



INTER-OFFICE MEMORANDUM

TO: Anthony Nicks, Director of Internal Audit
FROM: Herman Hicks, Assistant Audit Manager
DATE: November 29, 2010
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 third quarter of 2010. 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	56,840	\$55,449,194	\$19,876,417	\$751,392	\$19,125,025
Charity	11,423	\$10,369,363	\$3,716,871	\$218,218	\$3,498,654

We also reviewed a sample of 288 patients' files from a population of 68,263 of Grady Memorial Hospital patients' accounts for the third 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 third 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, 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 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	July	August	September	Total
Income eligibility exceptions	-	1	1	2
Residency eligibility exceptions	1	-	1	2
Residency and Income exceptions	-	-	-	-
Records not available for review	-	2	3	5
Documentation of patient ID not included in file	-	-	1	1
Patients records containing charge discrepancies	1	1	-	2
Total	2	4	6	12

Patient records containing income eligibility exceptions:

- There was 1 patient file with insufficient documentation available to verify income eligibility.
- There was 1 patient who should have been reclassified from K to M because of earnings.

These exceptions are not in compliance with the GHS Operational Policy – Financial Counseling

Patient records containing residency eligibility exceptions:

- There were 2 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 which were not provided for our review:

- There were 5 patient records which were not located or submitted for our review; however, sample replacements were provided. These missing patients' records are considered exceptions because the patients' eligibility status could not be determined.

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 with charge and identification discrepancies:

- There was 1 patient file for which there was no proper identification included in the file.
- For 2 patients encounter forms were not provided for verification of medical charges.

These exceptions are the result of our test of the patients' sample of charges and are not tied to a specific policy or regulation.

We also noted in our sample of 288 patients that 3 patients were eligible for Medicare A only and 49 patients were eligible for Medicare A&B coverage. A total of 11 patients were eligible for both Medicaid and Medicare and a total of 20 patients were eligible for Medicaid and covered by 3rd party insurers. Based on our understanding, the charges incurred by the insured patients represent uncompensated care costs, which are partially reimbursed on a pro rata basis, while the balances remaining are written-off. Fulton County should consider receiving credit 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 the Fulton County, Georgia Board of Commissioners and the Management of Fulton County.