



# The Charlotte-Mecklenburg Hospital Authority

Office of General Counsel  
704 355-3063  
Fax 704 355-6330

June 9, 2011

Marvin A. Bethune, Esq.  
Ruff, Bond, Cobb, Wade & Bethune, L.L.P.  
831 E. Morehead Street, Suite 860  
Charlotte, NC 28202

Dear Marvin:

I am writing to acknowledge your letter to me dated June 3, 2011, and the letter from County Manager Harry Jones to Michael Tarwater dated June 3, 2011. In his letter, Mr. Jones provides that "[t]he County is placing you on notice of breach of the Joint Undertaking Agreement, specifically Sections III.C. Sharing of Information and III.D. Patient Information, and is withholding payment until you comply." As I will explain in detail below, Carolinas HealthCare System denies that it has committed a breach of the Restated Consolidated Shared Programs Joint Undertaking Agreement ("Joint Undertaking Agreement") dated November 2, 2000. Moreover, even if there had been a breach, Mecklenburg County has no right under the Joint Undertaking Agreement to withhold payment to Carolinas HealthCare System.

As I mentioned to you when we spoke Monday, employees of Mecklenburg County have been working with employees of Carolinas HealthCare System since March to implement a file upload process to provide transfer of charge and demographic data for the State's integrated payment and reporting system, as required under Section III.C. of the Joint Undertaking Agreement. In my letter to you dated June 1, 2011, I explained that the upload process for demographic and charge data became operational as of May 26, 2011, with initial catch-up data uploads occurring first. The daily upload of current computer data warehouse demographic data began as of June 2, 2011, and the weekly upload of current charge data (formerly known as the "Pioneer" information) began as of June 6, 2011. Given the County's involvement in working with Carolinas HealthCare System to implement the data upload system, and the fact that the system is currently operational, the delivery by Mr. Jones last week of a notice of breach of Section III.C. is puzzling to Carolinas HealthCare System. We certainly do not know Mr. Jones's motives in sending the letter, but its timing appears to be an attempt to gain leverage in the parties' negotiations. Regardless of the motive, however, the allegation that Carolinas HealthCare System has breached the Joint Undertaking Agreement is without merit.

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Mr. Jones also alleges that Carolinas HealthCare System has committed a breach of Section III.D. of the Joint Undertaking Agreement, which provides the Mecklenburg County Area Mental Health Authority ("AMH") a right to review certain information. Specifically, Section III.D. provides as follows:

*In accordance with applicable federal and State law, and to the extent not addressed by accreditation agencies or other governmental bodies (i.e. DFS), AMH, with the cooperation of CHS, may review any of the following areas in accordance with applicable federal and State law and to the extent the information remains protected as thereby described: 1. Utilization; 2. Medicaid, Pioneer and Medicare billing; 3. Credentialing and privileging procedures; 4. Medicaid client appeals; 5. Client records. (Emphasis added.)*

In your letter to me, you state that the request for information communicated by Carlos Hernandez in his April 27, 2011, email to Laura Thomas (copy enclosed) was made under Section III.D. of the Joint Undertaking Agreement. In my letter to you dated June 1, 2011, I noted that Mr. Hernandez has not cited the basis for his request under the Joint Undertaking Agreement; nevertheless, we proceeded with an analysis of the request, assuming that the request was pursuant to Section III.D.

As explained in further detail below, federal law requires that Carolinas HealthCare System disclose protected health information only for specific purposes and only to the minimum extent necessary to accomplish permissible objectives. Despite my explanation to you in writing on June 1, 2011, that Carolinas HealthCare System was in the process of evaluating what, if any, utilization information could be provided to Mr. Hernandez without violating patient privacy laws, Mr. Jones alleged on June 3, 2011, that Carolinas HealthCare System committed a breach of Section III.D. of the Joint Undertaking Agreement. Based on your reference to the requests from Mr. Hernandez being made under Section III.D., we assume that Mr. Jones's allegations of a breach of Section III.D. relate to the requests from Mr. Hernandez. Carolinas HealthCare System denies that it has committed a breach of the Joint Undertaking Agreement. For the reasons set forth below, Carolinas HealthCare System is prohibited by law from providing the information requested by Mr. Hernandez in his April 27, 2011, email to Laura Thomas.

Carolinas HealthCare System is a covered entity, as defined under the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), and, as such, must comply with the Privacy and Security Rules relating to the use and disclosure of a patient's protected health information ("PHI").<sup>1</sup> Under

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<sup>1</sup> 45 C.F.R. § 160.101 *et seq.*; 45 C.F.R. § 164.102 *et seq.*

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HIPAA, a covered entity may use or disclose information for the purposes of provision of treatment, in connection with payment for services or for healthcare operations.<sup>2</sup> Outside of these circumstances, the use or release of PHI must either be authorized by the patient or fall within a statutory exception.<sup>3</sup>

Although Carolinas HealthCare System is permitted to share certain PHI with the County for payment purposes for the covered Mecklenburg County residents, there are both State and federal restrictions as to how much information can be shared. The parties acknowledged these restrictions in Sections III.C. and D. of the Joint Undertaking Agreement, both of which sections include the qualifications that any information sharing would be done "[i]n accordance with applicable federal and State law." These qualifications were included due to the highly sensitive and confidential nature of the information at issue, and in acknowledgement that such information is subject to legal protections.

Under North Carolina law, all information about a client of a mental health facility is considered confidential, unless there is a statutory exception.<sup>4</sup> The exceptions are narrowly limited to information related to a specific client. For example, under N.C.G.S. § 122C-55(a2), "[a]n area facility . . . may share confidential information regarding any client of that facility with any other area facility . . . when necessary to conduct payment activities *relating to an individual served by the facility.*" (Emphasis added.) The statute goes on to define payment activities as:

activities undertaken by a facility to obtain or provide reimbursement for the provision of services and may include, but are not limited to, determinations of eligibility or coverage, coordination of benefits, determinations of cost-sharing amounts, claims management, claims processing, claims adjudication, claims appeals, billing and collection activities, medical necessity reviews, utilization management and review, precertification and preauthorization of services, concurrent and retrospective review of services, and appeals related to utilization management and review.<sup>5</sup>

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<sup>2</sup> 45 C.F.R. § 164.502(a); N.C.G.S. § 90-21.20B.

<sup>3</sup> See *id.*

<sup>4</sup> N.C.G.S. § 122C-52

<sup>5</sup> (a3) Whenever there is reason to believe that a client is eligible for benefits through a Department program, any State or area facility or the psychiatric service of the University of North Carolina Hospitals at Chapel Hill may share confidential information regarding any client of that facility with the Secretary, and the Secretary may share confidential information regarding any client with an area facility or State facility or the psychiatric services of the University of North Carolina Hospitals at Chapel Hill. Disclosure is limited to that information necessary to establish initial eligibility for benefits, determine continued eligibility over time, and obtain reimbursement for the costs of services provided to the client.

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It is clear that the Joint Undertaking Agreement was intended to reflect access to information related to permissible payment activities when listing the information open to County review: Section III.D. lists the same categories set forth under the payment activities definition of N.C.G.S. § 122C-55(a2), including utilization, billing, client appeals and client records.

HIPAA also imposes restrictions on how much information a covered entity may share, even for permitted purposes such as payment. Carolinas HealthCare System is required to follow the minimum necessary standard set forth under HIPAA, which requires that the covered entity "limit the protected health information disclosed to the information reasonably necessary to accomplish the purpose for which disclosure is sought."<sup>6</sup> Although there are certain exceptions to the minimum necessary standard, disclosures for payment are not included among the exceptions.<sup>7</sup> Only PHI that is necessary for the payment of the account is permitted to be disclosed.

Although Mr. Hernandez requested information for all patients at CMC-Randolph, Carolinas HealthCare System can share with Mecklenburg County only the PHI for those patients for whom the County is the "payor"; that is, Mecklenburg County residents (see Section III.E. of the Joint Undertaking Agreement). As you are aware, we have abided by the provisions of the Joint Undertaking Agreement to open the payment records for review, and continue to be willing to do so for proper payment activities. To the extent Mr. Hernandez's request goes beyond the bounds of permissible payment activities, however, we are unable to comply without violating State and federal law. Because the County does not serve as the payor for non-Mecklenburg County residents, it is not permitted, under HIPAA, to have access to PHI or other information relating to non-Mecklenburg County residents.

Mr. Hernandez also has requested that we provide additional information that is outside of the purview of payment activities for patients covered under the Joint Undertaking Agreement. While we appreciate Mr. Hernandez's attempt to limit the information, we continue to have substantial concerns with his request.

Under § 164.514(b) of HIPAA, information can lose its status as PHI if it is properly de-identified. While the regulation provides a list of elements that could be removed, they are qualified by the fact that the covered entity must not have knowledge that the information could be used to identify an individual.<sup>8</sup>

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<sup>6</sup> 45 CFR § 164.514(d)

<sup>7</sup> 45 CFR § 164.502(b)

<sup>8</sup> 45 C.F.R. § 164.514(b)(2)(ii)

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Due to the unique and sometimes very public nature of a patient's mental illness, a patient could be identified based on many of the elements requested by Mr. Hernandez, including county of residence, diagnosis, referring physician, dates of admission and discharge and attending physician. As such, we have reasonable basis to have concern that this information still will identify the patient. In addition, we have concerns that information for out-of-county residents is beyond the scope of the Joint Undertaking Agreement and would be an improper disclosure.

If Carolinas HealthCare System releases information that is considered to pose a significant risk of financial, reputational or other harm to the patient, then we could be subject to penalties, reporting requirements and notification procedures for breach. Penalties to a covered entity include significant civil and criminal monetary fines as high as \$1,500,000 and jail. Improper release of mental health information clearly poses a potentially significant risk to the patients. We take our obligations under State and federal confidentiality laws very seriously. As such, while we are happy to cooperate with Mecklenburg County in providing appropriate information, we are unable to release or provide access to information that is beyond the scope of the Joint Undertaking Agreement.

I hope that the above summary of the patient privacy laws clarifies for you why Carolinas HealthCare System is not permitted to provide the information requested by Mr. Hernandez in his April 27, 2011, email to Laura Thomas. Please let me know, however, if you have additional questions.

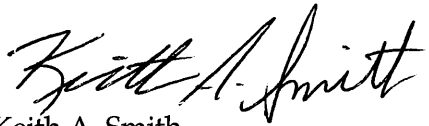
In your most recent letter you did not mention the requests made by Dena Diorio, Director of Finance, Mecklenburg County, on May 18, 2011, but given the recent position taken by the County, I want to address these requests. By letter dated May 27, 2011 (copy enclosed), I provided you with responses to several of Ms. Diorio's requests and asked for additional information so that Carolinas HealthCare System could respond to item 3 requested by Ms. Diorio. As of the date of this letter, you have not provided me with the additional information that we need to respond to item 3. While neither you nor Ms. Diorio have cited any basis under the Joint Undertaking Agreement for her requests, Carolinas HealthCare System continues to try to work cooperatively with the County and in good faith to provide information that is not otherwise restricted by law. I have enclosed as Attachment A-1 additional responses to the requests by Ms. Diorio.

Please let me know immediately if Mecklenburg County believes there is any information or data to which it has a right under the Joint Undertaking Agreement and that Carolinas HealthCare System has not either provided or offered an explanation as to why the information cannot be provided. If I do not receive specific details of unmet information or data requests under the Joint

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Undertaking Agreement within five business days, I will assume that there are no outstanding information requests from Mecklenburg County.

Sincerely,

A handwritten signature in black ink that reads "Keith A. Smith". The signature is written in a cursive style with a large, prominent "K" and "S".

Keith A. Smith  
Senior Vice President and General Counsel

KAS/j

Enclosures

**From:** Hernandez, Carlos  
**Sent:** Wednesday, April 27, 2011 11:52 AM  
**To:** 'Thomas, Laura'  
**Cc:** Lancaster, Michelle; Wingate-Jones, Phyllis; Phillips, Dennis  
**Subject:** RE: Utilization Data  
**Importance:** High

Laura –

Please do not interpret this or any previous correspondence from me to indicate satisfaction with any of your responses or the data you have provided. As a matter of fact, I have tried my best to be polite and collegial in all communications with you. You have misinterpreted this as satisfaction and acceptance of the data you have sent me. Please understand that this is not the case. Simply put, the information you have sent and in the format you are sending it is not helpful and is not what I have asked for.

Your series of emails are centered on non-disclosure and obstruction. The information requested is simple and straight forward. The metrics are basic and essential for any acute care facility to effectively manage utilization.

I would like to clarify some points for everyone:

- The data on the current set of reports is inadequate for meaningful analysis
- What I am requesting is industry standard data that is collected on a daily basis
- The metrics should be readily available in a standard management reporting package
- Your internal methodology for defining service types is unclear
- I have not requested nor do I need patient names – initials and age are acceptable identifiers

The data I specifically requested back on March 30, 2011 was for ALL patients, not a limited sub-set. Again, the information that I am requesting is as follows:

- Age of Patient
- County of Residence
- Diagnosis
- Level of Acuity/Clinical Status
- Referred by
- Date entered ED/OBS/Holding/Inpatient
- Discharge Plan or Disposition
- Attending Physician
- Separate reports by service type i.e. IP, Observation, Crisis Stabilization Unit
- LOS or DC date on ALL patients on the report
- A specific listing or notation of ALL non-Mecklenburg County patients

With regard to out-of-county patients at CMC-R, again I do not need or want names of patients, but I do want to know which patients are from outside of Mecklenburg County and from which County and facility they came to CMC-R.

I am surprised by how complex you have made this simple data request and am concerned about why this has taken so long for you to provide this information. I do not require confusing explanations surrounding your internal process for gathering and tracking patient data. Your information system is not my concern. Overall, it is very frustrating and unproductive to continue to receive information from you in bits and pieces.

Also, if I consider the amount of time each of the individuals listed on this distribution has invested in this back and forth, it is probably into the thousands of dollars. This should not take this much time.

At this point, I am looking for an operational management report including all of the elements above for all patients. I hope this finally clarifies what I have been asking you for since March. To be clear, I want data on ALL patients. Again, considering that this data is not outside accepted industry standards for behavioral health, I would like to receive the reporting package by Friday, May 6<sup>th</sup>.





# The Charlotte-Mecklenburg Hospital Authority

Office of General Counsel  
704 355-3063  
Fax 704 355-6330

May 27, 2011

Marvin A. Bethune, Esq.  
Ruff, Bond, Cobb, Wade & Bethune, L.L.P.  
831 E. Morehead Street, Suite 860  
Charlotte, NC 28202

Dear Marvin:

At a meeting yesterday and in a letter delivered at the meeting (copy enclosed), Mecklenburg County Manager Harry Jones told Michael Tarwater that many of the recent data requests from County staff to Carolinas HealthCare System "were at the suggestion of a consultant engaged by the County to advise County staff on the mental health waiver process." Although I have enclosed with this letter an Attachment A with responses to several of the requests made by Dena Diorio, Director of Finance, Mecklenburg County, on May 18, 2011, I have not concluded that Carolinas HealthCare System is obligated to provide copies of the requested information under the Restated Consolidated Shared Programs Joint Undertaking Agreement ("Joint Undertaking Agreement") dated November 2, 2000.

As I mentioned in my letter to you dated May 20, 2011, Section III.E. of the Joint Undertaking Agreement sets forth a process for the County to engage a certified public accounting firm acceptable to Carolinas HealthCare System to perform annual reviews for the purpose of determining deficit funding for CMC-Randolph. Based on the comments by County Manager Jones at the meeting and in his letter, I must conclude that the County is not requesting data for purposes of the review contemplated under Section III.E. of the Joint Undertaking Agreement. Carolinas HealthCare System is currently providing to Mecklenburg County Area Mental Health ("AMH") data required by the State of North Carolina, as provided in Section III.C. of the Joint Undertaking Agreement. We are providing requested data in an effort to work cooperatively with the County, but I ask that you explain the County's basis for the requests under the Joint Undertaking Agreement.

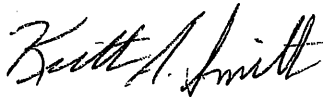
May 27, 2011

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Please let me know if you have any questions about the responses in Attachment A. Also, you will notice that we need additional information in order to respond to the request in item 3.

In his May 26 letter, County Manager Jones writes that he has instructed his staff "not to comply" with my request to you that all future communications from Mecklenburg County related to the services provided to Mecklenburg County by Carolinas HealthCare System under the Joint Undertaking Agreement be directed to me. As I explained in my May 20 letter, we believe that having all information requests come through me will afford a central point of control to ensure timely response. We will continue to provide responses to requests from Mecklenburg County to you.

Sincerely,

A handwritten signature in black ink that reads "Keith A. Smith". The signature is written in a cursive style with a large initial "K".

Keith A. Smith  
Senior Vice President and General Counsel

KAS/j

Attachment



**MECKLENBURG COUNTY**  
Office of the County Manager

May 26, 2011

Mr. Michael Tarwater  
Chief Executive Officer  
Carolinas Healthcare System  
P.O. Box 32861  
Charlotte, NC 28232-2861

Dear Mike:

In anticipation of our meeting this afternoon, I would like to address an outstanding issue involving the May 20<sup>th</sup> letter from your General Counsel Keith Smith to County Attorney Marvin Bethune. In his letter Mr. Smith requests that all future communications from Mecklenburg County related to services provided to Mecklenburg County by Carolinas HealthCare System under the Joint Undertaking Agreement be directed to him. I take strong issue with this request.

I have instructed my staff not to comply with this request and to direct information requests to the most appropriate person on your staff. If County requests for information must be funneled through your attorney at your end, it is of no concern to the County, provided receipt of the requested information is not delayed.

I also want to be clear that General Manager Michelle Lancaster is the County employee responsible for the administration of the Joint Undertaking Agreement. I expect her to be treated as such, and I expect her requests for information under the contract to be promptly fulfilled. Additionally, Dena Diorio, Mecklenburg County Finance Director, is responsible for receiving and analyzing financial information related to the agreement, and I also expect her requests to be promptly fulfilled.

The Joint Undertaking Agreement currently involves approximately \$60 million in taxpayer funds, and Mecklenburg County intends to administer its provisions, and the provisions of all contracts, diligently. With the County's renewed focus on compliance issues, all County contractors should expect a high level of scrutiny by County staff.

The recent requests for information are required under the provisions of the Joint Undertaking Agreement, and are not indicative of County staff attempting to create difficulties for Carolinas HealthCare System. Many of the recent requests were at the suggestion of a consultant engaged by

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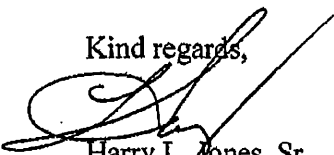
600 East Fourth Street • Charlotte, North Carolina 28202-2835 • (704) 336-2472 Fax (704) 336-5887  
[www.MecklenburgCountyNC.gov](http://www.MecklenburgCountyNC.gov)

the County to advise County staff on the mental health waiver process.

Over the years there have been chronic issues with CHS's providing information to Mecklenburg County under this agreement. Failure to provide certain information as required under the agreement can jeopardize State funding. I hope these issues are in the past.

For your information, I have attached a copy of Mr. Smith's letter to Mr. Bethune, and a copy of Ms. Diorio's letter to Mr. Gombar requesting certain information, which is referenced in Mr. Smith's letter. Additionally I have attached an April 27<sup>th</sup> letter from Carlos Hernandez to Laura Thomas requesting information under the contract. The information requested has not been provided..

Kind regards,

A handwritten signature in black ink, appearing to read "H. Jones", with a long, sweeping underline that extends to the right.

Harry L. Jones, Sr.  
County Manager

**Responses to May 18 Requests from Dena R. Diorio, Director of Finance,  
Mecklenburg County Finance Department**

**Item 1:**

Request: *For FY2010 and FY2011 through March, provide gross charges by revenue code and payer type.*

Response: Data provided on attached spreadsheet.

**Item 2:**

Request: *For FY2010 and FY2011 through March, provide net charges by revenue code and payer type.*

Response: The requested information is not available because net charges are not recorded at a revenue code level.

**Item 3:**

Request: *Provide an extract of all billing data or all 837 and 835 files for the last 12 months. The billing data should be provided in tab delimited flat file. If this cannot be provided, copies of all 837 and 835 files to all payers will suffice.*

Response: Please provide the name or names and contact information of representatives of the County who can participate in a telephone conference with members of the CHS finance department to discuss specific questions about this request. CHS needs clarification on the specific data being requested and how to present the data in the most user-friendly format. By way of example, the billing software used by CHS creates consolidated billing and remittance data, so we will need to create processes for extracting the specific data. The amount of requested data is significant, so we want to make sure that we extract the data the County wants and put it in a file that is most easily reviewed.

**Item 4:**

Request: *For FY2010 and FY2011 through March, provide the revenue deductions split into contractual allowance, charitable write-offs, DSH payments and denials/no authorization, by payer type.*

Response: In process.

**Item 5:**

Request: *How much was credited into the net revenue for DSH payments for the last 5 fiscal years?*

Response: These amounts recorded to net revenue are associated with the North Carolina Medicaid Reimbursement Initiative.

FYE 6/30/06	\$2,469,309
FYE 6/30/07	490,411

FYE 6/30/08	1,198,628
FYE 6/30/09	1,404,383
FYE 6/30/10	2,755,963

**Item 6:**

Request: *For FY2010 and FY2011 through March, identify revenue for CMC Randolph by emergency room and inpatient for all admissions.*

Response: In process.

**Item 7:**

Request: *Provide copies of all negotiated contracts with insurance providers with agreed-upon fee schedules.*

Response: Not available because the requested information constitutes confidential and competitive health care information under Sections 131E-97.3 and 131E-99 of the North Carolina General Statutes.

**Item 8:**

Request: *For FY2010 and FY2011 through March, provide your detailed line item profit and loss with actual expenses on a monthly basis.*

Response: In process.

**Item 9:**

Request: *For FY2010 and FY2011 through March, provide your detailed line item budget compared to actual expenses on a monthly basis.*

Response: In process.

**Item 10:**

Request: *Intercompany expenses – provide the % that this represents of the total amount to be allocated to all entities; i.e. Courier is \$32,320 and this is 10% of the total costs (total amount to be allocated is \$323,200 with remaining 90% allocated to other facilities).*

Response: In process.

**Item 11:**

Request: *Provide payroll by position for the last 12 payroll periods: this should be by individual staff member without the name – just list the position.*

Response: In process.

**Item 12:**

Request: *Provide monthly headcount by program split between inpatient, emergency room/department and observation beds.*

Response: Data below is provided for employees as of 5/20/11.

Hospital Services:	Inpatient	153
	Emergency Room	34
	Observation	19
	Outpatient	40
	Clinical Support	95
	Operations Support	99
Non-Hospital Based Services:	Partial Hospitalization	19
	School-Based Services	11
	ACM Medication Clinic	16
	ACTT I	13
	Adult Partial Hospitalization	6
	Crisis Stabilization	20
Total Employees		525

**Item 13:**

Request: *Provide the amount of payments attributable to CMC Randolph for the last three fiscal years and identify where this is accounted for in the provided financial statements.*

Response: In process.

**Item 14:**

Request: *In the same list of concerns about the 1915b/c Medicaid Waiver, item number 10 addresses reimbursement for the Medicaid Reimbursement Initiative. Provide the amount of reimbursements attributable to CMC Randolph for the last three fiscal years and identify where this is accounted for in the provided financial statements.*

Response: Amounts are reported in Item 5 above and are recorded as a reduction to contractual allowances.

**Item 15:**

Request: *Please explain the differences between allocations in the Medicare Cost Report and the financial statements used to determine Mecklenburg County's required funding.*

Response: Mecklenburg County and Carolinas HealthCare System agreed, as reflected in the Joint Undertaking Agreement and the November 2010 report from Deloitte & Touche, LLP, that Carolinas HealthCare System would allocate costs for CMC-Randolph in the same manner that Carolinas HealthCare System internally allocates costs for other facilities it operates. Cost report allocations prepared for Medicare are separate and distinct calculations based on specific methodologies required by Medicare. The internal cost allocation system and the Medicare cost report costs are not intended to be, and are certainly not required to be, the same.

CMC-Randolph  
 County Inquiry of May 18,2011  
 Question #1:

For FY2010 and FY2011 through March,  
 provide gross charges by revenue code and  
 payer type.

For Fiscal Year Ending 06/30/2011 (Through 03/31/2011)

Revenue Code	MEDICARE	MEDICAID	INSURANCE	SELF-PAY/OTHER	Grand Total
114	302,065.00	393,397.00	30,921.00	79,430.00	805,813.00
124	5,071,215.00	11,816,954.00	4,024,327.00	3,704,810.00	24,617,306.00
180	(13,050.00)	-	-	-	(13,050.00)
250	87,981.60	88,312.35	15,598.90	23,007.45	214,900.30
251	6,023.50	8,838.60	3,089.15	5,537.85	23,489.10
253	1,038.32	14,207.77	643.45	484,408.94	500,298.48
258	425.50	203.50	18.50	-	647.50
259	658,559.20	1,389,599.90	290,971.30	493,965.00	2,833,095.40
260	3,908.85	1,875.10	293.70	560.85	6,638.50
272	-	163.32	-	-	163.32
300	23,232.00	63,753.15	20,096.20	27,843.40	134,924.75
301	490,527.10	1,576,073.68	578,049.28	666,665.85	3,311,315.91
302	8,563.05	44,713.10	10,544.70	11,077.20	74,898.05
305	55,388.65	150,269.60	56,525.50	59,753.15	321,936.90
306	8,304.25	29,407.00	3,347.05	9,599.75	50,658.05
307	2,705.50	10,652.95	6,688.00	2,748.70	22,795.15
310	1,893.70	358.80	-	-	2,252.50
311	152.30	127.30	127.30	169.25	576.15
312	-	-	-	2,598.85	2,598.85
320	3,640.80	4,416.60	-	969.70	9,027.10
324	4,360.30	1,045.50	-	754.10	6,159.90
335	992.80	-	-	-	992.80
351	10,802.45	14,337.85	3,535.40	5,303.10	33,978.80
352	7,288.45	13,438.20	-	-	20,726.65
370	-	28,574.00	-	-	28,574.00
402	1,261.10	1,818.95	-	-	3,080.05
410	333.90	4,704.00	-	-	5,037.90
450	394,901.35	976,718.15	435,264.50	1,003,775.60	2,810,659.60
460	3,924.65	2,167.65	662.60	157.65	6,912.55
510	3,233.25	804.00	-	142.60	4,179.85
513	215,897.40	230,473.40	59,351.00	110,564.10	616,285.90
610	-	2,224.00	-	-	2,224.00
611	5,969.50	16,763.15	-	-	22,732.65
636	2,399,422.90	2,411,354.05	108,219.60	153,638.90	5,072,635.45
710	-	4,166.16	-	-	4,166.16
730	6,372.70	4,893.80	968.00	1,478.90	13,713.40
740	-	821.85	-	-	821.85
761	-	211.35	-	-	211.35
762	629,387.29	1,475,382.74	754,666.63	1,311,189.96	4,170,626.62
771	420.60	85.70	-	-	506.30
780	-	-	-	41.75	41.75
900	36,059.00	72,896.00	24,651.00	84,503.00	218,109.00
901	73,968.00	39,240.00	109,188.00	28,116.00	250,512.00
912	-	1,841,617.00	322,650.00	35,044.00	2,199,311.00
913	(56,650.00)	1,102,100.00	376,465.00	15,450.00	1,437,365.00
914	147,368.00	161,810.50	61,447.90	302,702.10	673,328.50
915	26,890.00	13,598.60	1,650.40	10,890.80	53,029.80
916	162.00	190.00	162.00	920.00	1,434.00
918	-	(12,017.80)	7,415.10	145,261.30	140,658.60
920	-	380.70	-	-	380.70
940	344,647.05	226,276.85	21,096.00	69,812.55	661,832.45
961	1,523,290.50	6,233,027.30	1,430,247.40	2,978,134.00	12,164,699.20
964	68,921.58	42,821.20	107,307.52	20,399.26	239,449.56
969	422,804.00	388,991.00	145,106.00	697,893.00	1,654,794.00
985	-	(24.30)	-	24.30	-
990	-	-	(5,314.00)	12,513.00	7,199.00
Grand Total	12,984,603.09	30,894,215.27	9,005,981.08	12,561,855.91	65,446,655.35

199,744.00 Non-STAR Clinic Revenue  
65,646,399.35 Total FY 2011 Revenue  
 (Through March 2011)

Note: Revenue Code = UB Billing Code



CMC-Randolph  
 County Inquiry of May 18,2011  
 Question #1:

For FY2010 and FY2011 through March, provide  
 gross charges by revenue code and payer type.

For Fiscal Year Ending 06/30/2010

Revenue Code	MEDICARE	MEDICAID	INSURANCE	SELF-PAY/OTHER	Grand Total
114	360,510.00	518,482.00	162,214.00	29,845.00	1,071,051.00
124	6,401,270.00	14,463,095.00	5,378,185.00	3,153,578.00	29,396,128.00
180	13,050.00	-	-	-	13,050.00
250	269,754.00	225,928.65	38,661.85	56,805.75	591,150.25
251	11,359.60	17,972.05	7,890.90	8,975.20	46,197.75
253	2,097.75	16,121.54	882.73	785,220.27	804,322.29
258	559.50	465.50	18.50	57.00	1,100.50
259	748,334.90	1,810,492.88	437,622.60	425,325.07	3,421,775.45
260	5,345.75	4,955.90	293.70	-	10,595.35
270	145.00	40.82	-	-	185.82
272	1,920.48	-	-	-	1,920.48
300	25,728.60	66,525.90	26,869.00	24,946.90	144,070.40
301	611,455.05	1,865,648.60	720,881.25	710,906.75	3,908,891.65
302	15,441.50	55,904.40	21,601.35	16,222.05	109,169.30
305	77,235.20	181,839.70	84,336.50	75,081.10	418,492.50
306	12,022.80	26,281.15	7,264.45	4,542.55	50,110.95
307	3,075.50	2,193.80	167.80	167.80	5,604.90
309	103.90	103.90	-	-	207.80
310	-	212.20	436.00	-	648.20
311	418.65	-	-	334.00	752.65
312	-	2,157.60	-	(619.20)	1,538.40
320	8,045.50	3,031.60	1,664.20	1,421.40	14,162.70
323	4,999.40	-	-	-	4,999.40
324	7,721.20	2,656.35	377.05	700.80	11,455.40
340	469.80	-	-	-	469.80
341	4,012.10	-	-	-	4,012.10
351	44,824.70	11,760.30	-	3,382.00	59,967.00
352	11,307.20	-	-	-	11,307.20
361	2,066.30	-	-	-	2,066.30
370	579.50	17,081.70	7,154.50	1,751.40	26,567.10
402	1,304.40	4,173.00	-	-	5,477.40
410	190.50	-	-	-	190.50
434	158.60	-	-	-	158.60
450	588,066.70	1,203,096.95	585,390.10	1,294,999.60	3,671,553.35
460	10,329.35	4,954.95	809.20	(15.30)	16,078.20
480	2,276.00	1,138.00	-	-	3,414.00
482	2,404.20	-	-	-	2,404.20
483	725.20	-	-	-	725.20
510	4,742.25	788.00	-	-	5,530.25
511	957.30	-	171.80	-	1,129.10
513	317,792.40	389,556.20	113,427.20	168,090.40	988,866.20
610	-	2,212.90	-	-	2,212.90
611	-	21,149.80	3,469.50	-	24,619.30
612	-	5,006.50	-	-	5,006.50
636	1,286,746.89	1,179,424.05	87,965.00	84,450.25	2,638,586.19
637	-	5.00	-	-	5.00
710	1,600.50	2,487.90	588.60	788.00	5,465.00
730	9,815.00	6,992.50	4,030.00	2,492.50	23,330.00
740	689.80	739.70	-	-	1,429.50
762	638,834.48	1,271,395.40	791,571.68	1,585,391.03	4,287,192.59
771	342.20	77.10	-	-	419.30
820	968.70	-	-	-	968.70
900	47,832.00	122,671.00	61,801.00	140,311.00	372,615.00
901	107,577.00	28,913.00	113,657.00	22,886.00	273,033.00
912	-	50,832.00	292,536.00	1,296.00	344,664.00
913	128,265.00	1,332,345.00	521,950.00	50,720.00	2,033,280.00
914	174,535.40	275,586.70	139,649.20	330,862.50	920,633.80
915	35,123.90	27,837.20	6,363.70	12,112.60	81,437.40
916	367.00	10,869.00	7,098.00	2,924.00	21,258.00
918	-	51,657.80	13,687.80	136,898.50	202,244.10
920	-	349.50	-	-	349.50
921	1,760.80	767.80	-	-	2,528.60
940	466,388.70	301,707.90	23,763.30	86,719.10	878,579.00
942	178.40	54.40	-	-	232.80
961	2,017,621.70	11,724,910.50	2,374,331.30	3,660,441.40	19,777,304.90
964	115,497.50	30,041.50	113,277.60	19,215.87	278,032.47
969	645,902.00	1,320,840.00	666,131.00	1,132,890.00	3,765,763.00
985	360.70	237.60	189.90	140.40	928.60
990	-	-	28,802.00	(388.00)	28,414.00
<b>Grand Total</b>	<b>15,253,208.45</b>	<b>38,665,970.39</b>	<b>12,847,182.26</b>	<b>14,031,869.69</b>	<b>80,798,230.79</b>

238,539.08 Non-STAR Clinic Revenue  
81,036,769.87 Total FY 2010 Revenue

Note: Revenue Code = UB Billing Code

**Responses to May 18 Requests from Dena R. Diorio, Director of Finance,  
Mecklenburg County Finance Department**

**Item 1:**

Request: *For FY2010 and FY2011 through March, provide gross charges by revenue code and payer type.*

Response: See Response from May 27, 2011.

**Item 2:**

Request: *For FY2010 and FY2011 through March, provide net charges by revenue code and payer type.*

Response: See Response from May 27, 2011.

**Item 3:**

Request: *Provide an extract of all billing data or all 837 and 835 files for the last 12 months. The billing data should be provided in tab delimited flat file. If this cannot be provided, copies of all 837 and 835 files to all payers will suffice.*

Response: See Response from May 27, 2011. Please provide the name or names and contact information of representatives of the County who can participate in a telephone conference with members of the CHS finance department to discuss specific questions about this request. CHS needs clarification on the specific data being requested and how to present the data in the most user-friendly format. By way of example, the billing software used by CHS creates consolidated billing and remittance data, so we will need to create processes for extracting the specific data. The amount of requested data is significant, so we want to make sure that we extract the data the County wants and put it in a file that is most easily reviewed.

**Item 4:**

Request: *For FY2010 and FY2011 through March, provide the revenue deductions split into contractual allowance, charitable write-offs, DSH payments and denials/no authorization, by payer type.*

Response: See table below. Revenue and deductions are recorded on an accrual basis. We do not accumulate all components of revenue deductions by payor; therefore, the figures below are estimates only.

Description	FYTD 3/31/11	FYE 6/30/10
Medicare Contractual	\$7,892,233	\$9,221,909
Medicare Denial/No Auth	36,129	68,465
Medicaid Contractual	18,695,268	21,492,214
Medicaid Denial/No Auth	493,175	781,060
Medicaid NC MRI	(1,339,888)	(2,755,963)
Medicaid Routine DSH	(221,362)	(274,440)
Insurance Contractual	4,634,968	6,457,819
Insurance Denial/No Auth	59,509	101,356
Bad Debt/Charity/Other	12,649,187	13,951,180

**Item 5:**

Request: *How much was credited into the net revenue for DSH payments for the last 5 fiscal years?*

Response: See Response from May 27, 2011.

**Item 6:**

Request: *For FY2010 and FY2011 through March, identify revenue for CMC Randolph by emergency room and inpatient for all admissions.*

Response: See table below, indicating revenue generated by patients with final admission to an inpatient unit. Professional and ancillary charges include physician fees, lab services, pharmacy and other ancillary services provided while the patient was in the emergency room and/or on the inpatient unit and cannot be segregated by patient type.

Revenue	FYE 6/30/10	FYE 6/30/11 (Thru 3/31/11)
Inpatient	\$30,560,592	\$25,479,804
Emergency Room	731,360	497,116
Professional and Ancillary	10,532,823	8,250,780
Totals	\$41,824,775	\$34,227,700

**Item 7:**

Request: *Provide copies of all negotiated contracts with insurance providers with agreed-upon fee schedules.*

Response: See Response from May 27, 2011.

**Item 8:**

Request: *For FY2010 and FY2011 through March, provide your detailed line item profit and loss with actual expenses on a monthly basis.*

Response: Data provided on attached spreadsheet.

**Item 9:**

Request: *For FY2010 and FY2011 through March, provide your detailed line item budget compared to actual expenses on a monthly basis.*

Response: Data provided on attached spreadsheet.

**Item 10:**

Request: *Intercompany expenses – provide the % that this represents of the total amount to be allocated to all entities; i.e. Courier is \$32,320 and this is 10% of the total costs (total amount to be allocated is \$323,200 with remaining 90% allocated to other facilities).*

Response: Fiscal year 2010 intercompany support services totaled \$5,280,861 and represents 1.9% of total support services allocated to all facilities.

**Item 11:**

Request: *Provide payroll by position for the last 12 payroll periods: this should be by individual staff member without the name – just list the position.*

Response: This information is not available. Under the Public Hospital Personnel Act, Carolinas HealthCare System may not provide the requested payroll information.

**Item 12:**

Request: *Provide monthly headcount by program split between inpatient, emergency room/department and observation beds.*

Response: See Response from May 27, 2011.

**Item 13:**

Request: *Provide the amount of payments attributable to CMC Randolph for the last three fiscal years and identify where this is accounted for in the provided financial statements.*

Response: See table below. Basic DSH is recorded as a reduction to contractual allowances. Cost associated with the GME program is entirely paid by CMC. GME payments are transferred to CMC to cover the actual cost associated with the GME program.

Fiscal Year	Basic DSH
FYE 6/30/08	\$245,745
FYE 6/30/09	238,299
FYE 6/30/10	274,440

**Item 14:**

Request: *In the same list of concerns about the 1915b/c Medicaid Waiver, item number 10 addresses reimbursement for the Medicaid Reimbursement Initiative. Provide the amount of reimbursements attributable to CMC Randolph for the last three fiscal years and identify where this is accounted for in the provided financial statements.*

Response: See Response from May 27, 2011.

**Item 15:**

Request: *Please explain the differences between allocations in the Medicare Cost Report and the financial statements used to determine Mecklenburg County's required funding.*

Response: As explained in the Response from May 27, 2011, this request reflects a lack of understanding of the cost allocation agreed upon by the County and Carolinas HealthCare System. Pursuant to the Joint Undertaking Agreement and the November 2010 report from Deloitte & Touche, LLP, Carolinas HealthCare System allocates costs for CMC-Randolph in the same manner that it internally allocates costs for its other facilities. The cost report allocations prepared for Medicare are based on specific methodologies required by Medicare; they are neither intended nor required to be the same as internal cost allocations. In addition to its lack of understanding of the appropriate cost allocation, the County misinterprets the Medicare Cost Report. In

citing "differences" between the Medicare Cost Report and the financial statements used to determine the County's funding, the County apparently did not consider all relevant expense categories. The subprovider 31 category, covering the inpatient unit, is only one of the applicable categories; other categories include, but are not limited to, 60.01 Mental Health O/P Clinic, 61 Emergency Room, 62 and 62.01 Observation, 99.06 Other Non-reimbursable, and 56 Drugs Charged to Patients. The County also cites incorrect expense comparisons. For example, the \$1,167 in laundry expenses cited by Dena Diorio in her letter sent by email on May 18, 2011, and cited again by Harry Jones in his letter of June 3, 2011, is only a small overhead component of the laundry services for CMC-Randolph. The direct laundry expense for CMC-Randolph is included in subprovider line 31.