



INTEROFFICE MEMORANDUM

TO: Fulton County Board of Commissioners
FROM: Anthony Nicks, County Auditor *Anthony Nicks*
DATE: September 14, 2018
RE: GMH 2017 MOU Compliance Report

Outlined below is a summary of the Grady Memorial Hospital FY 2017 Memorandum of Understanding (MOU) Compliance Report. This summary includes background information on the MOU as well as the details regarding the compliance review.

Background

Grady Memorial Hospital (GMH) is authorized under the direction of the Fulton-DeKalb Hospital Authority via a MOU. This MOU was amended and approved on November 2, 2011, to provide medical services to Fulton County residents classified as indigent and charity patients and those seeking emergency services. The services are also provided to Fulton County detainees or inmates and other uninsured Fulton County residents as stipulated in Section 2.1 Eligible Patient of the amended MOU, including those pending Medicaid eligibility determination. GMH is also obligated to deliver medical services in compliance with the standards of care established by the Joint Commission’s Hospital Accreditation Standards and the Center for Medicare and Medicaid Services Guidelines.

We have reviewed the Fulton County Indigent Care Analysis reports received from GMH for eligible patients receiving health care services during the year ended December 31, 2017. The following health care statistics were accumulated from the reports:

Patient Types	Total Patients Served	*Adjusted Cost	Payments	ICTF/Grant Funding	Uncompensated Care Cost
Uninsured – Indigent	133,644	\$ 68,108,503	\$ 3,135,378	\$ 14,316,755	(\$50,656,370)
Uninsured – Charity	35,842	24,157,592	1,235,068	2,430,703	(20,491,821)
Uninsured--Emergency Svcs.	9,963	10,853,645	1,252,510	14,573,872	4,972,737
Uninsured – Other	18,323	4,959,963	995,465	3,466,413	(498,085)
Medicaid Pending	2,660	24,124,203	15,362,295	623,926	(8,137,982)
Inmates and Detainees	989	1,857,027	-	-	(1,857,027)
Total	201,421	\$ 134,060,933	\$ 21,980,716	\$ 35,411,669	(\$76,668,548)

* Adjusted for the Indigent Uninsured Adjustment Factor (MOU).

Compliance Review

In collaboration with Banks, Finley, White & Co., we reviewed GMH’s updated policies and procedures and, on a limited basis, tested the indigent and charity care eligibility controls and procedures. The purpose of the review was to provide assurance that the uncompensated health care cost was the direct result of services delivered to Fulton County citizens eligible to receive indigent and charitable health care services. The scope of the review did not include evaluating all of the internal controls of GMH. The procedures were limited to the review of charges incurred by patients that were deemed eligible and classified as indigent (K) and charitable (M) that received GMH’s outpatient,

pharmacy, emergency room and/or nursing home services. Three hundred (300) patient files were selected for the year ended December 31, 2017. The files were selected using a statistical model, which is designed to provide a representative sample of the total population of 201,421 patients served. The sample selection model provides a 95% confidence level that the sample is representative of the population.

The review focused on the eligibility of the patients as defined in the MOU. Per the MOU, patients are considered eligible if they meet both the income and residency requirements explained as follows:

Income

The income requirements state that patients fall into two categories:

- (1) Patients with annual gross family incomes up to 250% of the current Federal Poverty Income Level will be eligible for discounts assuming they meet criteria for financial assistance.
- (2) Patients with annual gross family incomes 251% to 400% of the current Federal Poverty Income Level will be eligible for discounts assuming they meet criteria for financial assistance.

Residency

The residency requirements state that a patient must have been a resident of Fulton or DeKalb County for at least 30 days at the time services were provided.

GMH has implemented several policies and procedures that the staff should follow prior to providing services to ensure patient income and residency eligibility. These policies are detailed under Grady Health System Operational Policy, Verification of Residency and Grady Health System - Financial Assistance Program/ Financial Eligibility Scale.

The review consisted of ensuring patient's files included adequate documentation or evidence to prove the patient has met the income and residency requirements. As a result of the review, sixty-seven (67) exceptions were discovered related to income, residency, or records unavailable for review. The overall results are summarized below:

Income and Residency Exceptions Summary

Patient records with no exceptions	233
Patient records unavailable for review	0
Patient records containing income exceptions only	38
Patient records containing residency exceptions only	20
Patient records containing residency & income exceptions	<u>9</u>
TOTAL	<u>300</u>

Patient records unavailable for review

For files reviewed, there were no incidences in our sample of patient files not being available for review.

Patient records containing income eligibility exceptions

For files reviewed, there were no incidences in our sample of patient income exceeding the income thresholds established in the MOU, however, there were thirty-eight (38) patient files where Experian, the third-party service provider, and Grady Health systems did not agree on the calculated Federal Poverty Levels and Income used during the financial application process.

Patient records containing residency exceptions only

There were twenty (20) patient files in our sample of patients where residency of the patient, as applicable, did not meet the residency requirements established in the MOU and as interpreted by the Authority's legal counsel.

Patient records containing both residency and income exceptions

There were nine (9) patient files in our sample of patients where residency of the patient, as applicable, did not meet the residency requirements established in the MOU and as interpreted by the Authority's legal counsel. Additionally, Experian and Grady Health systems did not agree on the calculated Federal Poverty Levels and Income used during the financial application process.

Funding Reconciliation

An important step in the review process is the reconciliation of the amount of County funds appropriated to GMH for the uncompensated cost of providing services to Fulton County residents. This reconciliation was done to ensure that the amount provided by the County did not exceed the amount of cost incurred by the hospital for the indigent care of Fulton County residents and also provides an adjustment for residential exceptions noted in the MOU Compliance Report. Fulton County's funding contribution was \$42,500,000.00 and GMH's total adjusted uncompensated care cost was \$65,834,090.00. (See *Calculation for the Fulton County Indigent Care Analysis Report, Figure 1*). Based on this analysis, Fulton County provided approximately 65% of GMH's indigent care cost for 2017.

As a result of the exceptions cited in the review, the Office of the County Auditor met with Grady's Executive team to discuss our concerns. We provided recommendations to address the issues discovered and Grady agreed to implement the recommendations. We have attached Grady's response for your information.

The distribution of this report and response is restricted solely to the Fulton County Georgia Board of Commissioners and the Management of Fulton County.

This report concludes our review of the Grady Memorial Hospital MOU for 2017. If you have any questions or need additional information, please contact me at extension 21019. Thank you.

Cc: Richard "Dick" Anderson, County Manager

Attachment: Advisory Services – Grady Memorial Hospital Indigent Care Eligibility
Grady's Response – Fulton County Indigent Care Audit Follow-Up

Figure 1

Calculation for the Fulton County Indigent Care Analysis Report	
Indigent Patient Care Cost	
Indigent K	\$68,108,503.00
Charity M	24,157,592.00
Emergency Services	10,853,645.00
Other Uninsured	4,959,963.00
Medicaid Pending	24,124,203.00
Inmates and Detainees	1,857,027.00
Total Indigent Cost	\$134,060,933.00
less: Third Party Payments Received	21,980,716.00
Total Indigent Care Cost	\$112,080,217.00
less: deduction for non Fulton Residents*	10,834,458.00
Total Eligible Indigent Care Cost	\$101,245,759.00
less: Credit for ICTF and Grant Funds	35,411,669.00
Total Eligible minus PY ICTF and Grant Funds	\$65,834,090.00
less: Amount Disbursed by FC for Indigent Patient Care*	42,500,000.00
Uncompensated Difference	\$23,334,090.00

* Deduction for non-Fulton Residents is obtained by dividing the audit exceptions by the total number of items sampled. The calculation is as follows:

of Exceptions (residential) = 29

Total items sampled = 300

% deduction for non-Fulton Residents = $29/300 = 0.09667$

Total Indigent Care Cost = $\$112,080,217 \times 0.09667 = \$10,834,458$



THE FULTON-DEKALB HOSPITAL AUTHORITY

Advisory Services – Grady Memorial Hospital Indigent Care Eligibility
For the Period October 1, 2017 through September 30, 2017
and for the Period October 1, 2017 through December 31, 2017





The Board of Trustees
The Fulton-DeKalb Hospital Authority
Atlanta, Georgia:

The Board of Trustees of The Fulton-DeKalb Hospital Authority (the “Authority”), on behalf of Fulton County, Georgia (the “County”), engaged Banks, Finley, White & Co. to perform certain advisory services related to the evaluation and documentation of the indigent care eligibility controls and procedures of the Grady Memorial Hospital Corporation (the “Hospital”). The advisory service procedures were those approved by the Authority and the County pursuant to paragraph 5 of the “Amended and Stated Memorandum of Understanding between Fulton County and the Fulton-DeKalb Hospital Authority regarding Grady Health Systems” (the “MOU”). Our procedures and analysis did not include evaluating all internal controls of the Hospital. Our procedures were limited to certain patient charges by the Hospital for services eligible for Fulton County reimbursement pursuant to the MOU during the period October 1, 2017 through September 30, 2017. We extended our procedures through December 31, 2017 as an advance review of fiscal year 2017 MOU services to accommodate Fulton County’s calendar year reporting under the MOU.

Engagement Results

We completed certain advisory services related to the evaluation and documentation of the indigent care eligibility control and procedures of the Hospital. Our performance of these procedures was for the intent of assessing the Hospital’s adherence to internal policies pertaining to the areas of income and residency eligibility, specifically related to eligible persons identified as residing in Fulton County.

The results of our procedures identified one exception based on the random sample of patients selected for testing.

A summary of our results is as follows:

Income and Residency Exceptions Summary

	<u>Total</u>
Patient records with no exceptions	233
Patient records unavailable for review	0
Patient records containing income exceptions only	38
Patient records containing residency exceptions only	20
Patient records containing residency and income exceptions	<u>9</u>
Total	<u>300</u>



The Board of Trustees
The Fulton-DeKalb Hospital Authority

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In connection with our performance of the above advisory services on the patients selected for testing, we have prepared the following summarization:

Patient records unavailable for review

- For files reviewed, there were no incidences in our sample of patient files not being available for review.

Patient records containing income eligibility exceptions

- For files reviewed, there were no incidences in our sample of patient income exceeding the income thresholds established in the MOU, however there were 38 patient files where Experian, the third-party service provider, and Grady Health systems did not agree on the calculated Federal Poverty Levels and Income, used during the financial application process.

Patient records containing residency eligibility exceptions

- There were 20 patient files in our sample of patients where residency of the patient, as applicable, did not meet the residency requirements established in the MOU and as interpreted by the Authority's legal counsel.

Patient records containing residency and income eligibility exceptions

- There were 9 patient files in our sample of patients where residency of the patient, as applicable, did not meet the residency requirements established in the MOU and as interpreted by the Authority's legal counsel and the third-party service provider, and Grady Health systems did not agree on the calculated Federal Poverty Levels and Income, used during the financial application process.

The sufficiency of the procedures performed is solely the responsibility of the Authority and the County pursuant to the MOU. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the Hospital's financial statements, or an element of the financial statements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



This report is intended solely for the use of the Board of Trustees of The Fulton-DeKalb Hospital Authority; Fulton County, Georgia Board of Commissioners; and, management of the Authority and County and should not be used by anyone other than these specified parties.

Banks, Finley, White & Co.

September 10, 2018



Timothy Jefferson, Esq.
Executive Vice President of Legal Affairs/General Counsel
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July 3, 2018

Via Email and First Class Mail

Anthony Nicks
County Auditor
Fulton County Government
Office of the County Auditor
141 Pryor Street, Suite 8052
Atlanta, GA 30303

Re: Fulton County Indigent Care Audit Follow-up

Dear Anthony:

Thank you for taking time recently to meet with us regarding discrepancies in the data related to the indigent care audit. Hopefully the information we provided along with the following will address the concerns you raised.

Patients providing a Fulton County address and Automated Charity returning an out-of-county address.

As we discussed, when this occurs at the time of registration, our Patient Registrar advised the patient of the discrepancy and sought clarification regarding the patient's county of residence. If the patient again stated Fulton County, we accepted this as the correct address. We did not want to be placed in a confrontational position with a patient regarding their county of residence. We do understand the County's concern and are changing our practice to address it.

Beginning immediately, if there is a discrepancy between the Patient and Vendor's stated county of residence, the patient will not receive Automated Charity. They will subsequently receive a letter advising them that we believe they may qualify for charity and instructions on how to manually apply in person.

This return trip to Grady, by the patient, and manual application process will create an inconvenience for the patient that we had been trying to avoid. Fortunately, this county discrepancy happens infrequently.

Discrepancy between the Charity Categories of the monthly report and the audit report.

As we discussed, in 2017 we moved from 8 charity categories, across both counties, to 4. This was done to decrease the administrative burden of the program and make the program easier to understand for our patients.

In an attempt to avoid confusion, we did not change the format of the monthly report. This meant that the county continued to see 4 Fulton categories and only 2 were reflected in the audit report.

For 2018, we are reducing the Charity copays for patients in the 0-250% categories to assure that copays are not perceived as a barrier to care. We will retain the 2 Charity/Copay categories for each county (0-250% and 251%-400%) and will assure that the monthly report reflects only 2 categories. We will be rolling this out over the next few months.

Again, thank you for allowing us the opportunity to respond to these issues. Please let me know if you have any additional questions.

Sincerely,



Timothy Jefferson, Esq.
Executive Vice President/General Counsel

Enclosure

cc: Richard Rhine, Chief Financial Officer, Grady Health System
Tommie McCommon, Director, Patient Access, Grady Health System
Ozzie Gilbert, Vice President, Reimbursement, Grady Health System