

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
CALIFORNIA PSYCHCARE, INC.**

Programs and Services:

Behavior Management Assistant – PL0813

Behavior Management Consultant – PT0348, PL0786, PL0788

Behavior Analyst – PL0812

Client/Parent Support Behavior Intervention Training – PE0185

Audit Period: July 1, 2008, through June 30, 2011

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
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CALIFORNIA PSYCHCARE, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited California PsychCare, Inc. (CPC). CPC is one of a number of companies owned and operated by Dr. Ali Sadeghi, Ph.D. This audit report is an audit of only CPC, although Behavior Respite In Action, Inc., Autism Response Team, Inc., and Dr. Ali Sadeghi, Ph.D., Sole Proprietorship, were audited simultaneously and separate audit reports will be issued for each company. The audit was performed upon the Behavior Management Assistant, Behavior Management Consultant, Behavior Analyst and Client/Parent Support Behavior Intervention Training programs for the period of July 1, 2008, through June 30, 2011.

The audit disclosed the following issues of non-compliance:

Finding 1: Behavior Management Assistant – Unsupported Billings and Failure to Bill

The review of CPC's Behavior Management Assistant, Vendor Number PL0813, revealed that CPC had both unsupported billings, as well as appropriate support for services that it failed to bill the North Los Angeles County Regional Center (NLACRC), San Gabriel/Pomona Regional Center (SG/PRC), Kern Regional Center (KRC), and Eastern Los Angeles Regional Center (ELARC). As a result, CPC had a total of \$697,622 of unsupported billings and a total of \$146,339 for which it failed to bill.

Finding 2: Behavior Management Consultant – Unsupported Billings and Failure to Bill

The review of CPC's Behavior Management Consultant, Vendor Numbers PT0348, PL0786, and PL0788, revealed that CPC had both unsupported billings, as well as appropriate support for services that it failed to bill the Tri-Counties Regional Center (TCRC), Frank D. Lanterman Regional Center (FDLRC), NLACRC and SG/PRC. As a result, CPC had a total of \$564,367 of unsupported billings and a total of \$119,698 for which it failed to bill.

Finding 3: Behavior Analyst – Unsupported Billings and Failure to Bill

The review of CPC's Behavior Analyst, Vendor Number PL0812, revealed that CPC had both unsupported billings, as well as appropriate support for services that it failed to bill the NLACRC, SG/PRC and KRC. As a result, CPC had a total of \$182,456 of unsupported billings and a total of \$35,414 for which it failed to bill.

Finding 4: Client/Parent Support Behavior Intervention Training - Unsupported Billings and Failure to Bill

The review of CPC's Client/Parent Support Behavior Intervention Training program, Vendor Number PE0185, revealed that CPC had both unsupported billings, as well as appropriate support for services that it failed to bill ELARC. As a result, CPC had a total of \$34,851 of unsupported billings and a total of \$4,384 for which it failed to bill.

Finding 5: Behavior Analyst – Incorrect Billing

The review of CPC's Behavior Analyst program, Vendor Number PL0812, revealed that CPC's staff who provided services under Service Code 612 failed to meet the qualification required by CCR, Title 17 and were not certified by the national Behavior Analyst Certification Board.

CPC's failure to meet the minimum staffing qualifications outline in CCR, Title 17, resulted in services being provided by staff who did not meet the level of qualifications authorized for the service. However, considering that CPC provided 27,454 hours of service, DDS adjusted CPC's rate per hour to reflect a lower rate commensurable with the service delivered. Therefore, the 27,454 hours CPC's staff provided under Service Code 612 was adjusted to the lower rate for the sample period audited, which resulted in the amount of \$645,804.

Finding 6: Noncompliance with Record Maintenance Requirements

The review of CPC's Behavior Analyst, Vendor Number PL0812, and Client/Parent Support Behavior Intervention Training, Vendor Number PE0185, revealed that the CPC service records reflecting the supervisor's time failed to indicate date, start, and end times of services provided to the consumers pursuant to CCR, Title 17.

The net total unsupported and incorrect billings identified in this audit amounts to \$1,819,265 due back to DDS. A detailed discussion of these findings is contained in the Findings and Recommendations section of this audit report.

BACKGROUND

The DDS is responsible, under the Lanterman Developmental Disabilities Services Act, for ensuring that persons with developmental disabilities receive the services and supports they need to lead more independent, productive, and normal lives. DDS contracts with 21 private, nonprofit regional centers that provide fixed points of contact in the community for serving eligible individuals with developmental disabilities and their families in California. In order for regional centers to fulfill their objectives, they secure services and supports from qualified service providers, contractors, or both. Pursuant to the Welfare and Institutions (W&I) Code, Section 4648.1, DDS has the authority to audit those service providers, contractors, or both that provide services and supports to persons with developmental disabilities.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The audit was conducted to determine whether CPC's Behavior Management Assistant, Behavior Management Consultant, Behavior Analyst, and Client/Parent Support Behavior Intervention Training were compliant with the W&I Code, California Code of Regulations, Title 17 (CCR, Title 17), and the regional centers' contracts with ELARC, FDLRC, KRC, NLACRC, SG/PRC, and TCRC for the period of July 1, 2008, through June 30, 2011.

Scope

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. The auditors did not review the financial statements of CPC, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CPC's internal controls to gain an understanding of the transaction flow and invoice preparation process as necessary to develop appropriate auditing procedures. The audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance that CPC complied with W&I Code and CCR, Title 17. Also, any complaints that DDS' Audit Branch was aware of regarding non-compliance with laws and regulations were reviewed and followed-up on during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to 11 regional centers that utilized CPC's services during the audit period. Of the 11 regional centers, DDS audited services provided to the following six regional centers: ELARC, FDLRC, KRC, NLACRC, SG/PRC, and TCRC. These six regional centers were chosen due to the large amount of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

In addition, CPC provided four different types of services, all of which were audited by DDS. The four services chosen by DDS were also chosen based on the amount of POS expenditures invoiced by CPC. Analyzing the information received during the pre-audit meeting with the vendor, an internal control questionnaire and a risk analysis, it was determined that a one-month sample period would be sufficient to fulfill the audit objectives.

Applied Behavior Analysis (ABA)

During the audit period, CPC operated three ABA programs. The audit included the review of all of CPC's ABA programs and testing was done for the month of December 2008. However, within that month, the audit sample demonstrated an unusual amount of unsupported billings due to the lack of supporting documentation in the form of timesheets or session notes. As a result, the testing sample was expanded to include the months of January, February, and March 2009, and January, February, September, and November 2010. The programs and vendor numbers audited are listed below:

- Behavior Management Assistant, Vendor Number PL0813, Service Code 615
- Behavior Management Consultant, Vendor Numbers PT0348, PL0786, and PL0788, Service Code 620
- Behavior Analyst, Vendor Number PL0812, Service Code 612

Client/Parent Support Behavior Intervention Training

During the audit period, CPC operated one Client/Parent Support Behavior Intervention Training. The audit included the review of CPC's Client/Parent Support Behavior Intervention Training, Vendor Number PE0185, Service Code 048 and testing was done for the month of December 2008. However, within that month, the audit sample demonstrated an unusual amount of unsupported billings due to the lack of supporting documentation in the form of timesheets or session notes. As a result, the testing sample was expanded to include the months of January, February, and March 2009.

Methodology

The following methodology was used by DDS to ensure the audit objectives were met. The methodology was designed to obtain a reasonable assurance that the evidence provided was sufficient and appropriate to support the findings and conclusions in relation to the audit objectives. The procedures performed included, but were not limited to, the following:

- Review of vendor files for contracts, rate letters, program designs, POS authorizations, and correspondence pertinent to the review.
- Interview of regional center staff for vendor background information and to obtain insight into the vendor's operations.
- Interview of vendor staff and management to gain an understanding of its accounting procedures and processes for regional center billing.
- Review of vendor service/attendance records to determine if the vendor had sufficient and appropriate evidence to support the direct care services billed to the regional centers.

- Analysis of the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

CONCLUSION

Based upon items identified in the Findings and Recommendations section, CPC did not comply with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on December 16, 2014. The findings in the draft audit report were discussed at a formal exit conference with Dr. Ali Sadeghi, Executive Clinical Director, and Manfred Rodriguez, CPC's Administrative Director, on December 19, 2014. Subsequent to the meeting on December 23, 2015, CPC requested the auditors' working papers and an extension of time until April 16, 2015, to provide its response to the draft audit report. DDS provided CPC with the working papers and granted a two-month extension. On April 6, 2015, CPC requested the opportunity to discuss the findings and a potential settlement.

RESTRICTED USE

This audit report is solely for the information and use of DDS, Department of Health Care Services, NLACRC, SG/PRC, KRC, TCRC, FDLRC, ELARC, Harbor Regional Center, Inland Regional Center, Regional Center of Orange County, South Central Los Angeles Regional Center, Westside Regional Center, and CPC. This restriction is not intended to limit distribution of this audit report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Behavior Management Assistant – Unsupported Billings and Failure to Bill

The review of CPC's Behavior Management Assistant, Vendor Number PL0813, for the sample months of December 2008; January, February, and March 2009; and January, February, September, and November 2010, revealed that CPC had both unsupported billings, as well as appropriate support for services that it failed to bill to the regional centers.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to the regional centers. There were instances of billings that were not supported by any source documents that the services were provided. The failure to bill occurred when CPC had appropriate supporting documentation, but did not bill the regional centers.

CPC was not able to provide appropriate supporting documentation for 13,094 hours of service billed to the regional centers. The lack of documentation resulted in unsupported billings to the regional centers in the amount of \$671,728.

In addition, CPC was not able to provide appropriate supporting documentation for 2,981 units of Out-of-Office calls (OOC) billed to the regional centers. The lack of documentation resulted in unsupported billings to the regional centers in the amount of \$25,894.

Furthermore, CPC provided appropriate supporting documentation for 2,437 hours and 2,478 units of service for OOC that was not billed to the regional centers. This resulted in an unbilled amount of \$146,339.

As a result, \$551,283 (\$697,622-\$146,339) is due back to DDS for the unsupported billings. (See Attachment A)

W&I Code, Section 4648.1(e)(1) states:

“(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines either the following has occurred:

- (1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

“(a) All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed . . .
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center . . .”

CCR, Title 17, Section 50604(d) and (e) states:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program . . .

(e) All service providers’ records shall be supported by source documentation.”

Recommendation:

CPC must reimburse to DDS the \$551,283 for the unsupported billings. In addition, CPC should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to the regional centers.

CPC’s Response:

In CPC’s response dated March 27, 2015, CPC requested the opportunity to discuss the audit findings further with DDS; and on April 6, 2015, CPC indicated that it would like to meet with DDS to discuss a potential settlement.

See Attachment C for full text of CPC’s response and Attachment D for DDS’ Evaluation on CPC’s response.

Finding 2: Behavior Management Consultant – Unsupported Billings and Failure to Bill

The review of CPC’s Behavior Management Consultant, Vendor Numbers PT0348, PL0786 and PL0788, for the sample months of December 2008; January, February, and March 2009; and January, February, September, and November 2010, revealed that CPC had both unsupported billings, as well as appropriate support for services that it failed to bill the regional centers.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to the regional centers. The failure to bill occurred when CPC had appropriate supporting documentation, but did not bill the regional centers.

CPC was not able to provide appropriate supporting documentation for 8,659 hours of services billed to the regional centers. The lack of documentation resulted in unsupported billings to the regional centers in the amount of \$556,646.

In addition, CPC was not able to provide appropriate supporting documentation for 831 units of OOC billed to the regional centers. The lack of documentation resulted in unsupported billings to the regional centers in the amount of \$7,721.

Furthermore, CPC provided appropriate supporting documentation for 1,903 hours and 54 units of OOC that was not billed to the regional centers. This resulted in an unbilled amount of \$119,698.

As a result, \$444,669 (\$564,367 - \$119,698) is due back to DDS for the unsupported billings. (See Attachment A)

W&I Code, Section 4648.1(e)(1) states:

“(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines either the following has occurred:

- (1) The services were not provided in accordance with the regional center’s contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

“(a) All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed . . .
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center . . .”

CCR, Title 17, Section 50604(d) and (e) states:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program . . .

(e) All service providers’ records shall be supported by source documentation.”

Recommendation:

CPC must reimburse to DDS the \$444,669 for the unsupported billings. In addition, CPC should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to the regional centers.

CPC's Response:

In CPC's response dated March 27, 2015, CPC requested the opportunity to discuss the audit findings further with DDS; and on April 6, 2015, CPC indicated that it would like to meet with DDS to discuss a potential settlement.

See Attachment C for full text of CPC's response and Attachment D for DDS' Evaluation on CPC's response.

Finding 3: Behavior Analyst – Unsupported Billings and Failure to Bill

The review of CPC's Behavior Analyst, Vendor Number PL0812, for the sample months of December 2008; January, February, and March 2009; and January, February, September, and November 2010, revealed that CPC had both unsupported billings, as well as appropriate support for services that it failed to bill the regional centers.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to the regional centers. The failure to bill occurred when CPC had appropriate supporting documentation, but did not bill the regional centers.

CPC was not able to provide appropriate supporting documentation for 2,468 hours of services billed. The lack of documentation resulted in unsupported billings to the regional centers in the amount of \$182,456.

In addition, CPC provided appropriate supporting documentation for 502 hours of service that was not billed to regional centers. This resulted in an unbilled amount of \$35,414.

As a result, \$147,042 (\$182,456 - \$35,414) is due back to DDS for the unsupported billings. (See Attachment A)

W&I Code, Section 4648.1(e)(1) states:

“(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines either the following has occurred:

- (1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

“(a) All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed . . .
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center . . .”

CCR, Title 17, Section 50604(d) and (e) states:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program . . .

(e) All service providers’ records shall be supported by source documentation.”

Recommendation:

CPC must reimburse to DDS the \$147,042 for the unsupported billings. In addition, CPC should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to the regional centers.

CPC’s Response:

In CPC’s response dated March 27, 2015, CPC requested the opportunity to discuss the audit findings further with DDS; and on April 6, 2015, CPC indicated that it would like to meet with DDS to discuss a potential settlement.

See Attachment C for full text of CPC’s response and Attachment D for DDS’ Evaluation on CPC’s response.

Finding 4: Client/Parent Support Behavior Intervention Training – Unsupported Billings and Failure to Bill

The review of CPC’s Client/Parent Support Behavior Intervention Training, Vendor Number PE0185, for the sample months of December 2008, January, February, and March 2009, and January, February, September, and November 2010, revealed that CPC had both unsupported billings, as well as appropriate support for services that it failed to bill to ELARC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of services billed to ELARC. The failure to bill occurred when CPC had appropriate supporting documentation, but did not bill ELARC.

CPC was not able to provide appropriate supporting documentation for 681 hours of services billed. The lack of documentation resulted in unsupported billings to ELARC in the amount of \$34,851.

In addition, CPC provided appropriate supporting documentation for 86 hours of service, but was not billed to ELARC. This resulted in an unbilled amount of \$4,384.

As a result, \$30,467 (\$34,851 - \$4,384) is due back to DDS for the unsupported billings. (See Attachment A)

W&I Code, Section 4648.1(e)(1) states:

“(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines either the following has occurred:

- (1) The services were not provided in accordance with the regional center’s contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

“(a) All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed . . .
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center . . .”

CCR, Title 17, Section 50604(d) and (e) states:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program . . .

(e) All service providers’ records shall be supported by source documentation.”

Recommendation:

CPC must reimburse to DDS the \$30,467 for the unsupported billings. In addition, CPC should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to ELARC.

CPC's Response:

In CPC's response dated March 27, 2015, CPC requested the opportunity to discuss the audit findings further with DDS; and on April 6, 2015, CPC indicated that it would like to meet with DDS to discuss a potential settlement.

See Attachment C for full text of CPC's response and Attachment D for DDS' Evaluation on CPC's response.

Finding 5: Behavior Analyst – Incorrect Billing

The review of CPC's Behavioral Analyst, Vendor Number PL0812, for the sample months of December 2008, January, February, and March 2009, and January, February, September, and November 2010, revealed that CPC's staff who provided services under Service Code 612 failed to meet the qualification required by CCR, Title 17 and were not certified by the national Behavior Analyst Certification Board.

CCR, Title 17 vendorization requirements ensure that a Behavior Analyst's reimbursement rate of service is commensurable with the Behavior Analyst's qualifications; i.e., if those providing service do not meet the required qualification(s) for such service, they are not reimbursed at the same rate as those who possess the required qualifications.

CPC's failure to meet the minimum staffing qualifications outline in CCR, Title 17, resulted in services being provided by staff who did not meet the level of qualifications authorized for the service. However, considering that CPC provided 27,454 hours of service, DDS adjusted CPC's rate per hour to reflect a lower rate commensurable with the service delivered. Therefore, the 27,454 hours CPC's staff provided under Service Code 612 was adjusted to the lower rate for the sample period audited, which resulted in the amount of \$645,804. (See Attachment B)

W&I Code, Section 4648.1(e)(1) states:

- “(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines either the following has occurred:
 - (1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(12) states:

“(a) All vendors shall:

- (12) Agree to accept the rate established, revised or adjusted by the Department as payment in full for all authorized services provided to consumers . . .”

CCR, Title 17, Section 54342 states in pertinent part:

“(11) Behavior Analyst – Service Code 612. Behavior Analyst means an individual who assesses the function of a behavior of a consumer and designs, implements, and evaluates instructional and environmental modifications to produce socially significant improvements in the consumer’s behavior through skill acquisition and the reduction of behavior. Behavior Analysts engage in functional assessments or functional analyses to identify environmental factors of which behavior is a function. A Behavior Analyst shall not practice psychology, as defined in Business and Professions Code section 2903. A regional center shall classify a vendor as a Behavior Analyst if an individual is recognized by the national Behavior Analyst Certification Board as a Board Certified Behavior Analyst.”

Recommendation:

CPC must reimburse to DDS, \$645,804 for the incorrect billing and cease its incorrect billing practices. In addition, CPC should develop procedures and implement policies to ensure only individuals recognized by the national Behavior Analyst Certification Board as a Board Certified Behavior Analyst perform the functions of a Behavior Analyst.

CPC’s Response:

In CPC’s response dated March 27, 2015, CPC noted that its program design submitted to the regional centers did not require supervisors to have a BCBA certification. However, CPC requested the opportunity to discuss the audit findings further with DDS; and on April 6, 2015, CPC indicated that it would like to meet with DDS to discuss a potential settlement.

See Attachment C for full text of CPC’s response and Attachment D for DDS’ Evaluation on CPC’s response.

Finding 6: Noncompliance with Record Maintenance Requirements

The review of CPC’s Behavior Analyst program, Vendor Number PL0812, and Client/Parent Support Behavior Intervention Training program, Vendor Number PE0185, revealed that CPC recorded the direct supervisory hours totaling to 10,538 hours in the individual consumer supervision timesheets as support for the billings submitted to the regional centers without either date, time, or service location. This does not comply with CCR, Title 17, Section 50604(d)(3)(D).

CCR, Title 17, Section 50604(d)(3)(D) states in pertinent part that:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program . . .

(3) A record of services provided to each consumer. The record shall include:

(D) For all other services, the date, the start time and end times of service provided to the consumer, street address where the service was provided, and daily or hourly units of service provided.”

Recommendation:

CPC must revise its record keeping policies and procedures to ensure that the date, start and end times of service provided to the consumer, location where the service was provided, and daily or hourly units of service provided, are properly reflected in the supervisor/staff service logs.

CPC’s Response:

In its response, CPC acknowledges that the supervisor’s timesheet did not reflect the date, start, and end times of services; and has revised its record keeping policies and procedures to address this matter.

California PsychCare, Inc.
Summary of Unsupported Billings and Failure to Bill
 Audit Period: July 1, 2008 through June 30, 2011

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	<u>Unsupported Billings</u>		<u>Failed to Bill</u>		<u>Net Due to DDS</u>
					Units	Amount	Units	Amount	Amount*
					A		B	= A + B	
<u>Applied Behavior Analysis</u>									
1	PL0813	615	Behavior Management Assistant						
			Sample Months - Dec. 2008 to Jan. 2009						
			NLACRC	Hours	4,642	\$ 243,226	444	\$ (23,244)	\$ 219,982
			SG/PRC	Hours	461	24,134	20	(1,022)	23,112
			KRC	Hours	100	5,240	23	(1,205)	4,035
			Sample Months - Feb. 2009 to Mar. 2009						
			NLACRC	Hours	3,092	157,176	315	(15,994)	141,182
			SG/PRC	Hours	143	7,256	74	(3,761)	3,495
			KRC	Hours	6	323	-	-	323
			Subtotal		8,444	\$ 437,355	876	\$ (45,226)	\$ 392,129
			<u>Sub Code - Out of office Calls (OOC)</u>						
			Sample Month - Dec. 2008						
			NLACRC	OOC	1,017	9,936	240	\$ (2,345)	\$ 7,591
			SG/PRC	OOC	50	489	21	(205)	284
			KRC	OOC	3	29	-	-	29
			Subtotal		1,070	\$ 10,454	261	\$ (2,550)	\$ 7,904

California PsychCare, Inc.
Summary of Unsupported Billings and Failure to Bill
 Audit Period: July 1, 2008 through June 30, 2011

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unsupported Billings		Failed to Bill		Net Due to DDS		
					Units	Amount	Units	Amount	Amount*		
					A		B		= A + B		
PL0813	615		Behavior Management Assistant								
			Sample Months - Sept. 2010 and Nov. 2010								
			NLACRC	Hours	2,016	\$ 101,166	316	\$ (15,858)	\$ 85,308		
			SG/PRC	Hours	187	9,404	17	(858)	8,546		
			SG/PRC	Hours	1	37	-	-	37		
			KRC	Hours	121	6,095	-	-	6,095		
			ELARC	Hours	337	16,427	213	(10,363)	6,064		
			Sample Months - Jan. 2010 to Feb. 2010								
			NLACRC	Hours	2,190	111,301	873	(44,371)	66,930		
			SGPRC	Hours	205	10,395	87	(4,435)	5,960		
			KRC	Hours	13	655	1	(26)	629		
			ELARC	Hours	136	6,698	54	(2,640)	4,058		
			Subtotal		5,206	\$ 262,178	1,561	\$ 78,551	\$ 183,627		
			<u>Sub Code - Out of office Calls (OOC)</u>								
			Sample Month - Jan, Feb, Sept, & Nov. 2010								
			NLACRC	OOC	741	\$ 7,025	1,262	\$ (11,965)	\$ (4,940)		
			NLACRC	OOCDT	759	7,098	759	(7,097)	1		
			SG/PRC	OOC	33	313	58	(550)	(237)		
			SG/PRC	OOC	36	337	23	(213)	124		
			ELARC	Unit	134	219	53	(87)	132		
			ELARC	Unit	193	311	62	(100)	211		
			ELARC	Unit	7	64	-	-	64		
			ELARC	Unit	7	64	-	-	64		
			KRC	OOC	1	9	-	-	9		
			Subtotal		1,911	\$ 15,440	2,217	\$ (20,012)	\$ (4,572)		
			<i>Amount Credited to CPC based on Submitted Documents for the month of November 2010</i>					(556)	\$ (27,805)	-	
			FINDING 1: Total - Behavior Management Assistant					\$ 697,622	\$ (146,339)	\$ 551,283	

California PsychCare, Inc.
Summary of Unsupported Billings and Failure to Bill
Audit Period: July 1, 2008 through June 30, 2011

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unsupported Billings		Failed to Bill		Net Due to DDS
					Units	Amount A	Units	Amount B	Amount* = A + B
2	PT0348	620	Behavior Management Consultant						
			Sample Months - Dec. 2008 to Jan. 2009						
			TCRC	Hours	2,748	\$ 178,652	425	\$ (27,656)	\$ 150,996
			TCRC-EVAL	Unit	3	2,400	-	-	2,400
			Sample Months - Feb. 2009 to Mar. 2009						
			TCRC	Hours	2,402	151,432	448	(28,233)	123,199
			TCRC-EVAL	Unit	7	5,432	-	-	5,432
PL0786	620	620	Behavior Management Consultant						
			Sample Months - Dec. 2008 to Jan. 2009						
			FDLRC	Hours	17	865	3	(140)	725
			NLACRC	Hours	117	5,952	33	(1,686)	4,266
			SG/PRC	Hours	170	8,622	-	-	8,622
			Sample Months - Feb. 2009 to Mar. 2009						
			FDLRC	Hours	42	2,072	3	(160)	1,912
			NLACRC	Hours	330	16,295	1	(62)	16,233
			SG/PRC	Hours	1	49	-	-	49
PL0788	620	620	Behavior Management Consultant						
			Sample Months - Dec. 2008 to Jan. 2009						
			FDLRC	Hours	186	9,475	7	(331)	9,144
			Sample Months - Feb. 2009 to Mar. 2009						
			FDLRC	Hours	200	9,883	22	(1,073)	8,810
Subtotal					6,223	\$ 391,129	942	\$ (59,341)	\$ 331,788

California PsychCare, Inc.
Summary of Unsupported Billings and Failure to Bill
 Audit Period: July 1, 2008 through June 30, 2011

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unsupported Billings		Failed to Bill		Net Due to DDS
					Units	Amount	Units	Amount	Amount*
					A			B	= A + B
PL0786			<u>Sub Code - Out of office Calls (OOC)</u>						
			Sample Months - Dec. 2008 to Jan. 2009						
			FDLRC- VIS	OOC	25	\$ 237	1	\$ (9)	\$ 228
			NLARC- OOC	OOC	196	1,859	7	(66)	1,793
			SG/PRC- OOC	OOC	37	351	7	(66)	285
			Sample Months - Feb. 2009 to Mar. 2009						
			FDLRC- VIS	OOC	26	239	10	(92)	147
			NLARC- OOC	OOC	429	3,951	5	(46)	3,905
			SG/PRC- OOC	OOC	-	-	2	(18)	(18)
PL0788			<u>Sub Code - Out of office Calls (OOC)</u>						
			Sample Months - Dec. 2008 to Jan. 2009						
			FDLRC	OOC	10	95	11	(104)	(9)
			Sample Months - Feb. 2009 to Mar. 2009						
			FDLRC	OOC	30	276	7	(64)	212
Subtotal					753	\$ 7,008	50	\$ (465)	\$ 6,543

California PsychCare, Inc.
 Summary of Unsupported Billings and Failure to Bill
 Audit Period: July 1, 2008 through June 30, 2011

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unsupported Billings		Failed to Bill		Net Due to DDS
					Units	Amount A	Units	Amount B	Amount* = A + B
PT0348	620	Behavior Management Consultant	Sample Months - Jan 2010 to Feb 2010						
		TCRC		Hours	1,742	\$ 109,825	681	\$ (42,953)	\$ 66,872
		TCRC	Sample Months - Sept. 2010 and Nov. 2010	Hours	951	59,159	241	(14,984)	44,175
		TCRC		Hours	4	285	-	-	285
		TCRC-EVAL		Unit	1	766	-	-	766
PL0786	620	Behavior Management Consultant	Sample Months - Jan 2010 to Feb 2010						
		FDLRC		Hours	8	407	4	(210)	197
		NLACRC		Hours	57	2,800	18	(897)	1,903
		SG/PRC		Hours	2	74	-	-	74
		FDLRC	Sample Months - Sept. 2010 and Nov. 2010	Hours	2	97	2	(97)	-
PL0788	620	Behavior Management Consultant	Sample Months - Jan 2010 to Feb 2010						
		FDLRC		Hours	42	2,085	15	(715)	1,370
		FDLRC	Sample Months - Sept. 2010 and Nov. 2010	Hours	13	633	-	-	633
			Subtotal		2,822	176,131	961	(59,856)	116,275
			Sample Months - Jan. 2010 to Feb. 2010						
		FDLRC- VIS		OOO	2	18	2	(18)	-
		NLARC- OOC		OOO	76	695	2	(18)	677
			Subtotal		78	\$ 713	4	(36)	\$ 677
			Amount Credited to CPC based on Submitted Documents for the month of November 2010		(386)	(10,614)			
FINDING 2: Total - Behavior Management Consultant						\$ 564,367		\$ (119,698)	\$ 444,669

California PsychCare, Inc.
Summary of Unsupported Billings and Failure to Bill
Audit Period: July 1, 2008 through June 30, 2011

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unsupported Billings		Failed to Bill		Net Due to DDS			
					Units	Amount	Units	Amount	Amount*			
					A		B	= A + B				
3	PL0812	612	Behavior Analyst									
			Sample Months - Dec. 2008 to Jan. 2009									
			NLACRC	Hours	669	\$ 50,177	25	\$ (1,259)	\$ 48,918.22			
			SG/PRC	Hours	23	1,688	4	(178)	1,510			
			KRC	Hours	21	1,575	-	-	1,575			
			Sample Months - Feb. 2009 to Mar. 2009									
			NLACRC	Hours	912	66,355	15	(752)	65,603			
			SG/PRC	Hours	106	7,693	1	(25)	7,668			
			KRC	Hours	-	-	-	-	-			
			Subtotal			1,731	\$ 127,488	45	\$ (2,214)	\$ 125,274		
			PL0812	612	Behavior Analyst	Sample Months - Jan. 2010 to Feb. 2010						
						NLACRC	Hours	231	\$ 16,818	217	\$ (15,799)	\$ 1,019
						SG/PRC	Hours	18	1,310	108	(7,875)	(6,565)
ELARC	Hours	25				1,801	42	(3,074)	(1,273)			
KRC	Hours	1				73	-	-	73			
Sample Months - Sept. 2010 and Nov. 2010												
NLACRC	Hours	437				31,405	78	(5,590)	25,815			
SG/PRC	Hours	13				959	10	(718)	241			
ELARC	Hours	12				826	2	(144)	682			
KRC	Hours	73				5,259	-	-	5,259			
Subtotal						810	\$ 58,451	457	(33,200)	\$ 25,251		
<i>Amount Credited to CPC based on Submitted Documents for the month of November 2010</i>						(73)	\$ (3,483)					
FINDING 3 Total: Behavior Analyst							\$ 182,456	\$ (35,414)	\$ 147,042			
4	PE0185	048	Client/Parent Support Behavior Intervention Training									
			Sample Month - Dec. 2008 to Jan. 2009									
			ELARC	Hours	301	\$ 15,800	23	\$ (1,184)	\$ 14,616			
					52	2,596	3	(150)	2,446			
			Sample Months - Feb. 2009 to Mar. 2009									
			ELARC	Hours	228	11,613	60	(3,050)	8,563			
		100	4,842	-	-	4,842						
FINDING 4 Total: Client/Parent Support Behavior Intervention Training						\$ 34,851	\$ (4,384)	\$ 30,467				

*Rounded to the nearest whole number

California PsychCare, Inc.
 Incorrect Billing Service Code Due to Staff Lacking Proper Certification
 Audit Period: July 1, 2008 through June 30, 2011

Attachment B

Finding #	Svc Vendor Code Description	Unit Type	Initial Amount Billed		Adjusted Amount	Net Due to DDS	
			Units	Amount	Amount	Amount*	
			A		B	= A + B	
<u>Applied Behavior Analysis</u>							
5	PL0812 612 Behavior Analyst						
	Sample Months - Dec. 2008 to Jan. 2009						
		NLACRC	Hours	6,530	\$ 489,716	\$ (332,158)	\$ 157,558
		SG/PRC	Hours	401	30,094	(20,412)	9,682
		KRC	Hours	26	1,950	(1,323)	627
	Sample Months - Feb. 2009 to Mar. 2009						
		NLACRC	Hours	7,275	529,250	(358,945)	170,305
		SG/PRC	Hours	348	25,299	(17,158)	8,141
		KRC	Hours	6	437	(296)	140
		Subtotal		14,586	\$ 1,076,746	\$ (730,292)	\$ 346,454
	Sample Months - Jan. 2010 to Feb. 2010						
		NLACRC	Hours	6,230	\$ 453,256	\$ (307,404)	\$ 145,852
		SG/PRC	Hours	410	29,846	(20,242)	9,604
		KRC	Hours	43	3,092	(2,097)	995
		ELARC	Hours	181	13,150	(8,918)	4,232
		Subtotal		6,864	\$ 499,344	\$ (338,661)	\$ 160,683
	Sample Months - Sep. 2010 and Nov. 2010						
		NLACRC	Hours	5,462	\$ 392,205	\$ (266,040)	\$ 126,165
		SG/PRC	Hours	245	17,575	(11,922)	5,653
		KRC	Hours	69	4,937	(3,349)	1,588
	ELARC	Hours	228	16,355	(11,094)	5,261	
	Subtotal		6,004	\$ 431,072	\$ (292,405)	\$ 138,667	
FINDING 5: Total - Behavior Analyst			27,454	2,007,162	(1,361,358)	\$ 645,804	
<u>Attachement A & B Findings Totals:</u>							
Finding 1: Behavior Management Assistant						\$ 551,283	
Finding 2: Behavior Management Consultant						444,669	
Finding 3: Behavior Analyst						147,042	
Finding 4: Client/Parent Support Behavior Intervention						30,467	
Finding 5: Behavior Analyst						645,804	
Grand Totals of Incorrect and Unsupported Billings						\$ 1,819,265	

*Rounded to the nearest one

CPC's Response to Draft Report

As part of the audit report process, CPC was afforded the opportunity to respond to the draft audit report and provide a written response to the findings identified. On March 27, 2015, CPC submitted a response to the draft audit report via email. This was within the granted extension period CPC had requested to provide its response to the draft audit report.

The response included a twelve page letter and additional supporting documents. Due to the large volume of documents provided as part of the response package, these documents are not included in this audit report. The following pages contain CPC's written response.

California Psychcare, Inc.
16946 Sherman Way, 100
Van Nuys, CA 91406



California Psychcare
Applied Behavior Analysis Across the Lifespan

March 27, 2015

VIA FedEx

Edward Yan, Manager
Department of Developmental Services
Audit Branch
1600 Ninth Street, Room 230, MS 2-10
Sacramento, CA 95814

Re: California Psychcare, Inc. ("CPC")

Dear Mr. Yan:

This letter is in response to your letter dated December 16, 2014 and the Department of Developmental Services ("DDS") audit of CPC for the period of July 1, 2008 through June 30, 2011 (the "Audit Period").

The DDS report for the Audit Period reflects 6 separate findings. This letter addresses each of the findings.

DDS audited 8 months during the Audit Period. Due to time constraints, regarding Findings 1 through 3 below, CPC's response reflects a detailed analysis of 1 of such months (November 2010).

1. Finding Number 1: Behavior Management Assistant unsupported billings and failure to bill. DDS determined that there were 1,227.26 unsupported billing units. Enclosed is support for 1,198.00 (97.62%) of the alleged unsupported billing units. CPC agrees with the DDS finding that CPC omitted to bill \$146,339.

2. Finding Number 2: Behavior Management Consultant unsupported billings and failure to bill. DDS determined that there were 658.00 unsupported billing units. Enclosed is support for 608.00 (92.40%) of the alleged unsupported billing units. CPC agrees that it omitted to bill \$119,703.

3. Finding Number 3: Behavior Analyst unsupported billings and failure to bill. DDS determined that there were 105.54 unsupported billing units. Enclosed is support for 104.54 (99.05%) of the alleged unsupported billing units. CPC agrees that it omitted to bill \$35,414.

4. Finding Number 4: Behavior Intervention Training unsupported billings and failure to bill. CPC requests additional support for the DDS finding that it CPC had \$34,580 of unsupported billings. CPC agrees that that it omitted to bill \$4,383.

California Psychcare, Inc.
16946 Sherman Way, 100
Van Nuys, CA 91406

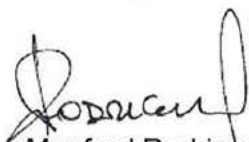
5. Finding Number 5: Incorrect Billing Service Code due to staff lacking proper certification. CPC desires to review the DDS finding with a DDS representative. CPC believes that it provided more highly trained personnel to provide the services than was required for the position. This was done due to an inadequate number of board certified behavior analysts available to perform the services; however, CPC is not seeking additional remuneration from DDS for using more highly trained personnel than were required.

6. Finding Number 6: Noncompliance with Record Maintenance Requirements. CPC believes that it complies with the DDS record maintenance requirements. CPC would like to meet with DDS to discuss what additional documentation, if any, DDS requires.

CPC omitted to bill \$305,839 (the sum of \$146,339, \$119,703, \$35,414, and \$4,383 in Findings 1 through 4 above). CPC reserves all of its rights to bill for such omitted amounts.

CPC requests the opportunity to discuss this matter further with DDS after it has had a chance to review this letter and enclosures.

Sincerely,



Manfred Rodriguez, MBA
Administrative Director
16946 Sherman Way, 100
Van Nuys, CA 91406
Off: 818.474.1562 ext. 1303
Cell: 805.637.6250
Fax: 818.235.1408

DDS AUDIT 2011 Respond

CALIFORNIA PSYCHCARE, INC.

Program Services:

**Behavior Management Assistant-
PL0813**

**Behavior Management Consultant-
PT0348, PL0786, PL0788**

Behavior Analyst: PL0812

**Client Parent Support Behavior
Intervention Training – PE0185**

Introduction:

California Psychcare, INC. (CPC) was subject to an audit from the Department of Developmental Services (DDS) for the period of July 1, 2008 through June 30, 2011. The audit process took approximated 3 years and a half. The results were presented to Dr. Ali Sadeghi and Manfred Rodriguez on December 19, 2014 by the DDS Audit Supervisor Alimou Diallo and Lead Auditor Jennifer Bernard.

The audit report requested a respond within 30 days from the exit conference and pointed the following findings:

Finding 1: Behavior Management Assistant – Unsupported Billings and Failure to Bill

The audit report states that under vendor PL0813 \$725,426.00 was overpaid due to unsupported billing to NLACRC, SG/PRC and KRC. This figure includes \$25,893 for Out Of Office Calls (OOC). The report also indicates that \$146,339.00 was credited to CPC for failure to bill to the same regional centers named above. The finding assess that \$579,087.00 is due back to DDS.

Finding 2: Behavior Management Consultant – Unsupported Billings and Failure to Bill

The audit report states that under vendor numbers PT0348, PL0788 and PL0788 \$574,983.00 was overpaid due to unsupported billing to TCRC, FDLRC, NLACRC and SG/PRC. This figure includes \$7,723.00 for Out Of Office Calls (OOC). The report also indicates that \$119,703.00 was credited to CPC for failure to bill to the same regional centers named above. The finding assess that \$455,280.00 is due back to DDS.

Finding 3: Behavior Analyst – Unsupported Billings and Failure to Bill

The audit report states that under vendor PL0812 \$185,938.00 was overpaid due to unsupported billing to NLACRC, SG/PRC and KRC. The report also indicates that \$35,414.00 was credited to CPC for failure to bill to the same regional centers named above. The finding assess that \$150,524.00 is due back to DDS.

Finding 4: Client/Parent Support Behavior Intervention Training – Unsupported Billings and Failure to Bill

The audit report states that under vendor PE0185 \$34,850.00 was overpaid due to unsupported billing to ELARC. The report also indicates that \$4,383.00 was credited to CPC for failure to bill to the same regional centers named above. The finding assess that \$30,467.00 is due back to DDS.

Finding 5: Behavior Analyst – Incorrect Billing Services Code due to Staff Lacking Proper Certification

The audit report states that under vendor PL0812 \$645,805.00 was overpaid to CPC

California Psychcare, Inc.

due to services performed by employees without a BCBA certification. The finding assess that \$645,805.00 is due back to DDS.

Finding 6: Noncompliance with Record Maintenance Requirements

The audit report states that under vendor PL0812 and PE0185 the supervisor's timesheet did not reflect the date, start, and end times of services. The report requests CPC to revise its record keeping policies and procedures to address this matter.

On December 23, 2014, Dr. Sadeghi made a written requested to Jean Johnson to provide CPC with the working papers and an extension of 4 months to reconcile the findings and its interpretations.

On a letter dated January 15, 2015, Jen Johnson denied the 4 months request, but agreed to provide the working papers and 2 months extension. The working papers were provided to Manfred Rodriguez by Alimou Diallo between January 21, 2015 and January 23, 2015.

Methodology:

California Psychcare allocated two full time employees to solely work on the audit project to analyze research and gather documentation to be presented to DDS.

CPC recognized the challenged to review the amount of documentation in the short period of time imposed by DDS. Thus, CPC decided to focus on November 2010 as a sample month to validate the findings.

CPC RESPONDS AND RECOMMENDATIONS

Respond to Finding 1: Behavior Management Assistant – Unsupported Billings and Failure to Bill

CPC was able to produce for the month of November 1,198.00 hours out of the 1,227.26 hours reported by DDS as "unsupported" to NLACRC, SG/PRC and KRC by:

- a. Submitting or resubmitting supportive documentation:
 - i. The timesheets that were omitted for unknown reasons on the audit. The working papers do not indicate which timesheets were omitted; thus, CPC resubmitted all the timesheets in our possession (see attachment A).
 - ii. Submitting Payroll register and payroll reports as a second form of proof of service. Note that payroll reports indicate the service and the consumer served by the employee. Furthermore, payroll register shows services rendered by the employee and paid to the employee. The combination of the payroll register and payroll report undoubtedly proves that the service

was rendered as stated on Title 17, section 54326. (a)(3) and (10) (see attachment A).

Title 17, section 54326. (a)(3) and (10)

(a) All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed...

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center...

Since supportive documentation was submitted or resubmitted, CPC is requesting to DDS to adjust the Out Of Office Calls (OOC) unsupported units (See a above)

In addition our records show that KRC overstated the billed hours by 9.13 units (see Attachment A for details). NLACR overstated the billed hours by 13.75 units for consumer 7870656.

Recommendation:

Based on the results of the sample audit of the November 2010 Audit, CPC recommends that:

1. DDS should provide detailed information and rationale on all findings categorized as "Unsupported Units" or affect negatively to CPC. While the working papers provide additional information, it does not clarify why some units were classified as "Unsupported Units".
2. DDS should revise its proposed assessment of unsupported units, and credits CPC accordingly
3. Out Of Office Calls (OOC) should be adjusted accordingly to the submission of supportive documentation
4. DDS should provide CPC with invoices and proof of payment to expedite the resolution of similar cases that the amount billed is overstated by KRC, NLACRC and SGPRC
5. Additional 12 months should be granted to CPC to audit the audit performed by DDS after receiving the supportive documentation requested on bullet point 1 and 4 above. The amount of time is approximated 1/3 of the time that DDS took to conduct the audit.

Respond to Finding 2: Behavior Management Consultant – Unsupported Billings and Failure to Bill

CPC was able to produce for the month of November 608 hours out of the 658.00 hours reported by DDS as “unsupported” to TCRC, FDLRC, NLACRC and SG/PRC by:

- a. Submitting or resubmitting supportive documentation:
 - i. The timesheets that were omitted for unknown reasons on the audit. The working papers do not indicate which timesheets were omitted; thus, CPC resubmitted all the timesheets in our possession (see attachment B).
 - ii. Submitting Payroll register and payroll reports as a second form of proof of service. Note that payroll reports indicate the service and the consumer served by the employee. Furthermore, payroll register shows services rendered by the employee and paid to the employee. The combination of the payroll register and payroll report undoubtedly proves that the service was rendered as stated on Title 17, section 54326. (a)(3) and (10) (see attachment B).

Title 17, section 54326. (a)(3) and (10)

(a) All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed...

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center...

Since supportive documentation was submitted or resubmitted, CPC is requesting DDS to adjust the Out Of Office Calls (OOC) unsupported units (See a above)

The TCRC section of the working papers shows that UCI 6647885 was listed twice on the report. This duplication might result on additional 44 hours of “Unsupported units” (see Attachment B). SGPRC overstated the bill hours by 6 units for consumer 7900774 (see attachment B).

Recommendation:

Based on the results of the sample audit of the November 2010 Audit, CPC recommends that:

1. DDS should provide detailed information and rational on all findings categorized as “Unsupported Units” or affect negatively to CPC. While the working papers provide additional information, it does not clarify why some units were classified as “Unsupported Units”.

2. DDS revises its proposed assessment of unsupported units, and credits CPC accordingly.
3. Out Of Office Calls (OOC) should be adjusted accordingly to the submission of supportive documentation
4. DDS should provide CPC with invoices and proof of payment to expedite the resolution of similar cases that the amount billed is overstated by TCRC and SGPRC
5. Additional 12 months should be granted to CPC to audit the audit performed by DDS after receiving the supportive documentation requested on bullet point 1 and 4 above. The amount of time requested is approximated 1/3 of the time that DDS took to conduct the audit.

Respond to Finding 3: Behavior Analyst – Unsupported Billings and Failure to Bill

CPC was able to produce for the month of November 104.54 hours out of the 105.54 hours reported by DDS as “unsupported” to NLACRC, SG/PRC and KRC by:

- a. Submitting or resubmitting supportive documentation such as:
 - i. The timesheets that were omitted for unknown reasons on the audit. The working papers do not indicate which timesheets were omitted; thus, CPC resubmitted all the timesheets in our possession (see attachment A).
 - ii. Payroll register and payroll reports as a second form of proof of service. Note that payroll reports indicate the service and the consumer served by the employee. Furthermore, payroll register shows services rendered by the employee and paid to the employee. The combination of the payroll register and payroll report undoubtedly proves that the service was rendered as stated on Title 17, section 54326. (a)(3) and (10) (see attachment B).

Title 17, section 54326. (a)(3) and (10)

(a) All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed...

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center...

Since supportive documentation was submitted or resubmitted, CPC is requesting the auditors to adjust the Out Of Office Calls (OOC) unsupported units (See a above)

Recommendation:

Based on the results of the sample audit of the November 2010 Audit, CPC recommends:

1. DDS should provide detailed information and rational on all findings categorized as "Unsupported Units" or affect negatively to CPC. While the working papers provide additional information, it does not clarify why some units were classified as "Unsupported Units".
2. DDS revises its proposed assessment of unsupported units, and credits CPC accordingly.
3. Out Of Office Calls (OOC) should be adjusted accordingly to the submission of supportive documentation.
4. Additional 12 months should be granted to CPC to audit the audit performed by DDS after receiving the supportive documentation requested on bullet point 1 and 4 above. The amount of time requested is approximated 1/3 of the time that DDS took to conduct the audit.

Respond to Finding 4: Client/Parent Support Behavior Intervention Training – Unsupported Billings and Failure to Bill

CPC did not receive any working papers for the month of November 2010 for finding 4

Recommendation:

1. DDS should provide detail information and rational on all findings that are categorized as "Unsupported Units" or affect negatively to CPC for the period of November 2010.

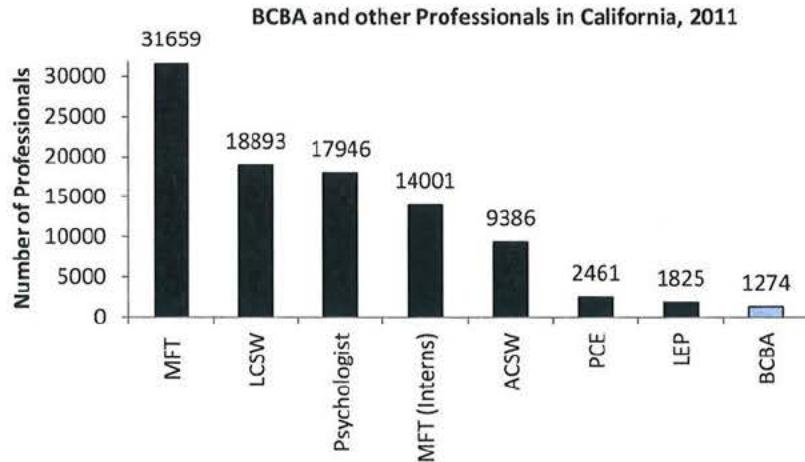
Respond to Finding 5: Behavior Analyst – Incorrect Billing Services Code due to Staff Lacking Proper Certification

The audit report states that CPC vendor number PL0812 for Sample Audit "was not certified by the national Behavior Analyst Certification Board as required for this service."

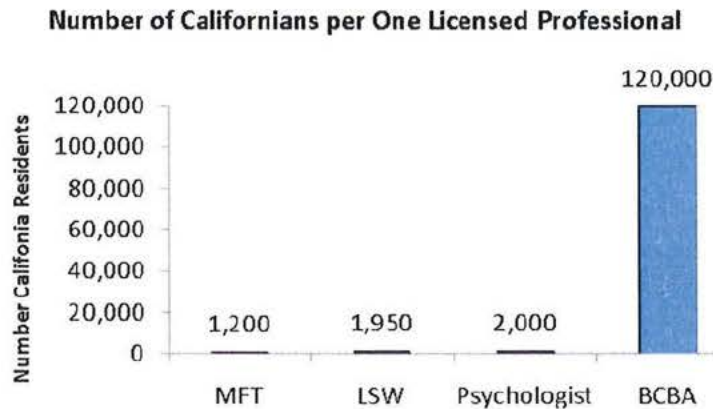
However, CPC Program Design submitted to Regional Centers did not require supervisors to have a BCBA certification. In fact, an email was sent to NLACRC, and shared with Mr. Alimou Diallo, that states BCBA requirements cannot be met, not per choice of CPC, but per lack of BCBA in California and other States. We stated that we encourage and support our staff to return to a BCBA program and we have.

Our position was based on statistical data provided below for your consideration:

Source: BACB Nov. 2011



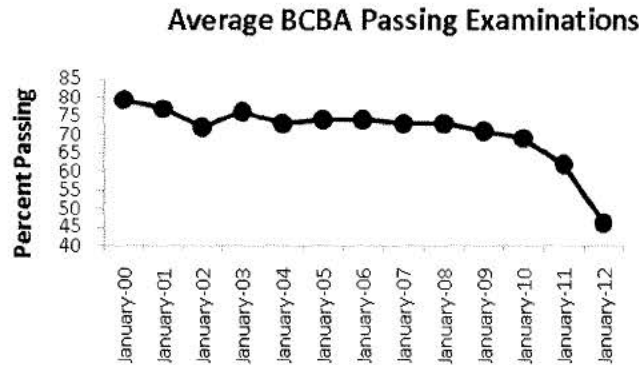
Based on the above statistics, while the average ratio of license mental health professionals to Californian's residents (US Census, 2010) is 1 mental health professional per 1700 Californians, the comparable rates for BCBA professionals during the same time period is 1 BCBA per 120,000 Californians. These comparables exclude nearly 24,000 Mental Health Social Workers, MFTs and Psychology interns in the field. It also does not take into consideration that 39.4% of BCBA's "categorize themselves as self-employed" (APBA, 2009).



The BACB may have also noted that the "rush-to-BCBA" movement is a serious threat to the integrity of the profession and care of the consumers. The latest statistics show that the number of people who took the BCBA exam and passed it dropped from previously 80-70% to presently

(test date September 2011) 45-60%.

Graph depicting rate of BCBA passing exams in the Nation Dropping



Source: BACB Nov. 2011

Then, the audit finding proceed to state, "this service should have been billed under service code 620 (Behavior Management consultant) which does not require certification." This statement is as correct as the argument that this service should have been billed under service code 102 or 048 which even pays more that service code 612. Regional Centers had in fact assigned these codes to some other providers (preferentially or by accident).

Recommendation:

Based on the information provided above, CPC proposes 2 options:

- CPC should not be subject to return any funds to DDS
- CPC should receive additional compensation in alignment to service code 102 or 048

Respond to Finding 6: Noncompliance with Record Maintenance Requirements

CPC acknowledge that the supervisor's timesheet did not reflect the date, start, and end times of services.

Recommendation:

CPC revised its record keeping policies and procedures to address this matter.

VIA E-MAIL(Jean.Johnson@dds.ca.gov)
and FedEx

April 6, 2015

Jean Johnson, Deputy Director
Department of Developmental Services ("DDS")
Audit Branch
1600 Ninth Street, Room 230, MS 2-10
Sacramento, CA 95814

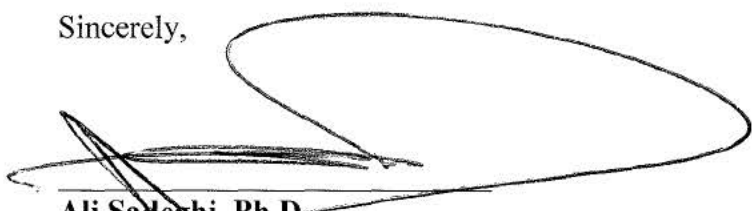
Re: Settlement Request
California PsychCare, Inc. ("CPC")
Behavior Respite In Action, Inc. ("BRIA")
Autism Respond Team, Inc. ("ART")
Ali Sadeghi (AS)

Dear Ms Johnson:

I had the privilege of speaking with you about our audit when you had just returned to your new position with the department two years ago. As I understand, our audit by the department is almost done and under final review. I am enclosing for your reference a copy of CPC, BRIA, ART, Ali Sadeghi's letter dated March 27, 2015 to Mr. Edward Yan of the Department of Developmental Services.

After speaking with Mr. Alimou Diallo lead auditor, I would like to meet with DDS to discuss a potential settlement.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Ali Sadeghi', is written over a horizontal line. The signature is fluid and somewhat abstract, with a large loop at the end.

Ali Sadeghi, Ph.D.
Executive Clinical Director
CPC-BRIA-ART
16946 Sherman Way, 100
Van Nuys, CA 91406
Off: 818.401.0661
Cell: 805.300.6655
Fax: 818.235.1408

DEPARTMENT OF DEVELOPMENTAL SERVICES

1600 NINTH STREET, Room 310, MS -3
SACRAMENTO, CA 95814
TDD 654-2054 (For the Hearing Impaired)
(916) 654-3432



April 20, 2015

Dr. Ali Sadeghi
California Psychcare, Inc.
16946 Sherman Way, 100
Van Nuys, CA 91406

Dear Dr. Sadeghi,

I am in receipt of your letter dated April 6, 2015. It is my understanding that you would like to meet with the Audit Branch of the Department of Developmental Services (Department) to discuss a potential settlement agreement between the Department and California Psychcare, Inc. A settlement discussion is premature as the Final audit Report has not been issued. The auditors are currently reviewing the documentation you submitted in response to the Draft Audit Report. Upon completion of their review, the auditors will issue the Final Audit Report, which will include your response to the Draft Audit Report. The California Code of Regulations (CCR), Title 17, §50705, provides for recovery of overpayments after the Final Audit Report has been issued.

Your desire to have the audit process completed as soon as possible is appreciated. However, the Department must comply with the audit reporting process in the CCR.

If you should have any questions, please do not hesitate to call Michael Masui, Chief of Vendor Audit Section, at (916) 654-2769.

Sincerely,

A handwritten signature in blue ink that reads "Jean Johnson".

Jean Johnson
DEPUTY DIRECTOR
Administration Division

cc: Nancy Bargmann, Community Services Division
Brian Winfield, Community Services Division
Michael Masui, Vendor Audit Section
Alimou Diallo, Vendor Audit Section

"Building Partnerships, Supporting Choices"

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January 15, 2015

Dr. Ali Sadeghi
California PsychCare, Inc.
16946 Sherman Way
Van Nuys, CA 91406

Dear Dr. Sadeghi:

The Audit Branch of the Department of Developmental Services (DDS) submitted four Draft Audit Reports (Reports) to the California PsycheCare, Inc. (CPC) on December 16, 2014. We received your email of December 23, 2014, indicating that in order for CPC to adequately respond to the Reports, additional information is needed from DDS so that CPC can review and gather records that may impact one or more of the audit findings.

Your request for an additional four months to respond to the Reports is respectfully denied. However, DDS will allow a two month extension from the date of this letter for CPC to submit a response to the Reports. DDS will also provide you with schedules that will document the basis for the audit findings. DDS Vendor Audits will contact you to coordinate the best way to send you the information.

If you determine from your review that there is a different finding amount, or if you have questions with the calculations, DDS requires that all supporting documentation and calculations are submitted with the response for the Reports. When DDS receives CPC's response with supporting documentation, DDS will review, evaluate, and make any necessary changes to the Reports before issuing the Final Audit Reports.

Please be informed that upon issuance of the Final Audit Reports, CPC will have thirty (30) days to appeal the final reports. If you have any questions regarding the schedules, please contact Michael Masui, Chief, Vendor Audit Section, at (916) 654-2769 or Alimou Diallo at (916) 654-2186.

Sincerely,

A handwritten signature in cursive script, appearing to read "Edmund G. Brown Jr." followed by "for".

JEAN JOHNSON
Deputy Director

"Building Partnerships, Supporting Choices"

THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF CALIFORNIA PSYCHARE'S RESPONSE

DDS evaluated CPC's written response to the draft audit report and determined that CPC did not expressly disagree with Findings 1, 2, 3, 4, and 5 but provided additional documentation to support findings for the sample month of November 2010. Below is a summary of the vendor's response as well as the DDS' evaluation of the vendor's response.

CPC states that:

Finding 1 - "DDS determined that there were 1,226.26 unsupported billing units. Enclosed is support for 1,198.00 (97.62%) of the alleged unsupported billing units. CPC agrees with the DDS finding that CPC omitted to bill \$146,339." CPC responses for Findings 1, 2, and 3 are similar in text; therefore DDS's comments below are in response to Findings 1, 2, and 3.

DDS disagrees with CPC's assertions for Finding 1, 2, and 3. CPC was allowed credit for all the verifiable hours identified through its source documentation. Pursuant to CCR, Title 17, Section 54326(a)(10), only direct services to the consumers are billable to the regional center. CPC computations of the 97.62 percent in Finding 1 and subsequent computation for Findings 2 and 3 failed to consider "Non-billable Activities" such as: scheduling; processing payroll; conducting general staff meetings; oversight of staff's compliance with CPC policies and procedures; training and supervision activities; and new staff orientation. These administrative functions/duties, which normally occur as part of managing a business, are not considered direct services.

Additionally, CPC may not bill the regional centers for all the program supervisors or support staff's hours. DDS will only allow program supervisors' and direct support staff's hours as billable hours when the program supervisors or support staff are directly involved in delivering hands-on training in accordance with the requirements of the consumer's Individual Program Plan. The fact that a staff person is conducting what is characterized as "program preparation functions" only allows that person to be defined as a Direct Care Staff and does not necessarily allow CPC to bill for staff hours.

Activities such as report writing, program development, travel time, clerical work, and other non-direct care functions should not be billed as direct services to consumers as these activities are included in the rate of payments agreed upon by CPC. As a result, adjustments were made for Non-billable Activities reducing the hours billed by CPC for services that were not considered direct service to the consumers.

For Finding 4: CPC did not specifically disagree with the finding, nor did CPC provide any additional documentation.

Finding Number 5: "CPC believes that it provided more highly trained personnel to provide the services that was required for the position. This was done due to an inadequate number of board certified behavior analysts available to perform the services . . . CPC should not be subject to return any funds to DDS."

THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF CALIFORNIA PSYCHARE'S RESPONSE

The issue identified in finding number 5 is not about “highly trained personnel.” CPC billed for staff that did not meet the qualifications required by law and by their Payment Agreements for the services provided. CPC did not provide regional center consumers with the direct services of a certified Behavior Analyst during the audit period. Therefore CPC cannot be reimbursed at the same rate as those properly qualified under CCR, Title 17. CPC billed the regional centers \$75 an hour for their services, and was paid for those services at the rate applicable to a Board Certified Behavior Analyst.

CCR, Title 17 vendorization requirements ensure that a Behavior Analyst’s reimbursement rate of service is commensurable with the Behavior Analyst’s qualifications; i.e., if those providing service do not meet the required qualification(s) for such service, they are not reimbursed at the same rate as those who possess the required qualifications. CPC failure to meet CCR, Title 17 requirements, including, but not limited to, the minimum staffing qualifications as established by CCR, Title 17, results in DDS paying an unqualified staff to perform the same services, at the same rate, as one who is qualified.

However, considering that CPC provided 27,454 hours of service, DDS adjusted CPC’s rate per hour to reflect a lower rate which was commensurable with the service provided. Therefore, the 27,454 hours CPC’s staff provided under Service Code 612 was adjusted to the lower rate for the sample period audited, which resulted in the over payment amount of \$645,805.

“Due to time constraints, regarding findings 1 through 3 below, CPC’s response reflects a detailed analysis of 1 of such months (November 2010).” Additional 12 months should be granted to CPC to audit the audit performed by DDS after receiving the supportive documentation requested on bullet point 1 and 4 above. The amount of time approximated 1/3 of the time that DDS took to conduct the audit.”

CPC request for an additional 12 months to respond to the audit report is respectfully denied. In addition to the two month extension granted to CPC in the January 15, 2015, letter, the auditors gave CPC the list of all the Consumers with “No Timesheets” in April 2014; eight months prior to the issuance of the draft audit report in December 2014.

If CPC disagrees with any portion of the final audit report issued by DDS, CPC needs to request an administrative review pursuant to CCR, Title 17, Section 50730 and submit all the supporting documentation it deems necessary to refute the audit findings.

DDS should provide detailed information and rationale on all findings categorized as “Unsupported Units” or affect negatively to CPC. While the working papers provide additional information, it does not clarify why some units were classified as “Unsupported Units.”

As the auditors previously discussed with CPC during the duration of the audit, the definition of “Unsupported Units” means unsubstantiated or not supported by evidence or facts. DDS, disallowed hours in which there were multiple staff working with one consumer at the same time or if there were hours that were classified as administrative hours. Therefore, the unsupported

THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF CALIFORNIA PSYCHARE'S RESPONSE

billings identified in the audit can represent billings that were found to have no supporting documentation (multiple consumers with no service records), as well those billings that had documentation that was found to be support for administrative functions/duties.

“CPC requests the opportunity to discuss this matter further with DDS after it has a chance to review this letter and enclosures.” And CPC “would like to meet with DDS to discuss a potential settlement.”

CPC requested the opportunity to discuss with DDS a possible settlement agreement prior to the issuance of the report. DDS' Deputy Director of Administration responded to CPC in a letter stating that settlement discussions can only occur after the final report is issued pursuant to CCR, Title 17, Section 50705.

CPC stated that “The combination of the payroll register and payroll report undoubtedly proves that the service was rendered as stated on Title 17, Section 54326, (a)(3) and (10).”

DDS disagrees with CPC's statements above. The audit findings are entirely consistent with CCR, Title 17, Section 50604 requiring vendors to provide adequate documentation to verify its services. The purpose of the record keeping requirement is to verify the accuracy and correctness of bills presented by CPC to the regional centers for payment. Payroll records alone cannot validate that services were performed because payroll hours include time for administration functions which are not considered direct services and are not billable to the regional center.

Conclusion:

Based on the evaluation of CPC's documents for November 2010, DDS accepted documents that supported an additional credit of 1,015 hours of service that were previously classified as unsupported during the audit fieldwork. As a result, an adjustment of \$41,902 was made to the draft audit report and is reflected in the final audit report. DDS is requesting reimbursement of \$1,819,261 for the unsupported and incorrect billings identified in this audit.