

**INTEROFFICE MEMORANDUM**

**TO:** Fulton County Board of Commissioners  
**FROM:** Anthony Nicks, County Auditor  
**DATE:** September 22, 2020  
**SUBJECT:** GMH 2019 MOU Compliance Report

Outlined below is a summary of the Grady Memorial Hospital FY 2019 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, 2019. 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	121,207	\$ 75,928,217	\$ 3,976,906	\$ 15,146,882	(\$56,804,429)
Uninsured – Charity	43,987	31,024,392	1,387,561	5,559,691	(24,077,140)
Uninsured--Emergency Svcs.	16,777	13,376,870	1,629,226	795,660	(10,951,984)
Uninsured – Other	19,343	3,428,255	642,727	1,446,680	(1,338,848)
Medicaid Pending	1,293	13,550,717	7,879,325	-	(5,671,392)
Inmates and Detainees	609	1,630,917	-	-	(1,630,917)
<b>Total</b>	<b>203,216</b>	<b>\$ 138,939,368</b>	<b>\$ 15,515,745</b>	<b>\$ 22,948,913</b>	<b>(\$100,474,710)</b>

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

**Compliance Review**

In collaboration with 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, and emergency room and/or nursing home services. Three hundred (300) patient files were selected for the year ended December 31, 2019. The files were selected using a statistical model, which is designed to provide a representative sample of the total population of 203,216 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) Patients with annual gross family incomes up to 250% of the current Federal Poverty Income Level will be eligible for discounts assuming they meet criteria for financial assistance.
- (2) Patients with annual gross family incomes 251% to 400% of the current Federal Poverty Income Level will be eligible for discounts assuming they meet criteria for financial assistance.

### **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, zero (0) exceptions were discovered related to residency. The overall results are summarized below:

### **Income and Residency Exceptions Summary**

Patient records with no exceptions	300
Patient records unavailable for review	0
Policy/other issues	0
Patient records containing income exceptions only	0
Patient records containing residency exceptions only	0
Patient records containing residency & income exceptions	<u>0</u>
<b>TOTAL</b>	<b><u>300</u></b>

### **Patient records unavailable for review**

For files reviewed, there were no incidences in our sample of patient files not being available for review.

### **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 exceptions only**

For files reviewed, there were no incidences in our sample of patient files where

residency did not adhere to the policy and procedures of Grady Health Systems or any of the established policies in the MOU.

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

For files reviewed, there were no incidences in our sample of patient files where residency and income of the patient, as applicable, did not meet the residency and the income requirements established in the MOU and as interpreted by the Authority's legal counsel.

**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 \$100,474,710.00. (See *Calculation for the Fulton County Indigent Care Analysis Report, Figure 1*). Based on this analysis, Fulton County provided approximately 42% of GMH's indigent care cost for 2019.

The distribution of this report and response 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 2019. 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**

<b>Calculation for the Fulton County Indigent Care Analysis Report</b>	
Indigent Patient Care Cost	
Indigent K	\$75,928,217.00
Charity M	31,024,392.00
Emergency Services	13,376,870.00
Other Uninsured	3,428,255.00
Medicaid Pending	13,550,717.00
Inmates and Detainees	1,630,917.00
<b>Total Indigent Cost</b>	<b>\$138,939,368.00</b>
less: Third Party Payments Received	15,515,745.00
<b>Total Indigent Care Cost</b>	<b>\$123,423,623.00</b>
less: deduction for Non-Fulton Residents*	0.00
<b>Total Eligible Indigent Care Cost</b>	<b>\$123,423,623.00</b>
less: Credit for ICTF and Grant Funds	22,948,913.00
<b>Total Eligible minus PY ICTF and Grant Funds</b>	<b>\$100,474,710.00</b>
less: Amount Disbursed by FC for Indigent Patient Care*	42,500,000.00
<b>Uncompensated Difference</b>	<b>\$57,974,710.00</b>

\* Deduction for non-Fulton Residents is obtained by dividing the audit exceptions by the total number of items sampled. The calculation is as follows:  
# of Exceptions = 0  
Total items sampled = 300  
% deduction for non-Fulton Residents = 0/300 = 0  
Total Indigent Care Cost = \$123,423,623 x 0 = 0

