



INTER-OFFICE MEMORANDUM

TO: Anthony Nicks, Director of Internal Audit
FROM: Herman Hicks, Assistant Audit Manager
DATE: June 9, 2011
SUBJECT: GMH Compliance Report

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 first quarter of 2011. The report disclosed the following statistics for indigent and charity patients served:

Patient Type	Number Served	Total Charges	Total Cost	Payment Received	Uncompensated *Cost
Indigent	40,784	\$56,791,487	\$19,507,722	\$1,246,865	\$18,260,857
Charity	7,211	\$8,391,034	\$2,937,521	\$313,206	\$2,624,315

* Uncompensated Cost before ITCF and Grant Payments

We also reviewed a sample of 300 patients' files from a population of 47,995 of Grady Memorial Hospital patients' accounts for the first quarter of 2011. 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 first 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 based on a sliding fee scale basis. (2) Those patients whose income fall 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 have been a resident of Fulton County for at least 30 days at the time services were provided. In determining residency, the hospital has implemented several policies and procedures that the staff should follow 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 remain 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 the patient’s identity, earnings, or charges incurred. The results are summarized below.

Exception Summarized by Month	January	February	March	Total
Residency eligibility exceptions	1	-	-	1
Records containing income and residency exceptions	-	-	1	1
Records erroneously included in K & M categories due to EPIC implementation factors. Records were not provided for auditors to review.	8	4	6	18
Patients records containing charge discrepancies	1	-	-	1
Total	10	4	7	21

Patient records containing residency eligibility exceptions:

- There was 1 patient’s financial file which contained insufficient information to verify residency eligibility for the address reported.

This exception indicates non compliance with the GHS Operational Policy – Verification of Residency

Revised -8/2/09.

Patient records containing both residency and income eligibility exceptions:

- One patient was confirmed as a DeKalb County resident and there was insufficient information in the file to verify income.

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.

Of the records selected, 18 were erroneously included in the indigent and charitable (K & M) categories. This occurred, as a result of the implementation of the new MIS processing system, EPIC.

- The 18 patients’ financial records which support the electronic billing records were not provided to us for review.

Encounter forms reviewed with discrepancies.

- There was 1 encounter form which lists 3 hours and 7 minutes as the service time incurred, but the time actually charged was 37 minutes. A billing correction is in the process of being made.

The exceptions reported are the results of testing patients’ eligibility in accordance with MOU requirements and documentation support in accordance with Grady’s policies and procedures.

In our sample of 300 patients, 15 patients were eligible for Medicare A&B coverage. A total of 8 patients were eligible for both Medicaid and Medicare and a total of 17 patients were eligible for Medicaid only 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’s funding obligation should be credited 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.