	MINERS HOSPITAL OF NORTHERN CAMBRIA ²	14.2771	\$0.00		\$0.00
Schuylkill	MINERS MEMORIAL MEDICAL CENTER ²	13.3465	\$0.00		\$0.00
Washington	MONONGAHELA VALLEY HOSPITAL INC ^{1, 3}	18.2288	\$0.00	18.2584	\$0.00
Montgomery	MONTGOMERY CO EMERGENCY SERVICE, INC	62.7663	\$373,324.10	62.7787	\$365,643.66
Montgomery	MONTGOMERY HOSPITAL	25.1156	\$207,953.05	25.0911	\$203,436.06

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Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW ⁶		AG Adjusted	
		UC Score	DPW Payment ⁶	UC Score	AG Payment
Lackawanna	MOSES TAYLOR HOSPITAL	23.3563	\$379,522.23	23.3911	\$372,193.97
Centre	MOUNT NITANNY MEDICAL CENTER ^{1, 3}	12.8611	\$0.00	11.6652	\$0.00
Lycoming	MUNCY VALLEY HOSPITAL ²	7.2322	\$0.00		\$0.00
Blair	NASON HOSPITAL ASSOCIATION	22.4365	\$54,299.34	22.3189	\$53,214.42
Philadelphia	NAZARETH HOSPITAL ^{1, 5}	19.0142	\$0.00	19.4266	\$268,698.82
Philadelphia	NPHS-ST JOSEPH HOSPITAL	72.8818	\$1,231,612.33	73.1036	\$1,209,704.75
Allegheny	OHIO VALLEY GENERAL HOSPITAL ¹	13.7401	\$0.00	13.6356	\$0.00
Carbon	PALMERTON HOSPITAL ¹	8.7555	\$0.00	8.6934	\$0.00
Chester	PAOLI MEMORIAL HOSPITAL ^{1, 3}	3.936	\$0.00	3.8594	\$0.00
Philadelphia	PENN PRESBYTERIAN MEDICAL CTR UPHS	34.0333	\$719,307.47	34.0376	\$704,457.71
Dauphin	PENN STATE HERSHEY REHABILITATION ²	14.267	\$0.00		\$0.00
Dauphin	PENN STATE MILTON S HERSHEY MEDICAL CENTER	24.2719	\$969,357.66	24.3187	\$951,056.47
Philadelphia	PENNSYLVANIA HOSPITAL UPHS	31.0976	\$1,112,135.02	31.2608	\$1,094,754.54
Dauphin	PENNSYLVANIA PSYCHIATRIC INSTITUTE	50.412	\$255,476.28	50.7542	\$251,869.09
Lebanon	PHILHAVEN HOSPITAL	48.0276	\$327,353.63	46.2034	\$332,309.80
Chester	PHOENIXVILLE HOSPITAL ^{1, 3}	11.2902	\$0.00		\$0.00
Dauphin	PINNACLE HEALTH HOSPITALS	21.4074	\$943,276.25	21.4612	\$926,006.78
Monroe	POCONO HOSPITAL	19.4269	\$296,936.59	19.6326	\$293,849.68
Montgomery	POTTSTOWN MEMORIAL MEDICAL CENTER ²	12.9053	\$0.00		\$0.00
Jefferson	PUNXSUTAWNEY AREA HOSPITAL	21.978	\$47,007.50		\$46,031.28
Berks	READING HOSPITAL AND MED CENTER	19.4851	\$859,128.59	19.4558	\$839,926.96

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3 denotes the hospital had one or more data elements that were unable to be verified.

5 denotes the hospital originally qualified for payment under extraordinary expense approach, however, based on results of our review, the hospital should qualify under uncompensated care approach.

6 denotes that effective 11/24/14 the Department of Public Welfare (DPW) changed its name to the Department of Human Services (DHS)

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW ⁶	DPW Payment ⁶	AG Adjusted	AG Payment
		UC Score		UC Score	
Delaware	RIDDLE MEMORIAL HOSPITAL ²	9.2783	\$0.00		\$0.00
Bradford	ROBERT PACKER HOSPITAL	19.3465	\$312,292.47	19.7093	\$311,540.59
Philadelphia	ROXBOROUGH MEMORIAL HOSPITAL ^{1, 3}	15.6193	\$0.00		\$0.00
Franklin	ROXBURY PSYCHIATRIC HOSPITAL	23.0244	\$123,662.68	53.1799	\$72,954.58
Lehigh	SACRED HEART HOSPITAL	26.5174	\$240,202.93	26.5002	\$235,061.70
Schuylkill	SCHUYLKILL MED CTR - EAST NORWEGIAN ST ¹	10.2514	\$0.00	10.4155	\$0.00
Schuylkill	SCHUYLKILL MED CTR - SOUTH JACKSON ST	30.8771	\$374,804.74	31.1403	\$370,149.73
Allegheny	SEWICKLEY VALLEY HOSPITAL ¹	14.0699	\$0.00	13.8999	\$0.00
Mercer	SHARON REGIONAL HEALTH CENTER	24.8706	\$306,419.82	24.8759	\$300,119.74
Tioga	SOLDIERS AND SAILORS MEMORIAL HOSPITAL	29.9337	\$90,482.53	30.2395	\$89,867.41
Somerset	SOMERSET HOSPITAL CENTER FOR HEALTH	20.3874	\$118,990.64		\$116,519.54
Greene	SOUTHWEST REGIONAL MEDICAL CENTER	26.1917	\$98,259.63	26.3612	\$96,760.79
Allegheny	SOUTHWOOD PSYCHIATRIC HOSPITAL ²	77.4084	\$0.00		\$0.00
Allegheny	ST CLAIR MEMORIAL HOSPITAL ¹	8.4568	\$0.00	8.4385	\$0.00
Berks	ST JOSEPH MEDICAL CENTER	29.0417	\$367,512.43		\$359,880.22
Lehigh	ST LUKES HOSPITAL - BETHLEHEM	21.7018	\$972,841.10	21.6576	\$950,699.54
Bucks	ST LUKES HOSPITAL QUAKERTOWN	20.1234	\$80,231.31	20.1697	\$79,063.65
Bucks	ST MARY HOSPITAL - LANGHORNE ^{1, 3}	6.5438	\$0.00	6.7043	\$0.00
Erie	ST VINCENT HEALTH CENTER	27.4131	\$701,664.91	27.4124	\$687,075.18
Northumberland	SUNBURY COMMUNITY HOSPITAL	34.4538	\$90,496.05	33.0488	\$81,985.59
Philadelphia	TEMPLE UNIVERSITY HSP	58.8608	\$3,727,559.55	59.0097	\$3,659,442.11

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

³ denotes the hospital had one or more date elements that were unable to be verified.

⁶ denotes that effective 11/24/14 the Department of Public Welfare (DPW) changed its name to the Department of Human Services (DHS)

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW ⁶	DPW Payment ⁶	AIS Adjusted	AG Payment
		UC Score		UC Score	
Allegheny	THE CHILDRENS HOME OF PITTSBURGH	74.6259	\$80,389.96	74.8079	\$78,912.43
Allegheny	THE CHILDRENS INSTITUTE OF PITTSBURGH	47.7493	\$188,175.41	47.862	\$184,702.30
Philadelphia	THOMAS JEFFERSON UNIVERSITY HOSPITAL	28.9007	\$2,022,545.30	28.9566	\$1,984,374.12
Philadelphia	THS-HAHNEMANN HOSPITAL	45.2512	\$1,510,569.10	45.3234	\$1,482,235.45
Philadelphia	THS-ST CHRISTOPHER'S HOSPITAL ²	73.2599	\$0.00		\$0.00
Crawford	TITUSVILLE HOSPITAL	25.3744	\$51,950.70	24.6012	\$49,290.52
Bradford	TROY COMMUNITY HOSPITAL ⁴	98.6375	\$47,425.68	10.1996	\$0.00
Blair	TYRONE HOSPITAL ¹	11.9661	\$0.00	11.8641	\$0.00
Fayette	UNIONTOWN HOSPITAL ASSOCIATION	26.2166	\$321,542.62	26.1857	\$314,493.71
Bedford	UPMC BEDFORD	22.6613	\$43,266.36	23.1301	\$43,072.51
Mercer	UPMC HORIZON	20.169	\$202,341.64		\$198,139.57
Allegheny	UPMC MCKEESPORT	29.3423	\$430,592.99	29.21	\$420,355.69
Allegheny	UPMC Mercy	27.9419	\$1,034,795.31	27.9857	\$1,016,028.02
Venango	UPMC NORTHWEST	20.6719	\$200,028.77	20.559	\$195,189.08
Allegheny	UPMC PASSAVANT ¹	5.099	\$0.00	5.1191	\$0.00
Allegheny	UPMC PRESBYTERIAN SHADYSIDE	25.4233	\$3,210,327.02	25.3929	\$3,139,897.55
Allegheny	UPMC ST MARGARET ¹	10.0823	\$0.00	10.0065	\$0.00
Montgomery	VALLEY FORGE MEDICAL CENTER	63.5072	\$285,991.52	62.7519	\$276,721.82
Warren	WARREN GENERAL HOSPITAL	26.4467	\$105,975.55	26.3531	\$104,739.17
Washington	WASHINGTON HOSPITAL	20.01	\$374,510.89	20.1686	\$369,640.54
Wayne	WAYNE COUNTY MEMORIAL HOSPITAL ^{1, 3}	18.477	\$0.00	18.4575	\$0.00

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

3 denotes the hospital had one or more data elements that were unable to be verified.

4 denotes the hospital originally qualified for payment under uncompensated care approach, however, based on results of our review, the hospital does not qualify for payment.

6 denotes that effective 11/24/14 the Department of Public Welfare (DPW) changed its name to the Department of Human Services (DHS)

Exhibit 4 – UNCOMPENSATED CARE RECALCULATIONS (Continued)

County	Hospital	DPW ⁶ UC Score	DPW Payment ⁶	AG Adjusted UC Score	AG Payment
Franklin	WAYNESBORO HOSPITAL	19.7966	\$62,907.46	20.8279	\$64,795.15
Allegheny	WEST PENN-ALLEGHENY GENERAL HOSPITAL ¹	18.868	\$0.00	19.0259	\$0.00
Allegheny	WESTERN PENNSYLVANIA HOSPITAL	25.1183	\$671,352.80	25.1891	\$659,264.58
Allegheny	WESTERN PENNSYLVANIA HOSPITAL - FORBES ¹	13.0861	\$0.00	13.0876	\$0.00
Westmoreland	WESTMORELAND HOSPITAL ¹	17.9632	\$0.00	18.0831	\$0.00
Luzerne	WILKES-BARRE GENERAL HOSPITAL ^{1, 3}	16.923	\$0.00	14.3459	\$0.00
Lycoming	WILLIAMSPORT HOSPITAL ¹	17.6889	\$0.00	18.1365	\$0.00
Somerset	WINDBER HOSPITAL ²	16.1978	\$0.00		\$0.00
York	YORK HOSPITAL	24.7793	\$1,038,974.59		\$1,017,397.99
	Totals:		\$47,954,150.92		\$47,954,150.89

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

³ denotes the hospital had one or more data elements that were unable to be verified.

⁶ denotes that effective 11/24/14 the Department of Public Welfare (DPW) changed its name to the Department of Human Services (DHS)

EXHIBIT 5 – UNCOMPENSATED CARE OVER/UNDER PAYMENTS

<u>Hospital</u>	<u>DHS Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DHS Overpayment (Underpayment)</u>
ALBERT EINSTEIN MEDICAL CENTER	\$2,260,361.27	\$2,228,976.98	\$31,384.29
ALTOONA HOSPITAL	\$494,982.42	\$482,932.77	\$12,049.65
ARIA HEALTH	\$1,067,606.43	\$1,059,609.80	\$7,996.63
ARMSTRONG COUNTY MEMORIAL HOSPITAL	\$192,917.03	\$188,735.56	\$4,181.47
BARNES KASSON COUNTY HOSPITAL	\$24,898.79	\$24,344.05	\$554.74
BELMONT CENTER FOR COMPREHENSIVE TREATMENT	\$662,121.35	\$508,080.97	\$154,040.38
BRADFORD REGIONAL MEDICAL CENTER	\$190,707.86	\$185,154.76	\$5,553.10
BRANDYWINE HOSPITAL	\$218,892.20	\$0.00	\$218,892.20
BROOKE GLEN BEHAVIORAL HEALTH	\$72,690.00	\$72,690.00	\$0.00
CHAMBERSBURG HOSPITAL	\$334,964.32	\$321,816.20	\$13,148.12
CHILDRENS HOSPITAL OF PHILADELPHIA	\$1,552,788.88	\$1,521,456.06	\$31,332.82
CHILDRENS HOSPITAL OF PITTSBURGH OF UPMC	\$1,042,007.12	\$1,017,407.95	\$24,599.17
COMMUNITY MEDICAL CENTER	\$387,218.62	\$379,177.17	\$8,041.45
CONEMAUGH VALLEY MEMORIAL HOSPITAL	\$750,038.97	\$734,243.93	\$15,795.04
CROZER CHESTER MEDICAL CENTER	\$1,286,890.41	\$1,276,826.29	\$10,064.12
DELAWARE COUNTY MEMORIAL HOSPITAL	\$406,819.18	\$395,529.62	\$11,289.56
DEVEREUX CHILDREN'S BEHAVIORAL HEALTH CENTER	\$191,068.02	\$189,149.44	\$1,918.58
DIVINE PROVIDENCE WILLIAMSPORT	\$49,056.60	\$51,386.71	(\$2,330.11)
DUBOIS REGIONAL MEDICAL CENTER	\$382,082.91	\$374,238.70	\$7,844.21
EAGLEVILLE HOSPITAL	\$130,096.47	\$127,408.12	\$2,688.35
FIRST HOSPITAL WYOMING VALLEY	\$203,435.17	\$203,435.17	\$0.00
FRIENDS HOSPITAL	\$902,440.14	\$873,218.18	\$29,221.96
GEISINGER MEDICAL CENTER	\$935,353.64	\$826,697.62	\$108,656.02
GNADEN HUETTEN MEMORIAL HOSPITAL	\$92,349.24	\$85,291.24	\$7,058.00
HIGHLAND HOSPITAL AND HEALTH CENTER	\$123,888.34	\$121,328.67	\$2,559.67
HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA	\$1,833,461.08	\$1,795,133.63	\$38,327.45
J C BLAIR MEMORIAL HOSPITAL	\$96,918.78	\$95,058.43	\$1,860.35
JAMESON MEMORIAL HOSPITAL	\$278,833.58	\$273,042.99	\$5,790.59
KENSINGTON HOSPITAL	\$195,801.74	\$191,607.90	\$4,193.84
KIDSPEACE	\$119,470.77	\$119,470.77	\$0.00
KIRKBRIDE PSYCHIATRIC HOSPITAL	\$234,835.52	\$237,231.00	(\$2,395.48)
LANCASTER REGIONAL MEDICAL CENTER	\$145,748.07	\$143,913.42	\$1,834.65
LEHIGH VALLEY HOSPITAL CENTER	\$0.00	\$1,143,384.56	(\$1,143,384.56)
LEWISTOWN HOSPITAL	\$161,662.82	\$170,470.13	(\$8,807.31)

EXHIBIT 5 – UNCOMPENSATED CARE OVER/UNDER PAYMENTS (Continued)

<u>Hospital</u>	<u>DHS Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DHS Overpayment (Underpayment)</u>
LOCK HAVEN HOSPITAL	\$39,296.89	\$38,548.50	\$748.39
LOWER BUCKS HOSPITAL	\$225,417.50	\$233,091.49	(\$7,673.99)
MAGEE REHAB HOSPITAL	\$192,292.54	\$188,300.90	\$3,991.64
MAGEE WOMENS HOSPITAL	\$992,348.56	\$971,185.67	\$21,162.89
MEADVILLE MEDICAL CENTER	\$199,752.36	\$201,017.05	(\$1,264.69)
MEMORIAL HOSPITAL TOWANDA	\$37,696.63	\$36,870.84	\$825.79
MEMORIAL HOSPITAL YORK	\$135,396.23	\$132,621.22	\$2,775.01
MERCY CATHOLIC MEDICAL CENTER-FITZGERALD	\$518,420.25	\$506,974.91	\$11,445.34
MERCY HOSPITAL OF PHILADELPHIA	\$889,045.44	\$871,371.57	\$17,673.87
MERCY SUBURBAN HOSPITAL	\$199,924.79	\$195,817.90	\$4,106.89
MILLCREEK COMMUNITY HOSPITAL	\$236,377.49	\$236,377.49	\$0.00
MONTGOMERY COUNTY EMERGENCY SERVICE, INC	\$373,324.10	\$365,643.66	\$7,680.44
MONTGOMERY HOSPITAL	\$207,953.05	\$203,436.06	\$4,516.99
MOSES TAYLOR HOSPITAL	\$379,522.23	\$372,193.97	\$7,328.26
NASON HOSPITAL	\$54,299.34	\$53,214.42	\$1,084.92
NAZARETH HOSPITAL	\$0.00	\$268,698.82	(\$268,698.82)
NPBS-ST JOSEPH HOSPITAL	\$1,231,612.33	\$1,209,704.75	\$21,907.58
PENN PRESBYTERIAN MEDICAL CENTER UPHS	\$719,307.47	\$704,457.71	\$14,849.76
PENN STATE MILTON S HERSHEY MEDICAL CENTER	\$969,357.66	\$951,056.47	\$18,301.19
PENNSYLVANIA HOSPITAL UPHS	\$1,112,135.02	\$1,094,754.54	\$17,380.48
PENNSYLVANIA PSYCHIATRIC INSTITUTE	\$255,476.28	\$251,869.09	\$3,607.19
PHILHAVEN HOSPITAL	\$327,353.63	\$332,309.80	(\$4,956.17)
PINNACLE HEALTH HOSPITALS	\$943,276.25	\$926,006.78	\$17,269.47
POCONO HOSPITAL	\$296,936.59	\$293,849.68	\$3,086.91
PUNXSUTAWNEY AREA HOSPITAL	\$47,007.50	\$46,031.28	\$976.22
READING HOSPITAL AND MEDICAL CENTER	\$859,128.59	\$839,926.96	\$19,201.63
ROBERT PACKER HOSPITAL	\$312,292.47	\$311,540.59	\$751.88
ROXBURY PSYCHIATRIC HOSPITAL	\$123,662.68	\$72,954.58	\$50,708.10
SACRED HEART HOSPITAL	\$240,202.93	\$235,061.70	\$5,141.23
SCHUYLKILL MEDICAL CENTER - SOUTH JACKSON	\$374,804.74	\$370,149.73	\$4,655.01
SHARON REGIONAL HEALTH CENTER	\$306,419.82	\$300,119.74	\$6,300.08
SOLDIERS AND SAILORS MEMORIAL HOSPITAL	\$90,482.53	\$89,867.41	\$615.12
SOMERSET HOSPITAL CENTER FOR HEALTH	\$118,990.64	\$116,519.54	\$2,471.10
SOUTHWEST REGIONAL MEDICAL CENTER	\$98,259.63	\$96,760.79	\$1,498.84
ST JOSEPH MEDICAL CENTER	\$367,512.43	\$359,880.22	\$7,632.21

EXHIBIT 5 – UNCOMPENSATED CARE OVER/UNDER PAYMENTS (Continued)

<u>Hospital</u>	<u>DHS Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DHS Overpayment (Underpayment)</u>
ST LUKES HOSPITAL BETHLEHEM	\$972,841.10	\$950,699.54	\$22,141.56
ST LUKES HOSPITAL QUAKERTOWN	\$80,231.31	\$79,063.65	\$1,167.66
ST VINCENT HEALTH CENTER	\$701,664.91	\$687,075.18	\$14,589.73
SUNBURY COMMUNITY HOSPITAL	\$90,496.05	\$81,985.59	\$8,510.46
TEMPLE UNIVERSITY HOSPITAL	\$3,727,559.55	\$3,659,442.11	\$68,117.44
THE CHILDRENS HOME OF PITTSBURGH	\$80,389.96	\$78,912.43	\$1,477.53
THE CHILDRENS INSTITUTE OF PITTSBURGH	\$188,175.41	\$184,702.30	\$3,473.11
THOMAS JEFFERSON UNIVERSITY HOSPITAL	\$2,022,545.30	\$1,984,374.12	\$38,171.18
THS-HAHNEMANN HOSPITAL	\$1,510,569.10	\$1,482,235.45	\$28,333.65
TITUSVILLE HOSPITAL	\$51,950.70	\$49,290.52	\$2,660.18
TROY COMMUNITY HOSPITAL	\$47,425.68	\$0.00	\$47,425.68
UNIONTOWN HOSPITAL	\$321,542.62	\$314,493.71	\$7,048.91
UPMC BEDFORD	\$43,266.36	\$43,072.51	\$193.85
UPMC HORIZON	\$202,341.64	\$198,139.57	\$4,202.07
UPMC MCKEESPORT	\$430,592.99	\$420,355.69	\$10,237.30
UPMC MERCY	\$1,034,795.31	\$1,016,028.02	\$18,767.29
UPMC NORTHWEST	\$200,028.77	\$195,189.08	\$4,839.69
UPMC PRESBYTERIAN SHADYSIDE	\$3,210,327.02	\$3,139,897.55	\$70,429.47
VALLEY FORGE MEDICAL CENTER	\$285,991.52	\$276,721.82	\$9,269.70
WARREN GENERAL HOSPITAL	\$105,975.55	\$104,739.17	\$1,236.38
WASHINGTON HOSPITAL	\$374,510.89	\$369,640.54	\$4,870.35
WAYNESBORO HOSPITAL	\$62,907.46	\$64,795.15	(\$1,887.69)
WESTERN PENNSYLVANIA HOSPITAL	\$671,352.80	\$659,264.58	\$12,088.22
YORK HOSPITAL	\$1,038,974.59	\$1,017,397.99	\$21,576.60
TOTALS	\$47,954,150.92	\$47,954,150.89	\$0.03

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