



INTER-OFFICE MEMORANDUM

**TO:** Zachary Williams, County Manager  
**FROM:** Anthony Nicks, Director of Internal Audit  
**DATE:** May 29, 2010  
**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 first 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>55,075</b>	<b>\$52,518,069</b>	<b>\$25,218,797</b>	<b>\$5,457,817</b>	<b>\$19,760,980</b>
<b>Charity</b>	<b>12,582</b>	<b>\$11,030,815</b>	<b>\$5,158,957</b>	<b>\$1,672,886</b>	<b>\$3,486,071</b>

We also reviewed a sample of 288 patients' files from a population of 67,657 of Grady Memorial Hospital patients' accounts for the first 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 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 patient as defined in the MOU. Per the MOU, a patient is 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 250% of the Federal Poverty Limit Guideline are eligible to receive services on a sliding scale basis. (2) Those patients whose income falls at or below 125% of the Federal Poverty Limit Guideline are eligible to receive 100% discount.

### **Residency**

The residency requirements state that a patient must be a verified resident of Fulton County for at least 30 days at the time of provision of services. 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 GMH eligibility 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 identity, earnings, or charges. The results are summarized below.

Exception Summarized by Month	Jan	Feb	March	Total
Identification documentation exceptions	4	1	4	9
Income eligibility exceptions	3	-	1	4
Residency eligibility exceptions	-	1	2	3
Residency and Income exceptions	2	-	-	2
Records not available for review	2	2	-	4
Patients records containing charge exceptions	-	3	2	5
<b>Total</b>	<b>11</b>	<b>7</b>	<b>9</b>	<b>27</b>

#### **Patient records containing identification documentation exceptions:**

- There were 5 patients' financial files which contained no picture identification in the files.
- Due to their condition, there were 4 patients who were unable to provide identification upon admittance.

The identification documentation exceptions require that the hospital personnel conduct additional screening procedures when sufficient identification is not provided and, as such, are not included in the reconciliation calculation. The 9 patients' financial files are not in compliance with GHS Operational and Patient Identification Policy Revised 9/17/08.

#### **Patient records containing income eligibility exceptions:**

- There were 2 patients' earnings which exceeded the income eligibility threshold.

These exceptions are not in compliance with the GHS – Financial Eligibility Scale- Effective April 1, 2009, GHS Operational Policy – Financial Counseling revised 08/03/09, and GHS Financial Assistance Program Requirements.

- There was 1 patient file with insufficient documentation available to verify income eligibility.

This exception is not in compliance with the GHS Operational Policy – Financial Counseling Revised 08/03/09 and GHS Financial Assistance Program Requirements Revised 08/09.

- There was 1 patient who did not comply with the Georgia Human Services review process to qualify for SSI and other benefits; as a result, the benefits were terminated. Therefore, it was impossible to determine if this patient qualified for K and M classification.

This exception is 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 were 3 patient financial files that contained insufficient information to verify residency eligibility at the current addresses reported.

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

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

- There were 2 patients’ records with either insufficient or no documentation to verify income and residency.

**Patient records which were not provided for our review:**

- There were 4 patients’ records which were not located or submitted for our review.

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.

**Patient records reviewed and charge discrepancies noted:**

- There were 2 charges billed which did not agree with the encounter (medical) form charges and were not reconcilable to the charges listed as part of the Cost Description Master (CDM) file.
- There were 2 patient files for which the encounter forms were not provided.
- There was 1 patient charged for the incorrect service level rate based on the encounter form documentation provided.

These exceptions are the result of our attempts to verify patients' eligibility and related charges and are not tied to a specific policy or law.

We also noted that from our sample of 288 patients selected for testing, a total of 38 patients were eligible for Medicare and 11 were eligible for Medicaid coverage. A total of 7 patients were eligible for both Medicaid and Medicare and a total of 4 patients were eligible for Medicare and covered by 3<sup>rd</sup> party insurers. In our opinion these patients are misclassified and should not be classified as K or M until their final status is determined.

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 the Fulton County, Georgia Board of Commissioners and the management of Fulton County.