

TOBACCO SETTLEMENT PROGRAM

Delaware County Memorial Hospital Tobacco Settlement Payment Data Year 2026

June 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

May 27, 2025

Mr. Anthony Esposito
Chief Executive Officer
Crozer-Keystone Health System
One Medical Center Boulevard
Upland, PA 19013

Re: Delaware County Memorial Hospital

Dear Mr. Esposito:

The Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq., mandated the Department of Human Services (DHS) to make payments to hospitals for a portion of uncompensated care services provided by these facilities. Hospitals that qualify can receive payments using either an uncompensated care approach or an extraordinary expense approach. The uncompensated care approach is based on the hospital's uncompensated care score. The uncompensated care score is determined by using three-year averages from five main data elements (for a total of fifteen data elements). These data elements are uncompensated care costs, net patient revenues, Medicare supplemental security income (Medicare SSI) days, Medical Assistance (MA) days and total inpatient days. The extraordinary expense approach is based on the total costs of the qualified claims. Qualified claims are those claims in which the cost of the claim exceeds twice the average cost of all claims for that particular facility and for which the hospital provided inpatient services to an uninsured patient.

Upon request from DHS, we developed procedures to be performed for each facility that may be eligible to receive a payment for the provision of uncompensated care services to determine the eligibility of reported claims and the accuracy of days data reported by the facility. DHS agreed that the procedures were appropriate to meet its needs and approved the procedures. We obtained records from Delaware County Memorial Hospital (facility) and performed the established procedures to substantiate the claims data and days data it submitted to the Pennsylvania Health Care Cost Containment Council (PHC4) and DHS, respectively.¹

¹ This engagement was not required to be and was not conducted in accordance with professional auditing or attestation standards.

The purpose of this engagement was to determine whether this facility reported any potentially eligible extraordinary expense claims for the fiscal year ended June 30, 2024 and, if so, verify whether corresponding patients were uninsured and the facility received no compensation from third party payers such as Medicare, Medicaid, or Blue Cross. Payments made by the patients themselves toward their financial obligations may have reduced the allowable costs of the respective claim when determining eligibility. We also determined whether this facility could substantiate total inpatient days and total MA days as reported on its submitted MA-336 cost reports, if filed with DHS, for the fiscal year ended June 30, 2023. We obtained computer processed data from the facility (i.e. account notes and billing information for claims and census reports for days) to determine the eligibility of reported claims and the accuracy of days data reported by the facility. Because of the extensive amount of time that would be required to visit the facility and perform procedures to evaluate the reliability of this data in the facility's information system, DHS management stated that the performance of such procedures is not necessary to meet DHS' needs. As such, we have classified this computer processed data as data of undetermined reliability.

The results of our procedures are as follows:

For Reported Claims:

Based on the PHC4 claims database and discussions with representatives from the facility, Delaware County Memorial Hospital did not have any inpatient claims for the fiscal year ended June 30, 2024. Therefore, the facility is not eligible for payment under the extraordinary expense method for the 2026 Tobacco Settlement Payment Year.

For Total Inpatient Days and Total MA Days:

For the total inpatient days and total MA days for fiscal year ended June 30, 2023, our results are as follows:

For FYE 6/30/23	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Total Inpatient Days	1,138	1,138	Not Applicable

For FYE 6/30/23	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	54	54	Not Applicable

For FYE 6/30/23 HMO Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Aetna Better Health	17	17	Not Applicable
Health Partners	39	39	Not Applicable
United HC Community	17	17	Not Applicable

For FYE 6/30/23 HMO Days (Continued)	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Keystone First	107	107	Not Applicable
UPMC for You	2	2	Not Applicable
CHC Keystone First	62	62	Not Applicable

For FYE 6/30/23 OOS Days	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
Delaware	14	14	Not Applicable
New Jersey	19	19	Not Applicable
Ney York	5	5	Not Applicable

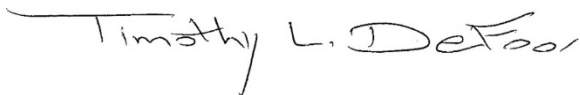
Any revisions to originally submitted days data on your facility's MA-336 Cost Report should be submitted through the iPACRs system based on the results of our procedures.

We are in the process of conducting engagements for all facilities that are potentially eligible for a 2026 Tobacco Settlement subsidy entitlement payment. After all the engagements are completed, we will prepare for DHS' use a report detailing the results of all of our engagements.

DHS will use the revised MA-336 Cost Report to pull reported number of days to calculate this facility's eligibility to receive, and if deemed eligible, its subsidy entitlement under the uncompensated care method. As stated above, since the facility did not have any inpatient claims, the facility should not be eligible for payment under the extraordinary expense method. DHS establishes the date that these payments will be distributed to all eligible hospitals

We thank the staff of Crozer-Keystone Health System for the cooperation extended to us during the course of our engagement. If you have any questions, please feel free to contact the Bureau of County Audits – Hospital and Tobacco Division at 717-787-1159.

Sincerely,



Timothy L. DeFoor
Auditor General

**DELAWARE COUNTY MEMORIAL HOSPITAL
REPORT DISTRIBUTION
2026 TOBACCO SETTLEMENT PAYMENT DATA**

This report was initially distributed to:

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