



**INTER-OFFICE MEMORANDUM**

**TO:** Anthony Nicks, Director of Internal Audit  
**FROM:** Herman Hicks, Assistant Audit Manager  
**DATE:** February 28, 2011  
**SUBJECT:** GMH Compliance Report

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Background

Grady Memorial Hospital (GMH) is authorized under the direction of the Fulton-DeKalb Hospital Authority and by the amended Memorandum of Understanding (MOU) dated November 4, 2009 to provide medical services to those citizens classified as indigent and charity patients as stipulated in Section 2, Item #1, Certification of Need of the MOU. GMH is 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 Report received from Grady Memorial Hospital for patients receiving health care services, during the fourth quarter of 2010. The report disclosed the following statistics for indigent and charity patients served:

<b>Patient Type</b>	<b>Number Served</b>	<b>Total Charges</b>	<b>Total Cost</b>	<b>Payment Received</b>	<b>Uncompensated Cost</b>
<b>Indigent</b>	<b>40,967</b>	<b>\$51,012,985</b>	<b>\$17,797,669</b>	<b>\$407,481</b>	<b>\$17,390,188</b>
<b>Charity</b>	<b>8,382</b>	<b>\$9,730,997</b>	<b>\$3,371,829</b>	<b>\$136,775</b>	<b>\$3,235,054</b>

We also reviewed a sample of 300 patients’ files from a population of 49,349 of Grady Memorial Hospital patients’ accounts for the fourth quarter of 2010. The files were selected using a statistical model which is designed to provide a representative sample of the total population. The sample selection model provides a 95% confidence level of our audit results. The purpose of our review was to provide assurance that the uncompensated health care cost for the fourth quarter was the direct result of services delivered to Fulton County citizens eligible to receive indigent and charitable health care services. Our 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. The requirements are explained as follows:

**Income**

The income requirements state that patients fall into two categories. (1) Those patients whose individual or family income is less than 251% of the Federal Poverty Limit Guidelines are eligible to receive services on a sliding scale basis. (2) Those patients whose income falls at or below 126% of the Federal Poverty Limit Guidelines are eligible to receive 100% discount.

**Residency**

The residency requirements state that a patient must be a resident of Fulton County for at least 30 days at the time services are provided. In determining residency, the hospital has implemented several policies and procedures that the staff should implement prior to providing services. These policies are detailed under Grady Health System Operational Policy, Verification of Residency and Grady Health System- Financial Assistance Program/ Financial Eligibility Scale. The policies and procedures regarding verification of residency are on file in the Internal Audit office.

As a result of our review, we found exceptions which relate to compliance with patients' eligibility guidelines and documentation policies and procedures. The exceptions are listed as income and residency eligibility and documentation exceptions. Documentation exceptions are those caused by insufficient documentation to support patient identity, earnings, or charges. The results are summarized below.

Exception Summarized by Month	October	November	December	Total
Income eligibility exceptions	-	1	1	2
Residency eligibility exceptions	1	-	1	2
Records containing income and residency exceptions	-	1	1	2
Documentation of patient ID not included in file	-	1	1	2
Patients records containing charge discrepancies	-	-	-	-
<b>Total</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>8</b>

**Patient records containing income eligibility exceptions:**

- There were 2 patient files which contained insufficient documentation to verify income eligibility.

These exceptions are not in compliance with the GHS Operational Policy – Financial Counseling Revised 08/03/09 and GHS Financial Assistance Program Requirements Revised 08/09.

**Patient records containing residency eligibility exceptions:**

- There was 1 patient financial file that contained insufficient information to verify residency eligibility for the address reported.
- There was 1 patient confirmed with an address outside of Fulton County.

These exceptions indicate non compliance with the GHS Operational Policy – Verification of Residency Revised -8/2/09.

**Patient records containing both residency and income eligibility exceptions:**

- There were 2 patient records which contained insufficient documentation to verify residency and income eligibility.

These exceptions indicate non compliance with GHS Operational Policy – Verification of Residency Revised -8/2/09 and MOU May 2009 and GHS Operational Policy – Financial Counseling Revised 08/03/09.

**Patients’ identification records were not included in the files or noted in the intake comments, as documentation missing, by the financial counselors.**

- There were 2 patient files for which there was no identification documentation included in the files.

The exceptions reported are the result of our testing patients’ charges and are not tied to a specific policy or regulation.

We also noted in our sample of 300 patients, that 40 patients were eligible for Medicare A&B coverage. A total of 10 patients were eligible for both Medicaid and Medicare and a total of 26 patients were eligible for Medicaid insurance benefits. Based on our understanding, the charges incurred by the patients eligible for Medicare and Medicaid coverage represent uncompensated care costs, which are partially reimbursed on a pro rata basis, while the balances remaining are eventually written-off. Fulton County should consider receiving credit for the balances written-off and for the Medicaid and Medicare reimbursements received by Grady Health System.

The scope of our review is limited to the review of patients classified as indigent (K) and charitable (M). This report is intended solely for the use of Fulton County, Georgia Board of Commissioners and the Management of Fulton County.