



INTEROFFICE MEMORANDUM

TO: Fulton County Board of Commissioners
FROM: Anthony Nicks, County Auditor *Anthony Nicks*
DATE: June 12, 2017
RE: GMH 2016 MOU Compliance Report

Outlined below is a summary of the Grady Memorial Hospital FY 2016 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, 2016. 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	134,893	\$ 68,810,593	\$ 5,350,475	\$ 15,814,188	\$ 47,645,930
Uninsured – Charity	22,573	6,632,920	1,021,058	3,123,528	2,488,334
Uninsured--Emergency Svcs.	23,773	23,766,331	2,291,464	13,269,072	8,205,795
Uninsured – Other	29,343	6,632,920	1,064,048	5,796,384	(227,512)
Medicaid Pending	1,567	13,845,282	4,252,833	1,320,636	8,271,813
Inmates and Detainees	1,081	1,809,152	-	-	1,809,152
Total	213,230	\$ 121,497,199	\$ 13,979,878	\$ 39,323,808	\$ 68,193,513

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

Compliance Review

In collaboration with Cherry, Bekaert & Holland and 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. Two hundred and fifty (250) patient files were selected for the year ended December 31, 2016. The files were selected using a statistical model, which is designed to provide a representative sample of the total population of 213,230 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) Those patients whose individual or family income is less than 250% of the Federal Poverty Limit Guidelines are eligible to receive services based on a sliding fee scale basis.
- (2) Those patients whose income falls at or below 125% of the Federal Poverty Limit Guidelines are eligible to receive a 100% discount.

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, one (1) exception was 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	249
Patient records unavailable for review	1
Patient records containing income exceptions only	0
Patient records containing residency exceptions only	0
Patient records containing residency & income exceptions	<u>0</u>
TOTAL	<u>250</u>

Patient records unavailable for review

There was one patient's file unavailable for review.

Patient records containing income eligibility exceptions

There were no incidences in the sample of patient income exceeding the income thresholds established in the MOU.

Patient records containing residency exceptions only

There were no incidences in the 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 no patient's files containing both residency and income exceptions.

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 \$68,193,513.00. (See *Calculation for the Fulton County Indigent Care Analysis Report, Figure 1*). Based on this analysis Fulton County provided approximately 62% of GMH's indigent care cost for 2016.

Distribution of this report is restricted solely to the Fulton County Board of Commissioners and the Management of Fulton County.

This report concludes our review of the Grady Memorial Hospital MOU for 2016. 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

Figure 1

Calculation for the Fulton County Indigent Care Analysis Report	
Indigent Patient Care Cost	
Indigent K	\$68,810,593.00
Charity M	6,632,920.00
Emergency Services	23,766,331.00
Other Uninsured	6,632,920.00
Medicaid Pending	13,845,282.00
Inmates and Detainees	1,809,152.00
Total Indigent Cost	\$121,497,199.00
Less: Third Party Payments Received	13,979,878.00
Total Indigent Care Cost	\$107,517,321.00
Less: Deduction for non-Fulton Residents*	0.00
Total Eligible Indigent Care Cost	\$107,517,321.00
Less: Credit for ICTF and Grant Funds	39,323,808.00
Total Eligible minus PY ICTF and Grant Funds	\$68,193,513.00
Less: Amount Disbursed by FC for Indigent Patient Care*	42,500,000.00
Uncompensated Difference	\$25,693,513.00

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

$$\frac{\text{\# of Exceptions (residential)}}{\text{Total Number of Items Sampled}} = 0$$

Total items sampled = 250
% deduction for non-Fulton Residents = 0/250 = 0
Total Indigent Care Cost = \$107,517,321 x 0 = \$0

THE FULTON-DEKALB HOSPITAL AUTHORITY

Advisory Services – Grady Memorial Hospital Indigent Care Eligibility
For the Period October 1, 2015 through September 30, 2016
and for the Period October 1, 2016 through December 31, 2016



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, 2015 through September 30, 2016. We extended our procedures through December 31, 2016 as an advance review of fiscal year 2016 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	249
Patient records unavailable for review	1
Patient records containing income exceptions only	0
Patient records containing residency exceptions only	0
Patient records containing residency and income exceptions	<u>0</u>
Total	<u>250</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

- One patient file was not available for review. According the GHS personnel, this was due to a system error where patient eligibility information scanned into the EPIC system could not be retrieved.

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.

Patient records containing residency eligibility exceptions

- For files reviewed, there were no incidences 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.

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.

April 7, 2017

