



**MOORE STEPHENS
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES TO INDIGENT CARE
REIMBURSEMENT SUBMISSIONS**

To the Trustees of
North Lake County Hospital District:

We have performed the procedures enumerated below, which were agreed to by you, solely to assist you with respect to the compliance of submissions received under HB 1299 (the "Bill") for the period April 1, 2013 through June 30, 2013.

The Board of Trustees (the "Trustees") of the North Lake County Hospital District (the "District") is responsible for the approval and disbursement of funds under the Bill.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Trustees. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Purpose of the Procedures

Any provider receiving funds from the District is subject to a verification of its records related to the patients for whom payment is sought to ensure compliance with the Bill. The District must conduct verification procedures of providers receiving payments in excess of ten percent of the District's tax revenue in each year and may perform verifications of any other provider submissions under the Bill to ensure compliance and accountability to the taxpayers. If, upon completion of the verification procedures, it is determined that payments were made by the District that are not in compliance, the District is entitled to a recoupment of the amounts in question. We were retained by the District to perform certain agreed-upon procedures designed to meet these verification requirements of the Bill.

Agreed-Upon Procedures

It was agreed that our engagement would be limited to the following procedures:

- 1) Determine a statistically valid sample size (producing results that could be extrapolated with a 95% confidence level) for each healthcare provider.

- 2) Interview the provider personnel responsible for the preparation of the indigent care report and update our understanding of the sources of information used to prepare the report and the controls used by the provider to ensure that each eligible indigent encounter is recorded and that each recorded indigent encounter is eligible, properly valued, and medically necessary.
- 3) Obtain the quarterly report submitted by each provider identifying their indigent care encounters. Verify the accuracy of any mathematical calculations in the reports and, on a test basis, agree the report information to the provider's source documents.
- 4) For each sample encounter, agree the encounter information to its source in the provider's system. Additionally, obtain the patient file and review it for:
 - a) Documentation supporting patient eligibility - that is, qualification pursuant to the provisions of the Florida Health Care Responsibility Act, Section 154.304(9), Florida Statutes, and the Florida Health Care Indigency Eligibility Certification Standards, Florida Administrative Code, Rule 59H-1.0035(30).
 - b) Documentation that the recipient of the indigent care for which payment is sought is a resident of the District.
 - c) Documentation supporting medical eligibility - that is, the presence in the file of an appropriately authorized script or order from an appropriately licensed healthcare practitioner.
- 5) For each sample encounter, look up the procedure code on the Medicare fee screen. Using the cost-to-charge ratio from the provider's most recently filed cost report, determine the lower of the Medicare reimbursement rate for identical or substantially similar care in the territory of the District or the cost incurred by the provider in the delivery of such care.
- 6) Communicate with the provider's compliance officer regarding the results and findings of the provider's most recently completed accreditation and peer reviews and audits by government agencies or others that may indicate that unnecessary procedures may have been performed and report such findings, if any, to the District's management.
- 7) Obtain a written representation letter from the provider's management stating that they have reviewed the quarterly indigent care report, accept responsibility for it and certify, under penalty of perjury, that the eligibility verification procedures adopted by the District have been complied with and that they, in good faith, believe that the persons for which they are claiming indigent care reimbursement from the District are qualified under the Bill.
- 8) Report to the District the results from performing these agreed-upon procedures.
- 9) Annually, report to the District summarizing the results of the agreed-upon procedures and present the extrapolation of any payments that were made by the District that were not in compliance with the provisions of the Bill.

Findings

The following providers submitted funding requests under the Bill for the period April 1, 2013 through June 30, 2013:

- Florida Hospital Waterman
- Central Florida Health Alliance - d/b/a Leesburg Regional Medical Center
- St. Luke's Medical Clinic
- Central Florida Health Alliance - d/b/a Community Medical Care Center
- Florida Hospital Waterman - d/b/a FHW Community Primary Health Clinic
- Community Health Center
- LifeStream Behavioral Center

We performed the agreed-upon procedures to the sampled claims and noted no exceptions.

During the quarter ended June 30, 2013, certain charges submitted in previous quarters were retrospectively approved by Medicaid. These charges have been deducted from the final amounts below.

During the July 18, 2013 North Lake County Hospital District meeting, the Trustees approved the inclusion of Medicaid-exhausted benefit claims in submissions to the District. The method used for calculating reimbursement of these claims would be determining total Medicare reimbursement per submitted charge and multiplying this ratio by the total Medicaid-exhausted benefit claims submitted. These charges have been added to the final amounts below.

Final amounts by provider are as follows:

<u>Provider</u>	<u>Preliminary Amount</u>	<u>Medicaid Retraction</u>	<u>Medicaid Exhausted</u>	<u>Final Amount</u>
Florida Hospital Waterman	\$ 1,182,389	\$ (18,042)	\$ 472,956	\$ 1,637,303
Leesburg Regional Medical Center	1,888,926	(235,225)	146,860	1,800,561
St. Luke's Medical Clinic	18,722	-	-	18,722
Community Medical Care Center	45,641	-	-	45,641
Community Health Center	55,735	(905)	-	54,830
FHW Community Primary Health Clinic	62,480	-	-	62,480
LifeStream Behavioral Center	202,640	-	-	202,640
Totals	<u>\$ 3,456,533</u>	<u>\$ (254,172)</u>	<u>\$ 619,816</u>	<u>\$ 3,822,177</u>

Other Matters

During the July 18, 2013 North Lake County Hospital District meeting, public commentary noted that there was an opportunity to expand on the auditor's report and include information such as the number of cases, year-to-date cumulative amounts for each provider, percentage of encounters per provider, and a calculation of the average cost per provider per case.

We have expanded this report to include "Schedule A," which documents the information noted above for the District year (which includes periods ended December 31, 2012, March 31, 2013, June 30, 2013, and September 30, 2013).

We have also expanded this report to include "Schedule B," which documents the information noted above for the Contract year (which includes periods ended September 30, 2012, December 31, 2012, March 31, 2013, and June 30, 2013).

Comments on Scope Limitations of our Work

Our work consisted of the performance of agreed-upon procedures. We were not engaged to, and did not, conduct an audit or examination, the objective of which would be the expression of an opinion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Pursuant to Florida law, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the District's Trustees and is not intended to be, and should not be, used by anyone other than the District's Trustees.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
September 26, 2013

North Lake County Hospital District
Schedule A - District Year
Quarter Ended June 30, 2013

Provider	2012-2013				Quarter Ended 12/31/2012				Quarter Ended 3/31/2013				Quarter Ended 6/30/2013				Projected Quarter Ended 9/30/2013				Avg. Reimburse per Encounter	% of Total Encounters
	Annual Budgeted Amounts	Amount Submitted to Date	Amount Remaining in Budget	Amount over Budget	Approved Submissions	Number of Encounters	Reimburse per Encounter		Approved Submissions	Number of Encounters	Reimburse per Encounter		Approved Submissions	Number of Encounters	Reimburse per Encounter		Submissions	Number of Encounters	Reimburse per Encounter			
Acute Care																						
Florida Hospital Waterman	\$ 4,042,256	\$ 4,035,812	\$ 6,444	\$ -	\$ 775,835	915	\$ 848		\$ 613,721	895	\$ 686		\$ 1,637,303	1,285	\$ 1,274		\$ 1,008,933	1,032	\$ 978		\$ 946	25%
Central Florida Health Alliance	\$ 3,307,300	\$ 5,469,864	\$ -	\$ 2,162,564	\$ 773,439	547	\$ 1,414		\$ 1,528,398	657	\$ 2,326		\$ 1,800,561	876	\$ 2,055		\$ 1,367,466	693	\$ 1,972		\$ 1,942	17%
Mental Health Hospital																						
LifeStream Behavioral Center	\$ 435,846	\$ 750,555	\$ -	\$ 315,009	\$ 132,136	353	\$ 374		\$ 228,140	613	\$ 372		\$ 202,640	545	\$ 372		\$ 187,639	504	\$ 373		\$ 373	12%
Clinics																						
St. Lukes Medical Clinic	\$ 100,500	\$ 44,127	\$ 56,373	\$ -	\$ 3,517	32	\$ 110		\$ 10,856	98	\$ 111		\$ 18,722	169	\$ 111		\$ 11,032	100	\$ 111		\$ 111	2%
Community Medical Care Center (Leesburg)	\$ 315,019	\$ 208,705	\$ 106,314	\$ -	\$ 51,123	491	\$ 104		\$ 59,765	603	\$ 99		\$ 45,641	412	\$ 111		\$ 52,176	502	\$ 104		\$ 104	12%
FHW Community Primary Health Clinic	\$ 225,000	\$ 237,365	\$ -	\$ 12,365	\$ 55,390	504	\$ 110		\$ 60,154	543	\$ 111		\$ 62,480	564	\$ 111		\$ 59,341	537	\$ 111		\$ 110	13%
Community Health Center	\$ 150,000	\$ 148,248	\$ 1,752	\$ -	\$ 44,002	971	\$ 45		\$ -	-	\$ -		\$ 54,830	974	\$ 56		\$ 49,416	973	\$ 51		\$ 51	18%
LifeStream Primary Care Clinic	\$ 135,264	\$ -	\$ 135,264	\$ -	\$ -	-	\$ -		\$ -	-	\$ -		\$ -	-	\$ -		\$ -	-	\$ -		\$ -	0%
Totals	\$ 8,710,885				\$ 1,835,442	3,813			\$ 2,501,034	3,409			\$ 3,822,177	4,825			\$ 2,736,023	4,341				

North Lake County Hospital District
 Schedule B - Contract Year
 Quarter Ended June 30, 2013

Provider	2012-2013			Quarter Ended 9/30/2012			Quarter Ended 12/31/2012			Quarter Ended 3/31/2013			Quarter Ended 6/30/2013			Avg. Reimburse per Encounter	% of Total Encounters
	Annual Budgeted Amounts	Amount Submitted to Date	Amount Remaining in Budget	Amount over Budget	Approved Submissions	Number of Encounters	Reimburse per Encounter	Approved Submissions	Number of Encounters	Reimburse per Encounter	Approved Submissions	Number of Encounters	Reimburse per Encounter	Approved Submissions	Number of Encounters		
Acute Care																	
Florida Hospital Waterman	\$ 4,042,256	\$ 3,583,361	\$ 458,895	\$ -	\$ 556,502	1,063	\$ 524	\$ 775,835	915	\$ 848	\$ 613,721	895	\$ 686	\$ 1,637,303	1,285	\$ 1,274	32%
Central Florida Health Alliance	\$ 3,307,300	\$ 4,102,398	\$ -	\$ 795,098	\$ -	-	\$ -	\$ 773,439	547	\$ 1,414	\$ 1,528,398	657	\$ 2,326	\$ 1,800,561	876	\$ 2,055	16%
Mental Health Hospital																	
LifeStream Behavioral Center	\$ 435,546	\$ 562,916	\$ -	\$ 127,370	\$ -	-	\$ -	\$ 132,136	353	\$ 374	\$ 228,140	613	\$ 372	\$ 202,640	545	\$ 372	12%
Clinics																	
St. Lukes Medical Clinic	\$ 100,500	\$ 33,095	\$ 67,405	\$ -	\$ -	-	\$ -	\$ 3,517	32	\$ 110	\$ 10,856	98	\$ 111	\$ 18,702	169	\$ 111	2%
Community Medical Care Center (Leesburg)	\$ 315,019	\$ 156,529	\$ 158,490	\$ -	\$ -	-	\$ -	\$ 51,123	491	\$ 104	\$ 59,765	603	\$ 99	\$ 45,641	412	\$ 111	11%
PHW Community Primary Health Clinic	\$ 225,000	\$ 178,024	\$ 46,976	\$ -	\$ -	-	\$ -	\$ 55,390	504	\$ 110	\$ 60,154	543	\$ 111	\$ 62,480	564	\$ 111	12%
Community Health Center	\$ 150,000	\$ 98,832	\$ 51,168	\$ -	\$ -	-	\$ -	\$ 44,002	971	\$ 45	\$ -	-	\$ -	\$ 54,830	974	\$ 56	15%
LifeStream Primary Care Clinic	\$ 135,264	\$ -	\$ 135,264	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	0%
Totals	\$ 8,710,885				\$ 556,502	1,063		\$ 1,835,442	3,813		\$ 2,501,034	3,409		\$ 3,822,177	4,825		