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**Office of the Inspector General**  
**Miami-Dade County**

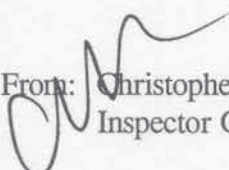
# Memorandum

To: The Honorable Alex Penelas, Mayor

The Honorable Chairperson Barbara Carey-Shuler, Ed.D.  
and Members, Board of County Commissioners

Mr. Larry R. Handfield, Esq., Chairperson  
Public Health Trust Board

Mr. Marvin O'Quinn, President  
Public Health Trust

From:  Christopher Mazzella,  
Inspector General

Date: December 18, 2003

Re: OIG Final Audit Report for Non-Resident/Non-Emergency Admissions at JMH

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Attached please find the Office of the Inspector General's Final Audit Report regarding non-resident/non-emergency admissions at Jackson Memorial Hospital for the period of January 1, 1999 to April 4, 2003. The draft report was issued to Public Health Trust (PHT) officials on October 31, 2003 for their comment. The PHT's response was received on December 11, 2003 and it is fully attached to this report.

cc: Mr. George Burgess, County Manager  
Ms. Barbara Jordan, Assistant County Manager  
Ms. Cathy Jackson, Director, Audit & Management Services

Clerk of the Board (Copy Filed)

**OFFICE OF THE INSPECTOR GENERAL**  
**COMPREHENSIVE FINAL AUDIT REPORT OF JMH**  
**Non-resident non-emergency admissions for the period 01/1/99 – 04/29/03**

**INTRODUCTION / BACKGROUND**

On April 23, 2003, the Office of Inspector General (OIG) released a Draft Report of Investigation regarding a non-resident patient from Guatemala admitted and treated at Jackson Memorial Hospital's (JMH) Ryder Trauma Center Burn Unit from July 21, 2000 until his death on April 4, 2001. The former President of the Public Health Trust (PHT) authorized his admittance. In the draft, the OIG reported that the initial requirement of a \$250,000 deposit was waived or overlooked by JMH administrators. In its response, PHT officials acknowledged the patient's admission and waiver of the required deposit citing humanitarian purposes. The total charges for the patient's treatment was \$2,692,705. JMH was able to collect a partial payment of \$70,099 from Medicaid and through a Trust Fund created at the JMH Foundation. The patient died and the balance of \$2,171,738.55 remains unpaid.

In the months following the aforementioned Draft Report of Investigation, the PHT revised its admissions policy effective on June 30, 2003. The OIG has since obtained a copy of the revised policy. The revised policy now requires the approval of both the PHT President and the PHT Board Chairperson for international patients seeking treatment with no source of funding. While the revised policy appears to address the circumstances specific to the admission of the aforementioned patient, the OIG engaged in a comprehensive review of other circumstances relating to non-resident admissions and the accumulated balances incurred by these patients.

This report is a follow-up of similar occurrences noted for non-resident non-emergency admissions. Specifically, this draft report summarizes the results of the data compiled by OIG auditors regarding the admissions, lengths of stay and costs related to selected non-resident patients admitted and treated at JMH.

Although the cumulative account balance exceeds \$85 million, this audit focuses on approximately \$16.3 million, which remain outstanding, as of August 2003, for the patients summarized on Exhibit A (attached).<sup>1</sup> This amount is a combination of free services provided by JMH, unpaid balances due from various guarantors of payment (including international insurance carriers and foreign governments) and unpaid balances due from non-Miami-Dade (hereinafter "non-resident") self-pay patients.<sup>2</sup> Additionally, adjustments exceeding \$2 million were also noted.

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<sup>1</sup> These amounts include both outstanding balances and accounts deemed bad debts turned over for collection.

<sup>2</sup> Self-pay are patients without insurance or other third-party coverage. These patients are responsible for paying their accounts in full either by cash, check, credit card, etc.

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**PHT RESPONSE**

In its original draft report, the OIG deferred making specific recommendations to these findings. The draft report was presented to PHT administration on October 31, 2003 to provide a more comprehensive appreciation of the financial impact of non-resident admissions and to assist in evaluating future measures, which may be adopted by the PHT to address similar occurrences. Furthermore, this report was intended to serve as a vehicle to identify what actions will be pursued to collect unpaid balances, especially those guaranteed by third parties such as international insurance carriers and foreign governments.

During the course of the draft report review period, OIG and PHT representatives met on three separate occasions and two extensions of time were granted. The PHT's response to the draft report, received on December 11, 2003, including its table of patient accounts, is attached in full as Appendix A. The reference numbers 1-68 for both the OIG and PHT's spreadsheets coincide, as the OIG was able to share specific patient information with PHT staff during the audit response period.

The PHT in its response provides two remedial actions designed to address many of the recurring problems highlighted by this audit. First and foremost, the PHT states:

“The [PHT] will assume administrative control of the intake and initial screening process of [Jackson Health System] hospital patients, of the International Health Center and develop stronger procedures relating [to] ongoing care required by these patients in relation to Policy 195 for this Program. We will not allow elective admission for patients who have not met their previous financial commitment for care previously provided. In addition, we will improve the process to more accurately estimate the cost associated with the existing condition.” (PHT response at p.1.)

The OIG is very encouraged by this response and looks forward to the actual implementation of these changes. However, as the International Health Center (IHC) is also currently responsible for the collection efforts for these patients, it is recommended that PHT also assume this function. Thereafter, the PHT may choose to use an international collection agency after it has assumed responsibility of this function.

Additionally, the PHT states it will use collection agencies, specializing in international collections, for those patients who have returned to their home countries. The OIG believes that this is a well-needed procedural change, as the OIG audit identifies a substantial number of self-pay international patients whose admissions were not

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coordinated by the IHC. Again, the OIG looks forward to the implementation of this new procedure.

The PHT also explains that many of the patient accounts identified in the OIG chart involve emergency room admissions where federal and state law mandate that the facility provide emergency care (often including follow up care) regardless of residency and ability to pay. While the controlling authority of federal and state law is not disputed, a comparison of many of the patient accounts coded emergency room by the PHT are also reflected on the OIG chart as a pre-arranged or recruited emergency room admission, in several instances coordinated by the IHC.<sup>3</sup>

Lastly, the PHT recognizes the potential conflict between its Policy 195 and Policy 403 (Continuum of Care) and states that it will review its existing policy. The OIG is encouraged by plans for this future review, as we note that the policy does not address continuity when the patient no longer resides in Miami-Dade County, or never did, as several examples suggest, but continue to return to Miami-Dade County for on-going treatment.

### **SCOPE / OBJECTIVES**

The purpose of the OIG's review was to isolate large outstanding balances that resulted from free services provided by JMH and amounts due from non-resident self-pay patients for services received. The OIG requested from JMH specific details for all non-resident, non-emergent (elective) admissions from January 1999 through April 2003 including outstanding balances. The original list provided to the OIG auditors by JMH contained approximately 13,000 patient records (i.e., episodes) and corresponding account balances totaling approximately \$85.6 million.

Of the approximately 13,000 episodes, OIG auditors selected those episodes with high dollar outstanding balances.<sup>4</sup> Using the high-dollar amount episodes and patient names as a basis, the OIG auditors compiled a schedule listing 68 patients. The auditors obtained information related to these care episodes and patients from JMH patient accounting records (HBOC System). A patient's account history detail includes all of that individual's care episodes and each care episodes' related outstanding balances, regardless of when they occurred. The auditors summarized pertinent data relating to

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<sup>3</sup> There may be a difference in application of the terms "emergency care" and "emergency room admission."

<sup>4</sup> OIG auditors eliminated episodes with domestic insurance or Medicaid coverage, however, OIG Exhibit A does include two patients, reference nos. 4 and 36, who show Medicaid coverage that was coded on some but not all episodes of care.

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the patient's admissions, treatments and outstanding balance for all of his/her care episodes in Exhibit A. This process occasionally resulted in our reporting on episodes outside of the stated time period or that were classified as emergency.<sup>5</sup>

Patients with similar financial-related characteristics were then assigned to three (3) types of accounts: (1) free services provided by JMH, in that JMH administrators had full knowledge that the patient had no insurance or other means to pay; (2) patient accounts managed by the International Health Center (IHC); and (3) other self-pay non-residents (excluding those whose admissions were coordinated through IHC). These characteristics are further described in Exhibit A (attached).

### **SUMMARY OF FINDINGS**

Of the 68 patients on the schedule, four (4) met Category 1 criteria (receiving free services by JMH), 30 met Category 2 criteria (accounts managed by IHC) and 34 met Category 3 criteria (other self-pay non-residents, excluding IHC). In some cases, the patient paid a deposit prior to admission and / or has made partial payments, however, a substantial amount of the balance remains unpaid as of August 2003. Exhibit A (attached), which totals the aforementioned \$16.3 million,<sup>6</sup> provides details of these 68 patients.

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<sup>5</sup> OIG auditors first reviewed the account details for the 68 identified patients who were selected for review due to the individual high dollar amount episodes within the audit period. The OIG auditors, in reviewing those patients' total balances, may have then later added some other episodes of care that were (1) outside of the January 1999 to April 2003 time frame and/or (2) were episodes that were coded as non-elective (emergency) admissions within the audit time frame. These episodes were later included in the patient's account detail in order to present the totality of the care received by the patient at JMH. For example, patient X may have had an episode of care in 1998 (pre-dating the audit scope period), however, the charges from that episode were carried over and combined with other charges incurred during the audit scope period of January 1999 – April 2003. The inclusion of these episodes was intended to provide a more comprehensive examination into the financial impact of these admissions.

<sup>6</sup> This amount and all other patient account balances were taken from the Patient Management Accounting System (PMAS) commonly referred to as the HBOC system, for McKesson HBOC Inc., and not from JMH financial records.

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**1. FREE SERVICES PROVIDED BY JMH (see Exhibit A, reference nos. 1-4).**

JMH admitted and treated the following four (4) patients with full knowledge that they had no insurance or means to pay.

- Ref. #1 is a non-resident from Lakeland, Florida who was repeatedly admitted and treated over the period of 12/00 – 4/02. Upon the patient's last discharge, the outstanding balance was \$785,294. This patient has since died. The required deposit of \$3,600 was not paid upon the patient's initial admission.
- Ref. #2 is a non-resident patient from Haiti who was admitted twice and treated over the period 12/98 – 4/99 and was discharged with an outstanding balance of \$744,626. This patient has since died. No payment has been made to date. The former PHT President approved this admission.
- Ref. #3 is a non-resident patient from Guatemala<sup>7</sup> who was initially admitted on 6/18/01 and treated through 10/30/01, and was discharged with an outstanding balance of \$609,281. A request was made to the Sr. Vice President of the PHT for the patient to receive four (4) weeks of rehabilitation on a "humanitarian" basis. Mr Ruppel subsequently arranged the patient's transfer to the rehabilitation unit. The patient's records contained correspondence from Dr. Barth, University of Miami (UM), promising "a free ticket to heaven" if this rehabilitation request was approved.
- Ref. #4 is a non-resident from the Bahamas who was admitted in August 1997 and was treated over a period of six (6) years with periodic care episodes. As of July 2003, the patient had a collective balance of \$521,633. This patient received two (2) transplants; one on 6/5/98 and another on 3/30/02. According to Transplant Finance documentation, the cost of the first transplant totaled \$1,078,577. This amount was not noted in JMH's collection system nor included in the patient's outstanding balance; and therefore is not included in the \$16.3 million outstanding. JMH received a partial payment of \$115,158 from Florida Medicaid for the second transplant. The patient's records contained correspondence from PHT's former President to the Bahamian Ministry of Health stating that "initial cost associated with the operative procedure and hospitalization will be borne by my institution."

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<sup>7</sup> This is not the same patient mentioned in the OIG Draft Report of Investigation. Further review of the JMH admissions list shows that the non-resident living in Guatemala (patient of the OIG's previous draft report) was classified as an "emergency" admission even though his admission was pre-arranged and was transported by air ambulance from Guatemala.

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**2. PATIENT ACCOUNTS MANAGED BY THE INTERNATIONAL HEALTH CENTER (IHC) (see Exhibit A, reference nos. 5 – 34).**

The International Health Center (IHC) is operated by the University of Miami Medical Center and serves as a liaison for international patients seeking medical care at JMH. IHC is located on the University of Miami/Jackson Memorial Medical Center campus. IHC serves as a payment center on behalf of JMH for those patients whose admissions were coordinated by IHC. Furthermore, IHC coordinates the following services for international patients:

- Arranges appointments for consultations with University of Miami specialists.
- Determines diagnostic testing and any required inpatient services.
- Establishes simplified packaged pricing up-front through an all-inclusive fee. The fee covers every aspect of a particular care episode, including hospital and professional services.
- Arranges travel plans, including reservations for hotel, airline and car rental, and for air/ground ambulance transportation services.

Based upon documentation reviewed, it is the OIG's understanding that all international self-pay patients are required to make payment in full before receiving treatment regardless of whether the treatment is considered a "packaged-priced." (See Exhibit B for an example of the letter of agreement used by IHC for its bundled price patient admissions.) For IHC managed patient accounts, the OIG relied upon JMH's patient account records. OIG auditors did not access patient files and records maintained by IHC.

Of the 68 patient accounts, 30 patient accounts were managed by IHC. For purposes of this report, Category 2 IHC patient accounts were further divided into two (2) sub-categories: (a) international self-pay patients; and (b) patients admitted with foreign insurance coverage or a letter of guarantee, including guarantees by foreign governments.

**2(a). International self-pay patients (Exhibit A reference nos. 5 – 14).**

As noted above, all international self-pay patients accounts managed by IHC (including "packaged-price" agreements) are required to make payments in full before receiving treatment. The OIG noted that on several occasions, the patient's balance was not always paid in full due to the following reasons: (1) the patient accumulated additional charges for services received and (2) the patient had subsequent visits for which no payment has been made. Listed below are two examples of international self-pay patients that did not make payment in full before receiving services.

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- Ref. #5 is a non-resident from Peru who was initially admitted on 1/10/01 and was repeatedly admitted and treated through 12/31/02. The patient was discharged with an outstanding balance of \$1,160,012. This patient's initial admission was established as a packaged-price all-inclusive fee. The patient also had foreign insurance, however, the treatment exhausted the patient's benefit coverage; therefore, the patient reverted to international self-pay status.
- Ref. #6 is a non-resident from Chile who was admitted and treated for the period 5/00 – 7/00. The patient made a packaged price payment of \$42,900 and accumulated further charges amounting to \$254,486, which remains unpaid.

**2(b). Patients admitted with foreign insurance coverage or letter of guarantee, including guarantees from foreign governments (Exhibit A reference nos. 15 – 34).**

International patients admitted with either foreign insurance or government guarantees of payment are not required to make payment in full before receiving treatment. However, some of these large balances remain unpaid as noted in the examples below.

- Ref. #17 is a non-resident from Grenada who was repeatedly admitted and treated over the period of 2/16/00 - 3/10/02. This patient's file shows that there is medical insurance coverage from a foreign insurance carrier. The patient was discharged with an outstanding balance of \$354,554. On 1/23/02, the patient made a payment for \$10,000. To date, there has been no payment made by the insurance company.
- Ref. #20 is a non-resident from Saudi Arabia with a government letter of guarantee who was initially admitted on 3/19/00 and treated through 5/3/00. The patient died with an outstanding balance of \$233,500. On 8/15/03, a foreign government payment of \$5,000 was posted to this account. No additional payment was noted.
- Ref. #16, 18, 24 and 26 are non-resident patients from Aruba, all with insurance coverage through the same international insurance carrier. For three of these patient accounts, no payment has been made and the total account balance for these three is \$557,789. For the fourth account, (reference no. 16) a single payment of \$20,000 was recently made, leaving a balance of \$373,119. In sum, these four account balances total \$930,909.

Various JMH and IHC personnel provided the following general explanations for the outstanding balances:



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**Self-pay / IHC package priced patients**

- These balances are the result of subsequent care episodes of which IHC is not aware.
- These balances are the result of complications encountered during treatment, which prolonged the patient's inpatient admission.

**Government guarantee / foreign insured patients**

- These institutions are slow in making payment.

**3. OTHER SELF-PAY NON-RESIDENTS (EXCLUDING IHC) (See Exhibit A, reference nos. 35 –68).**

Based on discussions with various JHM representatives, self-pay non-residents are patients that do not reside in Miami-Dade County regardless of citizenship and have neither insurance or other third party coverage. JMH coordinates all preadmission testing and treatment. All payments are made directly to JMH. The patients in this category did not coordinate their admission through IHC. These patients are required to pay a deposit equal to the approximate length of stay and treatment plan as determined by JMH. Of the 68 patient accounts, 34 were managed by JMH. OIG auditors noted the following:

- Ref. #35 is a non-resident from Athens, Greece who was initially admitted on 5/20/02 and treated through 12/15/02. The patient paid an initial deposit of \$150,000. Upon the patient's death on 12/15/02, the outstanding balance was \$2,457,985. Upon the family's request, JMH forwarded all bills to the Greek consulate.
- Ref. #36 is a non-resident from Indiana (USA) who received a multivisceral transplant. The patient was admitted in October 1998 and was treated over a period of two and a half (2½) years with periodic care episodes. As of August 2003, the collective balance was \$1,036,152. According to documentation found in the patient's file, the state of Indiana Medicaid program is responsible for this account.
- Ref. #37 is a non-resident from Mexico who received two (2) transplants and was initially admitted on 3/19/98, and was treated over a period of five (5) years with periodic care episodes. As of August 2003, the outstanding balance was \$831,937. An initial deposit of \$141,806 was paid for the first transplant, which cost \$531,805. A charity write-off of \$296,999 was approved upon discharge. No deposit was paid for the second transplant, which amounted to \$277,297.

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**EXHIBIT A CRITERIA**

Of the over 13,000 patient records received, OIG auditors selectively sorted patients by dollar amounts. A composite spreadsheet of the 68 individual patients findings was prepared based on the below-listed criteria. Identifying patient information has been purposefully excluded.

Criteria (determining factors for category assignment)

**EGREGIOUS**

- E free services (charges absorbed by JMH)
- E<sub>1</sub> admission / services approved by former PHT President
- E<sub>2</sub> patient acknowledged no source of funding and was admitted nonetheless

**SIGNIFICANTLY NOTABLE**

- S unpaid balance (self-pay, international insurance and other 3rd party coverage) exceeding \$300,000
- S<sub>1</sub> administrative adjustments exceeding \$300,000
- S<sub>2</sub> adjustments exceeding \$300,000 (i.e. "charity adjustment")
- S<sub>3</sub> other adjustments exceeding \$300,000 [excluding commercial insurance, Medicare and Medicaid (not international insurance)]

**NOTABLE**

- N unpaid balance (self-pay, international insurance and other 3rd party coverage) \$100,000 - \$300,000
- N<sub>1</sub> questionable residency status (tourist visa) - balance exceeding \$100,000
- N<sub>2</sub> abnormal admission [deposit waiver (excluding insurance / govt. guarantees)]
- N<sub>3</sub> administrative adjustments exceeding \$100,000
- N<sub>4</sub> adjustments exceeding \$100,000
- N<sub>5</sub> other adjustments exceeding \$100,000 [excluding commercial insurance, Medicare and Medicaid (not international insurance)]
- N<sub>6</sub> others [intra-county or inter-county transfers, Dade County adjustment (undocumented alien) and other influencing factors as noted]

**POTENTIAL**

- P unpaid balance (self-pay, international insurance and other 3rd party coverage) less than \$100,000