

OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

Audit Report – Issued November 4, 2025

UMass Memorial Health Care Inc.

For the period July 1, 2020 through June 30, 2023



OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

November 4, 2025

Eric Dickson, MD
Chief Executive Office
UMass Memorial Health Care
365 Plantation Street
Worcester, MA 01605

Dear Dr. Dickson:

I write to provide you the results of the enclosed performance audit of UMass Memorial Health Care. As is typically the case, this report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2020 through June 30, 2023. As you know, my audit team discussed the contents of this report with UMass Memorial Health Care management. This report reflects those comments.

I am available to discuss this audit if you or your team has any questions.

Best regards,



Diana DiZoglio
Auditor of the Commonwealth

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LIST OF ABBREVIATIONS

CMR	Code of Massachusetts Regulations
DPH	Department of Public Health
EOHHS	Executive Office of Health and Human Services
HIPAA	Health Insurance Portability and Accountability Act
MEMA	Massachusetts Emergency Management Agency
MMARS	Massachusetts Management Accounting and Reporting System
OSA	Office of the State Auditor
UMMH	UMass Memorial Health Care

EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of UMass Memorial Health Care (UMMH) for the period July 1, 2020 through June 30, 2023.

The purpose of this audit was to determine the following:

- whether UMMH spent grant funds from the Executive Office of Health and Human Services (EOHHS) in accordance with Chapter 102 of the Acts of 2021 and its Payment Agreement with EOHHS;
- whether UMMH spent grant funds it received from the Massachusetts Emergency Management Agency in accordance with their associated grant applications; and
- whether UMMH provided inpatient maternity services to MassHealth members in accordance with MassHealth and Department of Public Health (DPH) regulations, specifically, whether (a) medical records for inpatient maternity services were maintained in accordance with Section 450.205(A) of Title 130 of the Code of Massachusetts Regulations (CMR), (b) inpatient maternity services were provided by registered nurses in accordance with 105 CMR 130.616(F) and best practices established by the Association of Women’s Health, Obstetric and Neonatal Nurses, and (c) births were reported to DPH within 10 days, as required by 105 CMR 305.020.

Below is a summary of our findings, the effects of those findings, and our recommendations, with hyperlinks to each page listed.

Finding 1 Page 10	UMMH could not provide accounting records to document how it spent \$6.2 million in grants from EOHHS.
Effect	On September 23, 2023, UMMH closed the maternity center located at its HealthAlliance Clinton Hospital’s Leominster Campus, citing a shortage of obstetricians, nurses, and other clinical professionals needed to operate the center. UMMH could have used the \$6.2 million of EOHHS grant funding to invest in the clinical workforce it needed to operate and maintain the maternity center, thereby supporting the operation of an existing hospital facility. This would have provided a public benefit related to the expenditure of \$6.2 million of taxpayer funding, rather than reimbursing itself for UMMH expenditures incurred in prior years. By not investing this money in its maternity center workforce, UMMH has created a health disparity for its patients, of whom 20% are MassHealth members, because of a lack of access to maternity care in the central Massachusetts region. This is just one example of a loss of a service that may have been prevented if grant funds were used in a different way.

Recommendations Page <u>12</u>	1. UMMH should maintain detailed accounting records and maintain an audit trail to show when state or federal grant revenue is received and what expenses are incurred in association with grant revenue. This is a requirement of the grant agreement executed by UMMH with the Commonwealth. 2. When accepting taxpayer-funded grants from the Commonwealth, UMMH should use those funds to invest in maintaining operations of essential services. For example, UMMH could have considered allocating those funds to maternity care or other critical healthcare services, rather than spending these taxpayer-funded grants to reimburse itself for UMMH's prior year expenditures, such as employee bonuses. 3. UMMH should reassess the need for maternity care in the communities served by HealthAlliance Clinton Hospital and work toward mitigating health disparities caused by a lack of access to maternity care in that region.
Finding 2 Page <u>16</u>	UMMH could not account for when or if it had reported births occurring in its hospitals to DPH.
Effect	According to the Centers for Disease Control and Prevention, birth tracking is important because birth outcomes may vary across different geographic regions due to access to care. The birth data that DPH collects from hospitals, such as UMMH hospitals, can be used by stakeholders, such as medical scholars and public health professionals, to understand population trends, identify health disparities, and inform policy decisions. As such, it is important that the data UMMH provides to DPH be complete, accurate, and timely.
Recommendations Page <u>17</u>	1. UMMH should ensure that it reports all births occurring in its hospitals to DPH within 10 days and maintain documentation to show this. 2. UMMH should document the birth reconciliation process that it performs annually with DPH and maintain documentation of this process.

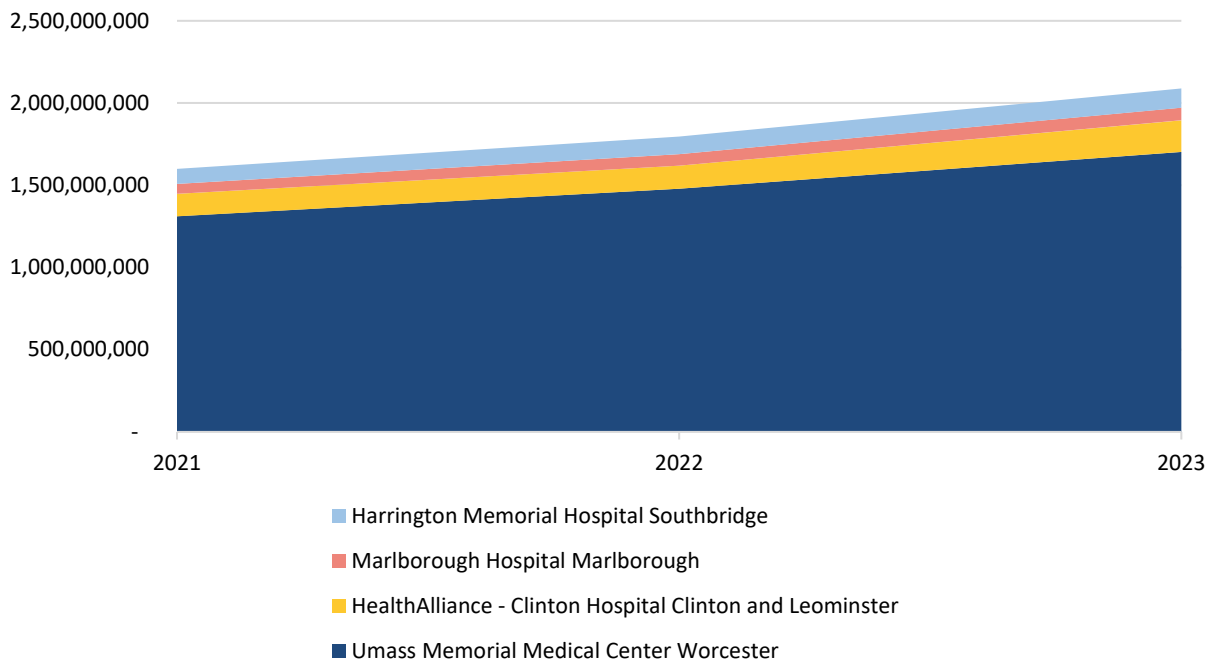
In addition to the conclusions we reached regarding our audit objectives, we also identified an issue not specifically addressed by our objectives. For more information, see [Other Matters](#).

OVERVIEW OF AUDITED ENTITY

Under Chapter 118E of the Massachusetts General Laws, the Executive Office of Health and Human Services (EOHHS), through the Division of Medical Assistance, administers the state’s Medicaid program, known as MassHealth. MassHealth provides access to healthcare for approximately 2.4 million eligible children, families, seniors, and people with disabilities, all of whom have low or moderate income. In fiscal year 2024, MassHealth paid healthcare providers more than \$21.7 billion, of which approximately 37% was funded by the Commonwealth. Medicaid expenditures represented approximately 36% of the Commonwealth’s total fiscal year 2024 budget.

UMass Memorial Health (UMMH) is a private, nonprofit healthcare provider in Central Massachusetts and operates four hospitals in the region. During the audit period, July 1, 2020 through June 30, 2023, MassHealth paid \$5.48 billion to UMMH for medical services provided at all four of its hospitals. The total Medicaid revenue received by UMMH increased during each year in the audit period, as detailed in the chart¹ below.

Medicaid Revenue by Hospital



1. Medicaid revenue data is from the Massachusetts Center for Health Information Analysis’s hospital profiles for fiscal years 2021 through 2023.

Health Equity at UMMH

UMMH's Health Equity Strategy focuses on addressing and reducing health disparities, which are differences in health outcomes and/or access to healthcare caused by factors such as race, ethnicity, socioeconomic status, or geographic location that often result in disadvantaged groups experiencing poorer health than other populations. UMMH states on its website that it addresses health disparities by promoting fair access to healthcare for all individuals, regardless of their background or socioeconomic status. UMMH states that its Health Equity Strategy seeks to reduce structural barriers linked to poverty and racism by enhancing UMMH's ability to identify patients with social needs and connecting them to necessary community resources and support for better health.

Maternity Care and Birth Reporting

During the audit period, UMMH operated maternity centers at UMass Memorial Medical Center in Worcester and HealthAlliance Clinton Hospital's Leominster campus. These maternity centers offered services for expecting parents, including prenatal care and childbirth education, labor and delivery, and post-partum follow-up care for mothers and babies.

UMMH is required, under Section 305.020 of Title 105 of the Code of Massachusetts Regulations, to report all births occurring at its hospitals within 10 days of the birth to the Department of Public Health's (DPH's) Registry of Vital Records and Statistics. This process begins with parents and physicians completing a worksheet with a baby's name, weight, and date and time of birth. UMMH's birth registrar then reviews hospital birth logbooks to ensure that the parents of and physicians for each baby are provided with the worksheet and that each birth is accounted for. The worksheet is then processed by UMMH's birth registrar and entered into the Vitals Information Partnership, an online portal for the registration of birth records in Massachusetts that is maintained by DPH. A paper copy of the worksheet is also faxed to DPH for its records. UMMH performs an annual reconciliation with DPH to ensure that all births have been reported.

UMMH reported a total of 14,784 births to the DPH between January 1, 2020 through December 31, 2022. The number of births, by year, at each hospital are detailed in the table below.

Hospital	2020	2021	2022
HealthAlliance Clinton Hospital	568	543	501
UMass Memorial Medical Center	4,142	4,437	4,593
Total	<u>4,710</u>	<u>4,980</u>	<u>5,094*</u>

* DPH publishes birth data on a calendar year schedule, with its most recently available data being for calendar year 2022. As a result, some of the births included in this table are outside of the audit period. In addition, the table above does not include the last six months of the audit period (January through June 2023).

Public Assistance received by UMMH

UMMH received public grant funding for COVID-19 relief from a variety of state and federal sources, including the Massachusetts Emergency Management Agency (MEMA), with funds authorized by the Federal Emergency Management Agency; and EOHHS, with funds authorized by Chapter 102 of the Acts of 2021. The public assistance funds UMMH received from MEMA should be used for the purpose of responding to the COVID-19 pandemic. The COVID-19 funds UMMH received from EOHHS should be used for the following purposes, according to the Payment Agreement between UMMH and EOHHS:

- i. *Mitigating financial hardship due to declines in revenue or profits by supporting payroll costs and compensation of employees, returning to full staffing, or supporting operations and maintenance of existing hospital facilities;*
- ii. *Obtaining technical assistance, counseling, and other services to assist with business planning needs;*
- iii. *Implementing COVID-19 mitigation and infection prevention measures, such as vaccination or testing programs; or*
- iv. *Mitigating fiscal strain due to lost profits experienced due to the COVID-19 pandemic and the increased costs of operations, workforce, supplies, and rendering hospital services resulting from the COVID-19 pandemic.*

During the audit period, UMMH received a total of \$99,886,925 in state and federal public assistance grants for the purpose of COVID-19 relief. The amount per fiscal year is detailed in the table below.

Funding Category	2021	2022	2023
Federal COVID-19 Funding	\$ 24,354,105	\$ 11,452,378	\$ 0
State COVID-19 Funding	0	25,571,593	38,508,849
Total	<u>\$ 24,354,105</u>	<u>\$ 37,023,971</u>	<u>\$ 38,508,849*</u>

* Data for federal and state COVID-19 relief funding is from the Center for Health Information and Analysis's Health System Performance Dashboard.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of UMass Memorial Health Care (UMMH) for the period July 1, 2020 through June 30, 2023.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did UMMH spend grant funds from the Executive Office of Health and Human Services (EOHHS) in accordance with Chapter 102 of the Acts of 2021 and its Payment Agreement with EOHHS?	No; see Finding <u>1</u>
2. Did UMMH spend grant funds it received from the Massachusetts Emergency Management Agency (MEMA) in accordance with the associated grant applications?	Yes
3. Did UMMH provide inpatient maternity services to MassHealth members, specifically the following: a. documenting the provision of services payable to MassHealth in accordance with Section 450.205(A) of Title 130 of the Code of Massachusetts Regulations (CMR); b. having registered nurses present during and immediately after delivery in accordance with 105 CMR 130.616(F) and having neonatal nurses assigned to no more than three patients at one time in accordance with best practices established by the Association of Women's Health, Obstetric and Neonatal Nurses; and c. reporting births that occurred at UMMH hospitals to the Department of Public Health (DPH) within 10 days of the birth in accordance with 105 CMR 305.020?	No; see Finding <u>2</u>

To accomplish our objectives, we gained an understanding of the internal control environment relevant to our objectives by reviewing applicable policies and procedures and UMMH's internal control plan, as well as by conducting inquiries with UMMH officials. In addition, to obtain sufficient, appropriate evidence to address our audit objectives, we performed the procedures described below.

EOHHS Grant Spending

We identified a total of two payments, totaling \$6,200,807, that UMMH received from EOHHS and were authorized by Chapter 102 of the Acts of 2021.

We requested supporting documentation for both payments in order to determine whether these funds were used in accordance with UMMH's Payment Agreement with EOHHS. UMMH, through legal counsel, stated that it did not maintain any documentation to support the expenditures from the \$6.2 million received from EOHHS and stated that these funds were used to generally recover from costs associated with COVID-19. After our exit conference, which occurred five months after our request for this data, UMMH revised its response to state that the entire \$6.2 million was used to reimburse itself for employee bonuses paid in 2021 and 2022 and provided us with an Excel spreadsheet that listed the bonuses paid to UMMH employees during that time. However, we could not verify the accuracy of these bonuses because UMMH did not provide us records to verify that the grant payments were used for this purpose.

See [Finding 1](#) for more information.

MEMA Grant Spending

We identified a total of 15 grant payments, totaling \$25,357,758, that UMMH received from MEMA and were authorized by the Federal Emergency Management Agency.

We reviewed grant applications and completed project forms for all 15 grant payments to determine whether the total projected costs from the applications matched the total amount spent from the grant. We also reviewed each completed project form to determine whether the amount spent was approved by a Federal Emergency Management Agency representative.

Based on the results of our testing, we determined that all grant payments received during the audit period were spent in accordance with the grant applications.

Birth Reporting to DPH

We selected a random, statistical² sample of 74 out of 4,989 births by MassHealth members that occurred in a UMMH hospital during the audit period. We used a 90% confidence level,³ a 50% expected error rate,⁴ and a 20% tolerable error rate.⁵

We reviewed birth logbooks and emails that the UMMH birth registrar sent to DPH to determine whether UMMH reported all 74 births in our sample to DPH within 10 days, as required by 105 CMR 305.020.

We also reviewed service notes for all 74 sampled births to determine whether the provision of services was documented in accordance with MassHealth regulations.

See [Finding 2](#) for more information.

Registered Nurse Staffing

We selected a random, statistical sample of 74 days out of a population of 1,089 days where a MassHealth member gave birth in a UMMH hospital during the audit period. There were 348 deliveries by MassHealth members that occurred during the sampled 74 days. We used a 90% confidence level, a 50% expected error rate, and a 20% tolerable error rate.

We requested a list of registered nurses who were assigned to each of the 348 deliveries by MassHealth members during the sampled 74 days to determine whether a registered nurse was present during and immediately after each delivery and to determine the number of patients who were MassHealth members that each registered nurse was assigned on all 74 sampled days.

We analyzed the data provided by UMMH to determine whether there were two registered nurses assigned to each of the 348 deliveries in our sample, in accordance with 105 CMR 130.616(f). We also analyzed the data provided to us by UMMH to determine whether the number of deliveries assigned to

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2. Auditors use statistical sampling to select items for audit testing when a population is large (usually over 1,000) and contains similar items. Auditors generally use a statistics software program to choose a random sample when statistical sampling is used. The results of testing using statistical sampling, unlike those from judgmental sampling, can usually be used to make conclusions or projections about entire populations.
 3. Confidence level is a mathematically based measure of the auditor's assurance that the sample results (statistic) are representative of the population (parameter), expressed as a percentage.
 4. Expected error rate is the number of errors that are expected in the population, expressed as a percentage. It is based on the auditor's knowledge of factors such as prior year results, the understanding of controls gained in planning, or a probe sample.
 5. The tolerable error rate (which is expressed as a percentage) is the maximum error in the population that is acceptable while still using the sample to conclude that the results from the sample have achieved the objective.
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each registered nurse per day was consistent with best practices established by the Association of Women’s Health, Obstetric and Neonatal Nurses.

Data Reliability

We obtained data for EOHHS and MEMA grants from CTHRU, the platform used by the Office of the Comptroller of the Commonwealth to report state spending. CTHRU data is sourced directly from the Massachusetts Accounting and Reporting System (MMARS). To determine the reliability of this data, we relied on the work performed by OSA in a separate project in 2022. As part of that work, OSA reviewed existing information, tested selected system controls, and interviewed knowledgeable officials at the Office of the Comptroller of the Commonwealth about MMARS. As part of our current audit, we performed validity and integrity tests on the grant fund data, including (1) testing for duplicate records, (2) testing for blank fields, and (3) testing for dates outside the audit period. Next, for all EOHHS grant payments, we matched the amount, vendor name, and appropriation code from the Payment Agreement to the CTHRU data. Next, for all 15 MEMA grant payments, we matched the vendor name, vendor city, and payment amount from the grant applications to the MMARS data.

We obtained data for all deliveries by MassHealth patients at UMMH’s hospitals directly from UMMH, which queried the information using Epic Systems software. To determine the reliability of the data, we (1) interviewed UMMH’s vice president of quality informatics to gain an understanding of the software, (2) reviewed System and Organization Control-3 reports⁶ for Epic Systems, (3) reviewed policies and procedures related to system access and software use, and (4) tested information system access controls and security awareness training. Additionally, we randomly selected 20 births from the Epic Systems data and determined whether the information matched the source documentation from UMMH for each delivery. Next, we randomly selected a sample of 20 source documents and traced the information to the Epic Systems data.

Based on the results of the data reliability assessment procedures described above, we determined that the information we obtained, except for the information security awareness training issues noted in Other Matters, was sufficiently reliable for the purposes of our audit.

6. A System and Organization Control report is a report on controls about a service organization’s systems relevant to security, availability, processing integrity, confidentiality, or privacy issued by an independent contractor.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. UMass Memorial Health Care could not provide accounting records to document how it spent \$6.2 million in grants from the Executive Office of Health and Human Services.

During the audit period, UMass Memorial Health Care (UMMH) received two payments, totaling \$6.2 million, in grant funding from the Executive Office of Health and Human Services (EOHHS), which was authorized through Chapter 102 of the Acts of 2021. While the \$6.2 million in state grant money was spent, UMMH could not provide us accounting records to show how this grant revenue was spent. After our exit conference with UMMH on November 22, 2024, UMMH's outside counsel from Ropes and Gray LLP informed us that the \$6.2 million was used to reimburse UMMH for money spent on employee bonuses during 2020 and 2021 and provided us with a spreadsheet prepared by UMMH's vice president of internal audit that shows the bonus amounts for each employee, totaling \$10.6 million. However, UMMH did not provide us any accounting records to corroborate that grant revenue was used to offset these bonus expenses. The employee bonuses that were reimbursed were paid to 13,520 UMMH employees and ranged between \$125 and \$500 per employee. We find the lack of source documentation troubling, as the stated reimbursement would occur via one or more distinct transactions, effectuating a known policy decision at UMMH. Documentation should be available to support these claims. We further note that reimbursement of employee bonuses, though permissible, does not appear to be consistent with the intent of the payment agreement between UMMH and EOHHS.

On September 23, 2023, UMMH closed the maternity center located at its HealthAlliance Clinton Hospital's Leominster Campus, citing a shortage of obstetricians, nurses, and other clinical professionals needed to operate the center. UMMH could have used the \$6.2 million of EOHHS grant funding to invest in the clinical workforce it needed to operate and maintain the maternity center, thereby supporting the operation of an existing hospital facility. This would have provided a public benefit related to the expenditure of \$6.2 million of taxpayer funding, rather than reimbursing itself for UMMH expenditures incurred in prior years. By not investing this money in its maternity center workforce, UMMH has created a health disparity for its patients, of whom 20% are MassHealth members, because of a lack of access to maternity care in the central Massachusetts region. This is just one example of a loss of a service that may have been prevented if grant funds were used in a different way.

We note here that, given UMMH's contention that it used the \$6.2 million in grant funds to reimburse itself for bonuses paid to employees in prior years, it is difficult to believe that UMMH lacks source documentation of the use of funding in this way, as it stipulated to us.

Authoritative Guidance

Section 71(d) of Chapter 102 of the Acts of 2021 stated the following:

All expenditures from the fund shall support hospitals and affiliated hospital health care providers to prevent, prepare for and respond to the 2019 novel coronavirus, also known as COVID-19. The secretary shall award grants to hospitals and affiliated health care providers through an application process. An application for a grant submitted by a hospital or hospital health system shall include, but not be limited to: (i) healthcare-related expenses or lost revenues that are attributable to COVID-19 for the hospital and affiliated health system providers; and (ii) amounts of funding used to support the hospital and affiliated health system providers that have served communities disproportionately affected by COVID-19 related to the public health emergency. A recipient shall certify that it shall not use any grant payment received to reimburse expenses or losses that have been reimbursed from another source or that another source is obligated to reimburse.

Section 2 of the Payment Agreement between EOHHS and UMMH states,

By executing this Agreement, the Recipient is attesting that: . . .

- c. The Recipient agrees to produce, upon request by EOHHS, all data or documents that EOHHS determines, in its sole discretion, that it needs: . . .*
 - ii. to determine how the Recipient expended the payment described in this Agreement; . . .*
- d. That all payments under this Agreement are subject to validation, reconciliation, and audit by EOHHS; and . . .*
- f. The Recipient will use all funds received under this Agreement for . . . eligible purposes, which may include, but are not limited to, the following:*
 - i. Mitigating financial hardship due to declines in revenue or profits by supporting payroll costs and compensation of employees, returning to full staffing, or supporting operations and maintenance of existing hospital facilities.*

Reasons for Issue

In an email to the Office of the State Auditor on December 11, 2024, UMMH's attorney stated, "In November 2020 and in September 2021, UMMH paid special retention bonuses to its employees in recognition of their efforts in addressing the COVID-19 pandemic. The amounts of those bonuses and the employees to whom they were paid are reflected in the attached spreadsheet. The [American Rescue Plan

Act] funds that UMMH received through EOHHS were used to mitigate these special bonus payments, which constituted 'increased costs of . . . workforce' under the Payment Agreements governing the payment of these funds."

Recommendations

1. UMMH should maintain detailed accounting records and maintain an audit trail to show when state or federal grant revenue is received and what expenses are incurred in association with grant revenue. This is a requirement of the grant agreement executed by UMMH with the Commonwealth.
2. When accepting taxpayer-funded grants from the Commonwealth, UMMH should use those funds to invest in maintaining operations of essential services. For example, UMMH could have considered allocating those funds to maternity care or other critical healthcare services, rather than spending these taxpayer-funded grants to reimburse itself for UMMH's prior year expenditures, such as employee bonuses.
3. UMMH should reassess the need for maternity care in the communities served by HealthAlliance Clinton Hospital and work toward mitigating health disparities caused by a lack of access to maternity care in that region.

Auditee's Response

The Auditee respectfully disagrees with Finding 1. The Office's draft report states the Auditee "did not maintain documentation to support the expenditures" from the grants received. This finding is soundly refuted by the record. The Auditee produced the two Payment Agreements that provided for the payment of the federal government's American Rescue Plan Act of 2021 ("ARPA") funds to [the Office of the State Auditor (OSA)] on August 29, 2024. Under these Payment Agreements, which were administered by the Massachusetts Executive Office for Health and Human Services ("EOHHS"), UMMH was required to provide quarterly reports of its operating margin, non-operating margin, and total margin on a form created by EOHHS. UMMH timely met all of the reporting obligations from EOHHS and provided the reports submitted by UMMH to EOHHS on August 29, 2024. As UMMH noted when providing these reports to OSA, because EOHHS had not provided any guidance regarding specific documentation of use of these funds, UMMH had not prepared any such analysis at that time. After OSA nevertheless requested more specific documentation regarding use of these grant funds than had been required by or provided to EOHHS, the Auditee provided the OSA with a spreadsheet that set forth Covid appreciation bonuses paid by UMMH to thousands of front-line employees, including nurses and other caregivers, recognizing their dedication and sacrifices during the Covid pandemic, including the specific employees to whom they were paid.

While the draft report acknowledges the receipt of this Covid appreciation bonus spreadsheet, it nevertheless asserts that the Auditee failed to provide "accounting records" regarding these Covid appreciation bonus payments. As an initial matter, the Auditee notes that the OSA never submitted requests to UMMH for such "accounting records" and it is unclear what those would be other than the previously provided materials. As noted above, the Auditee believes that it produced all materials that OSA requested in connection with the response to EOHHS spending requests.

The Auditee further disagrees with the Office's recommendation that UMMH could have used the grants to maintain the Leominster maternity ward. First, and most critically, it is outside the authority of the OSA to recommend such a specific management action by a private entity. Second, the closure of the maternity ward was not due to COVID-19 and, thus, directing COVID-19 grant funds to keep it open would not have been permissible under the Payment Agreements.

And contrary to the OSA's note suggesting otherwise, the use of these grant funds to offset Covid appreciation bonuses paid to retain 13,520 front line workers, including nurses and other caregivers, during an unprecedented global health crisis was in line with both the "intent" and plain language of the Payment Agreement. The funds were used to mitigate UMMH's financial strain from COVID-19 and support the compensation of UMMH's employees, which were clearly permitted and appropriate uses of the funds.

Response from EOHHS-MassHealth

EOHHS agrees that maintaining accounting records was a requirement of the grant agreement with UMMH. EOHHS has not conducted independent verification to determine if UMMH has maintained such records for the \$6.2 [million] grant referenced by the [Office of the State Auditor (OSA)].

The \$6.2 [million] grant payments to UMMH referenced by the OSA was made pursuant to Section 71 of Chapter 102 of the Acts of 2021. Said Section 71 required that "[a]ll expenditures from the fund shall support hospitals and affiliated hospital health care providers to prevent, prepare for and respond to the 2019 novel coronavirus, also known as COVID-19." This funding was specifically classified as "revenue replacement" under the American Rescue Plan Act (ARPA) for losses experienced due to the COVID-19 pandemic. Section 71 also specified that hospitals could apply and show their need for the grant through "lost revenues that are attributable to COVID-19." There were minimal state or federal restrictions on the permissible use of funds. There were no restrictions on using the funds for lost revenue due to staffing cost increases. EOHHS has no evidence suggesting that UMMH used the \$6.2 [million] grant amounts inappropriately.

EOHHS takes no position on [Recommendation 3] as it relates to the \$6.2 [million] grant funding. While supporting maternity care in communities served by HealthAlliance Clinton Hospital would likely have been a permissible use of the funds (for example, to "mitigate financial hardship due to declines in revenue or profits by . . . supporting operations and maintenance of existing hospital facilities," per the grant agreement), UMMH was also permitted to use the funds for other uses (such as "mitigating financial hardship due to declines in revenue or profits by supporting payroll costs and compensation of employees," per the grant agreement).

Auditor's Reply

In its response, UMMH asserts, "First, and most critically, it is outside the authority of the OSA to recommend such a specific management action by a private entity."

We find this statement troubling, as we have found UMMH's unprecedented, more than year-long resistance to our audit. As UMMH knows, UMMH's expenditure of state funding is subject to audit by the

Office of the State Auditor. This is clearly authorized by Section 12 of Chapter 11 of the General Laws. As part of any audit, there is a process of findings and recommendations, in which auditors discover deficiencies, understand them, and report them. In this case, as public sector auditors, we report these deficiencies and recommendations to the state government and to the general public. Specific management action is recommended because we found specific deficiencies that need to be addressed. This is consistent with every audit our office conducts, whether of a public entity, quasi-public entity, or private entity receiving public funding.

In its response, UMMH states that EOHHS did not provide guidance regarding specific documentation for the use of grant funds. It is UMMH's duty under Section 16.01(b) of Chapter 156D of the Massachusetts General Laws, not EOHHS's, to "maintain appropriate accounting records," and should be doing so in all areas of its business beyond the \$6.2 million grant under our review. This may violate Section 2 of UMMH's funding agreement with EOHHS, dated December 23, 2022, which states that:

2. *By executing this Agreement, the Recipient is attesting that: . . .*
 - c. *The Recipient agrees to produce, upon request by EOHHS, all data or documents that EOHHS determines, in its sole discretion, that it needs: . . .*
 - ii. *to determine how the Recipient expended the payment described in this Agreement.*

In this case, UMMH has stipulated to us that it does not have records that indicate how the \$6.2 million in grant funding was spent. It has, after the exit conference from our audit, had its external law firm provide a spreadsheet purported to be from its director of internal audit, which itself purports to represent how this grant money was spent. As explained, this spreadsheet is not evidence of any expenditure—of the \$6.2 million in grant funding or any other spending—as it is a spreadsheet without back-up or source documentation. If UMMH is unable to produce data or documents to us "to determine how the Recipient expended the payment described in this Agreement," we are concerned that it could not do so if asked by EOHHS. This would indicate that UMMH is unable to fulfill at least some of its reporting and accountability obligations under its grant funding agreement.

Additionally, in its response, UMMH states that we never submitted requests to UMMH for accounting records relative to the grant funds received. This is not the case, as on July 16, 2024, we requested that UMMH provide "documentation to support UMMH's spending of \$6,200,807 which was paid to UMMH by the Executive Office of Health and Human Services (EOHHS)." In response to our request, UMMH

provided an Excel spreadsheet containing bonuses for 14,834 employees during 2020 and 2021, which totaled \$10,639,375. Further, the Excel spreadsheet provided by UMMH was created on December 3, 2024, well after the date of our request and the audit period. This Excel spreadsheet did not contain an audit trail that could provide objective evidence that the bonuses contained within were funded by the \$6.2 million grant under our review. From an audit perspective, the spreadsheet provided to us is information that lacks proof or supporting documentation; we cannot merely accept an auditee's representation of information as accurate without proof that it is.

In its response, EOHHS agrees that maintaining accounting records was a requirement of the grant agreement with UMMH. EOHHS also states that it has not verified whether UMMH maintained any records to account for the \$6.2 million it paid to UMMH. We urge EOHHS to conduct its own independent review of UMMH's spending regarding this grant in order to determine whether UMMH made expenditures in accordance with its payment agreement with EOHHS.

In its response, UMMH also disagreed with our recommendation that it not use grant funding to reimburse its prior expenditures, especially when it could have used that funding to preserve critical healthcare services to the communities it serves. We note that UMMH has not demonstrated to us that it used grant funding to provide bonuses to frontline healthcare workers. UMMH has provided no proof of payments made to these employees. After our audit exited, UMMH's attorneys provided a spreadsheet that is purported to be a record of these payments, but this is not evidence that these payments were made. An example of valid evidence in this regard would be actual payroll records that demonstrate the payment of these bonuses to the stated employees. A spreadsheet—which could have been generated after the fact, by non-payroll personnel, such as UMMH's outside law firm—does not constitute evidence that these payments were made.

We also note that the grant funding agreements between UMMH and EOHHS were very broad as to the permissible purposes for which this funding could be used. The state law (via special act) that authorized this funding was also very broad. Expenditure was not at all limited to the payment of appreciation bonuses to employees, which UMMH contends it spent this money on (but of which it has provided no proof). While reimbursement for bonuses may be permitted, the general public, whose tax dollars were spent, would likely have been better served had this money been used to ensure community access to critical healthcare services, such as maternity care.

The American Rescue Plan Act, which funded the state appropriation, authorized “premium pay” (though, notably, not bonuses) and “grants to employers with essential workers.” In closing the maternity ward, UMMH cited staffing shortages. These taxpayer funds could have been used to offer premium pay to essential workers such as maternity care workers, who UMMH was reportedly having difficulty recruiting. Paying to preserve these important public services would be a valid expenditure of government funding for healthcare, and we believe a better decision than a private entity (UMMH) *reimbursing itself* for spending it indicated that it had already made. This does not call into question the validity of these bonus payments but rather how UMMH chose to reimburse itself for them, rather than preserving services for the public.

2. UMass Memorial Health Care could not account for when or if it had reported births occurring in its hospitals to the Department of Public Health.

UMMH did not provide evidence that it had reported all 74 births in our sample to the Department of Public Health (DPH). Specifically, UMMH could not provide birth logbook entries for 66 (89%) out of 74 births in our sample. This is important because UMMH's birth registrar told us that they use birth logbook entries to ensure that all birthing patients on a particular day have been sent the appropriate forms to fill out for DPH. Additionally, UMMH could not provide evidence that all 74 births in our sample were reported to DPH within 10 days or that all 74 births were accounted for during UMass Memorial Medical Center's and HealthAlliance Clinton Hospital's annual reconciliations with DPH.

According to the Centers for Disease Control and Prevention, birth tracking is important because birth outcomes may vary across different geographic regions due to access to care. The birth data that DPH collects from hospitals, such as UMMH hospitals, can be used by stakeholders, such as medical scholars and public health professionals, to understand population trends, identify health disparities, and inform policy decisions. As such, it is important that the data UMMH provides to DPH be complete, accurate, and timely.

Authoritative Guidance

Section 305.020 of Title 105 of the Code of Massachusetts Regulations (CMR) states,

The physician, certified nurse midwife, administrator or other person in charge of a hospital or birthing facility, or any other person responsible for recording and/or reporting a birth pursuant to [Chapter 46 of the Massachusetts General Laws], shall report to the Registrar within ten days of

the birth of the child all confidential birth information that the Commissioner deems necessary for administrative, statistical or research purposes pursuant to [Section 24B of Chapter 111 of the Massachusetts General Laws].

Additionally, 105 CMR 130.370(F) states,

At the expiration of the retention period specified in [Section 70 of Chapter 111 of the Massachusetts General Laws], which begins after the discharge or the final treatment of the patient to whom a retained medical record relates, a hospital may destroy the medical record. The manner of destruction must ensure the confidentiality of patient information. At least 30 days prior to the proposed date of destruction of a medical record(s), a hospital shall provide written notification to the Department, generally indicating the type of records to be destroyed and the dates of service which exceed the applicable retention period, in a manner specified by the Department, of the hospital's intent to destroy medical record(s) that exceed the 20 year retention period.

Reasons for Issue

UMMH, through its counsel, stated that it disposed of some of the birth logbooks used in its birth reporting process. Additionally, UMMH's counsel stated that UMMH no longer had access to any of the information it sent to DPH.

Recommendations

1. UMMH should ensure that it reports all births occurring in its hospitals to DPH within 10 days and maintain documentation to show this.
2. UMMH should document the birth reconciliation process that it performs annually with DPH and maintain documentation of this process.

Auditee's Response

The Auditee respectfully disagrees with Finding 2. UMMH produced extensive information regarding MassHealth member births, including those 74 births described as "Sample 1" during the audit process. On June 14, 2024, UMMH produced a report of all MassHealth births within the UMMH network of hospitals during the audit period. On August 2, 2024, UMMH produced birth logbook entries for 8 of the 9 patients listed in Sample 1 from HealthAlliance-Clinton Hospital. (One patient was not documented in the birth log because there was a fetal demise.) Furthermore, on August 24, 2024, UMMH produced documentation of all services that were billed to MassHealth for these 74 patients on the date of delivery and date of birth.

The draft report states that UMMH "could not account for when or if it had reported births occurring in his hospitals to the Department of Public Health" and "no longer has access to any information it sent to DPH." This is not accurate. As evidenced by the extensive records provided to [the Office of the State Auditor (OSA)], UMMH maintains robust electronic medical records of all births at its hospitals. As to the reporting process, UMMH employees interviewed by OSA confirmed the process by which UMMH reports births to DPH and the process by which UMMH reconciles the births

reported by UMMH with the records maintained by DPH. UMMH provided OSA with the relevant policies related to birth reporting, as well as documentation of its reconciliation with DPH for 2023. For the reconciliations performed in the years prior to 2023, UMMH confirmed it no longer had copies, as those reconciliations were sent to DPH via encrypted messages, per DPH's request, that have since been cleared from UMMH's system, as is best practice when transferring documentation with significant Personal Health Information ("PHI"). See [Section 164.308(a)(5)(i) of Title 45 of the Code of Federal Regulations]. Similarly, because the submission of birth records to DPH occurs via a secure DPH electronic portal, records regarding those submissions were not available to UMMH. To the extent OSA had any concerns on this issue, DPH would maintain records of its own secure portals, not UMMH, and could provide confirmation of such submissions.

As OSA is aware from interviews it conducted of UMMH employees, UMMH maternity wards maintain a physical birth logbook as a backup for newborn birth records that is kept in the maternity ward for easy access during patient admissions. Those paper logs are routinely disposed of in [Health Insurance Portability and Accountability Act (HIPAA)]-compliant shredding bins in the ordinary course of business and the electronic medical records remain the official medical records maintained by UMMH recording every birth. While UMMH produced to OSA the paper birth logbooks that were still available at the time of the audit, it did not have a complete set of paper logbooks for the multi-year period requested by OSA due to the HIPAA-compliant procedures outlined above. But in all cases, UMMH appropriately maintained birth records through its secure electronic medical records system.

Response from EOHHS-MassHealth

EOHHS agrees that UMMH must document births and report them to DPH within 10 days, in accordance with DPH regulations at 105 CMR 305. The [Office of the State Auditor (OSA)] report indicates that UMMH "reported a total of 15,784 births to DPH between January 1, 2020, through December 31, 2022." EOHHS notes that, notwithstanding the OSA's finding, from the data included in the OSA's report, it appears that UMMH is reporting births occurring in its hospitals to DPH. The OSA notes that "UMMH could not provide evidence that all 74 births in [its] sample were reported to DPH within 10 days." However, it is not clear from the OSA report what percentage of the sample could not be verified as being reported within 10 days.

EOHHS does not have sufficient information to comment on whether UMMH has existing internal controls sufficient to ensure compliance with birth reporting requirements. As a general matter, EOHHS agrees that UMMH should have internal controls in place to ensure that births are reported to DPH within 10 days, in accordance with the regulation.

Auditor's Reply

In its response, UMMH states that it disagrees with Finding 2 because it provided us with (1) a report of all MassHealth births during the audit period; (2) birth logbooks for 8 out of 74, or 9%, of the MassHealth patients in our sample; (3) documentation of the services billed to MassHealth for the 74 sampled patients; and (4) policies related to its birth reporting and reconciliation process. However, none of the information provided by UMMH could be used to verify that births for the 74 sampled patients were

reported to DPH. UMMH does not mention that we also requested copies of birth registration forms signed by the UMMH birth registrar for all 74 sampled patients, along with the annual birth reconciliation that UMMH performs with DPH in order to verify that these births were reported to DPH within 10 days. However, as indicated in its response, UMMH stated it no longer had copies of any annual birth reconciliations with DPH prior to 2023. Additionally, UMMH refused to provide us with copies of birth registration forms for all 74 sampled MassHealth patients. Furthermore, if UMMH maintained electronic copies of the logbooks that it disposed of, then those should have been provided to us pursuant to our request. However, in lieu of providing electronic copies of the outstanding birth logbooks, UMMH told us it was “unable to produce any additional logs in response to this request.”

In its response, EOHHS states, “it is not clear from the [Office of the State Auditor] report what percentage of the sample could not be verified as being reported within 10 days.” To be clear, we did not receive sufficient evidence from UMMH to be able to verify that any of the births for the 74 sampled patients were reported to DPH within the required 10-day period. Our inability to report the number of births was due to UMMH’s failure to maintain accurate records. This does not in any way undermine the findings of our audit. On the contrary, it reinforces them. We urge UMMH to implement our recommendations above.

OTHER MATTERS

UMass Memorial Health Care did not ensure that all users of its electronic health records information system completed information security awareness training.

UMass Memorial Health Care (UMMH) uses Epic Systems to maintain electronic health records for its MassHealth patients. The level of access for each UMMH employee depends on their role, and new employees are required to complete information security awareness training when hired before gaining access to Epic Systems. UMMH officials told us that the level of access for employees depends on their role, and that UMMH policy requires new employees to complete information security awareness training when hired and before using Epic Systems and annually thereafter.

UMMH could not provide evidence that 5 out of 25 sampled system users completed information security awareness training before gaining access to Epic Systems and did not complete information security awareness training on an annual basis after gaining access to Epic Systems.

The Health Insurance Portability and Accountability Act (HIPAA) Security Rule, as described in Section 164.308(a)(5)(i) of Title 45 of the Code of Federal Regulations, states, "A covered entity or business associate must . . . Implement a security awareness and training program for all members of its workforce."

By not ensuring that all Epic Systems users at UMMH complete information security awareness training, patient health information could become compromised due to user error and/or negligence.

Auditee's Response

The draft report alleges that UMMH "could not provide evidence that 5 out of 20 sampled system users" completed information security training prior to gaining access to Epic Systems or training on an annual basis thereafter. It is unclear to UMMH how [the Office of the State Auditor] is drawing this conclusion.

UMMH provided this information in its September 27, 2024 production. Specifically, UMMH provided evidence that all 20 sampled system users (15 employees and 5 contingent workers) received information security training and annual training thereafter. If there is additional information you believe you did not receive on this front, it has not been requested.

Response from EOHHS-MassHealth

EOHHS agrees that UMMH must abide by HIPAA requirements, including cyber security requirements.

Auditor's Reply

In its response, UMMH states that it provided evidence of information security awareness training for all 20 sampled Epic Systems users. This is not the case, as for the 5 contingent workers, UMMH only provided signed HIPAA acknowledgement statements. In a letter addressed to the Office of the State Auditor on September 27, 2024, UMMH stated, "As a result of these issues, UMMH's Human Resources department has not been able to locate all training and orientation records for the users identified on September 12, 2024." HIPAA mandates that all members of a covered entity's workforce (which includes temporary, voluntary, and contingent workers) must complete a security awareness training program.