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To: [Treitel, Michael \(CMS/CM\)](#); [Ibrahim, Ayub \(CMS/CM\)](#)
Cc: [FRANCEE SAMS](#); [ARTEYA ROBINSON](#); Jennifer.Johnson6@cms.hhs.gov
Subject: Atrium Health/Medcost & Joe Vincoli
Date: Monday, September 11, 2023 10:56:24 AM
Attachments: [image001.png](#)
[EXTERNAL Public Records Request for Documents related to Palmetto's Audit of Atrium.msg](#)
[EXTERNAL Atrium's Related Party Transactions.msg](#)
[St. Francis Ruling.pdf](#)
Importance: High

Good morning Michael & Ayub,

Palmetto just received a FOIA request from Joe Vincoli late yesterday. Palmetto has documentation from Atrium/Medcost related to reviewing their relationship to ensure it meets the related party rule exception; however, Palmetto has not had time review the documentation in detail. Palmetto's original supposition to the situation is as follows:

In order to meet the exception, 4 criteria must be met according to PRM 15-1, Section 1010:

1. The organizations must be bona fide separate organizations.
2. A substantial part of the supplying organization's (Medcost) business activity must be carried on with organizations not related to the provider.
3. Services, facilities, or supplies cannot be a basic element of patient care.
4. The charge to the provider is in line with the charge for such services in the open market and no more than the charge made under comparable circumstances to others by the organization for such services.

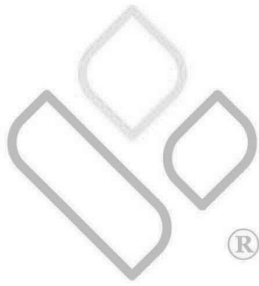
Palmetto believed the criteria for items 1 & 3 were already met; however, items 2 and 4 required the additional information from Medcost in order to determine if the exception to the related party principle is met.

During this process, Palmetto has received multiple emails from Joe Vincoli with information he believes would undo the provider's assertion that they and Medcost meet the exception. One of his emails (attached) included references to a PRRB ruling which determined TPA services relate to patient care costs for the provider's employees. Based on the ruling, the provider's claim of meeting the exception criteria would be voided.

If the determination holds, additional questions would be raised regarding the reimbursement impact of the information. The majority of Atrium's facilities are PPS reimbursed; therefore, there is not a direct dollar-for-dollar correlation. However, the health insurance costs would be reported for wage index purposes and used to set future rates.

Should Palmetto proceed under the context that the Atrium and Medcost are related and determine the extent to which health insurance costs are not properly reported?

Thank you,



Stephen Wood

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