

DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
DAHUT SPEECH SERVICES, INC. (DAHUT)

Speech Pathology Programs:

Speech Pathology Service, Individual – PL0562

Speech Pathology Service, Group – PL0823

(Audit Period: July 1, 2007 through June 30, 2008)

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits

Alton Kitay, Supervisor

Ernesto Galasinao, Lead Auditor

Virginia Corbitt, Auditor

DAHUT SPEECH SERVICES, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Dahut Speech Services, Inc. (Dahut). The audit was performed upon the Speech Pathology Services for the period of July 1, 2007 through June 30, 2008.

The last day of fieldwork was January 28, 2009.

The results of the audit disclosed the following issues of noncompliance:

Finding 1: Speech Pathology Services – Unsupported Billing

The review of Dahut's Speech Pathology Services Programs, Vendor Numbers PL0562 and PL0823, revealed a lack of supporting documentation for services billed. The total unsupported billing was \$1,007,195.42.

Finding 2: Speech Pathology Services - Noncompliance with Program Design and Regulations

The review of Dahut's Speech Pathology Services Program, Vendor Number PL0823, revealed that Dahut failed to provide the services in compliance with its written program design and Title 16, Sections 1399.154.1 and .2.

The total of the billing discrepancies identified in this audit amounts to \$1,007,195.42 due back to DDS. A detailed discussion of these findings is in the Findings and Recommendations section of this report.

BACKGROUND

The Department of Developmental Services (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 and/or contractors. Per Welfare and Institutions Code, Section 4648.1, DDS has the authority to audit those service providers and/or contractors that provide services and supports to the developmentally disabled.

OBJECTIVE, SCOPE, AND METHODOLOGY

The audit was conducted to determine whether Dahut's Speech Pathology programs were in compliance with the Welfare and Institutions (W&I) Code, California Code of Regulations, Titles 16 and 17, and the North Los Angeles County Regional Center's (NLACRC) contracts with Dahut, and the program design for the period of July 1, 2007 through June 30, 2008.

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 Dahut, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of Dahut's internal controls to gaining 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 Dahut complied with Title 17 and other related regulations.

Speech Pathology Programs:

During the audit period, July 1, 2007 through June 30, 2008, Dahut operated two Speech Pathology Programs, Vendor Numbers PL0562 and PL0823, Service Code 707, which were audited.

The procedures performed at NLACRC, the vendoring regional center, and Dahut included, but were not limited to, the following:

- Reviewed NLACRC's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence.
- Interviewed NLACRC's staff for vendor background information and to obtain prior regional center vendor audit reports.

- Interviewed [REDACTED] to gain an understanding of internal controls, accounting procedures, and processes for NLACRC billings.
- Reviewed Dahut's service/attendance records to determine if Dahut had sufficient and appropriate evidence to support speech pathology services billed to NLACRC.
- Reviewed Dahut's program designs to ascertain Dahut's compliance with its stated services.
- Performed an analysis of Dahut's payroll to confirm the staff hours billed to NLACRC.

CONCLUSION

Based upon the procedures performed, we have determined that Dahut's policies and procedures are insufficient and inadequate to appropriately ensure that the services billed were in compliance with Titles 16 and 17.

VIEWS OF RESPONSIBLE OFFICIALS

The DDS issued a draft audit report on September 20, 2010. The findings in the report were discussed at the exit conference with Dahut on October 11, 2010. The response to the audit report was sent by the Law Offices of Michael J. Khouri on October 20, 2010 and received by DDS on October 27, 2010. The response indicates disagreement with the draft audit report. Although the response does not specify which finding it disagrees with, DDS has determined that the disagreement is with Finding 1.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, North Los Angeles County Regional Center, and Dahut Speech Services, Inc. The report is not intended and should not be used by anyone other than those specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Speech Pathology Services – Unsupported billing

The review of Dahut's Speech Pathology Service Programs, Vendor Numbers PL0562 and PL0823, for the audit period of July 1, 2007 through June 30, 2008, revealed that the documents provided did not support the billings submitted to NLACRC. During the audit, a number of issues were identified which provided reason for DDS to disallow all of the documents provided by Dahut as insufficient and/or inappropriate source documentation to support its billings. The following issues were identified during the audit resulting in the disallowance of the documents:

- DDS auditors were not given access to original documents for review, but were provided copies of documents. These copies were deemed unacceptable and considered inappropriate source documents because it could not be reasonably verified that it was from original documents.
- Dahut's Provider of Care Claim forms, which are invoices submitted to NLACRC for payment of services, were found to have a significant number of days that did not reconcile to the progress notes.
- A review of the copied progress notes indicated staff worked an excess of 24 hours in a day with no allowance for travel, breaks, and meal periods.
- It appeared that typed progress notes, which are not considered source documents, had significant questionable entries. Many of the one-line entries were grouped and duplicated throughout the monthly progress notes for different consumers. In addition, it appeared the daily progress notes had been cut and pasted to different consumers.

As a result, unsupported billing totals for the Speech Pathology Services are as follows:

Dahut was vendored to provide Speech Pathology Services – Individual. It was found that Dahut did not provide sufficient and appropriate supporting source documentation for 54 units of evaluations, totaling \$7,571.71, and 5,857 units of speech therapy, totaling \$436,540.72. The total over billed amount, due to unsupported billings, is \$444,112.43.

Dahut was also vendored to provide Speech Pathology Services – Group. It was found that Dahut did not provide sufficient and appropriate supporting source documentation for 43 units of evaluations, totaling \$6,035.91, and 7,320 units of speech therapy, totaling \$557,047.08. The total over billed amount, due to unsupported billings, is \$563,082.99.

Therefore, a total of \$1,007,195.42 of unsupported billings is due back to DDS.
(See Attachment A.)

Title 17, Section 50603 (a) Access to Service Provider Records states:

“The service provider shall permit right of access to: (1) Any books, documents, computerized data, source documents, consumer records, or other records of the service provider pertaining to the service program and/or provision of services to persons with developmental disabilities.”

Title 17, Section 50604, states:

(d) “All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billings/invoicing shall include, but not be limited to....”

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

Title 17, Section 54326 (a), states:

“All vendors shall:

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

Recommendation:

Dahut should reimburse to DDS the \$1,007,195.42 of unsupported billings for the Speech Pathology Services. In addition, Dahut should develop and implement policies and procedures to ensure that proper documentation is maintained and on file to support amounts billed and be readily accessible for authorized DDS representatives for review.

Dahut’s Response:

- DDS does not provide any reasoning for deeming these copies unacceptable and/or inappropriate.
- DDS next alleges that “Dahut’s Provider of Care Claim forms...were found to have a significant number of days that did not reconcile to the progress notes.” However, DDS has not provided Dahut with an example of any alleged document disparity.
- “progress notes indicated staff worked an excess of 24 hours in a day with no allowance for travel, breaks, and meal periods.” Again, however, DDS has not provided Dahut with any example of this alleged document disparity.
- DDS questioned the reliability of Dahut’s progress notes. Again, however, DDS has not provided Dahut with any example of this alleged questionable documentation.

See Attachment B for the full text of Dahut's response to the draft audit report and Attachment C for DDS's evaluation of Dahut's response.

Finding 2: Speech Pathology Services - Noncompliance with Program Design and Regulations

The review of Dahut's Speech Pathology Services Program, Vendor Number PL0823, for the audit period of July 1, 2007 through June 30, 2008, found that Dahut was not in compliance with the program design, which required a parent's signature when a speech session took place as an assurance that services were provided. No supporting documentation was provided in our review to show the parents' signatures were obtained by Dahut.

In addition, it was found that several of Dahut's employees did not hold the necessary license as stipulated in the program design as a requirement to perform their job duties. The program design requires work to be performed by licensed speech pathologists, but rather it was found that several of the employees were Speech-Language Pathology Assistants (SLPA), which is a licensed occupation, but was not an agreed upon license to perform the services per the program design. Also, during the review, it was found that Dahut did not comply with Title 16 regulations for the use of SLPAs which states:

- Employees listed as SLPA are required to be registered with the Board of Speech-Language Pathology and Audiology Board (Board). It was found some employees were not registered with the Board.
- In order to use a SLPA, there must be a training plan filed with the Board. The Board stated no training plans had been filed.
- The SLPA must be supervised and the supervisor must be physically present while assisting with consumers. There was no documentation of SLPAs being supervised while providing services to consumers.

The program design signed by Dahut on September 4, 2007, and the Addendum, faxed on November 1, 2007, state:

“Brief description of the overall service:

1. Complete speech and language evaluations by licensed speech and language pathologist and Clinical Fellowship Year (CFY) therapists and individual speech and language treatment to children with multiple disabilities and a variety of speech and language delays center-based and in-home.”

“Job description:

A. All staff members hired at Dahut Speech Services, Inc. will hold the necessary licenses, credentials, certificates, etc. to perform the duties of the job and must be approved by North Los Angeles County Regional Center prior to direct service in the program.”

Addendum states:

“The Speech Pathologist will be provided with all the materials needed (toys, books, etc.) to meet the client’s goals, and obtain signatures from each parent after every session as proof that the client was treated for services.”

Title 16, Section 1399.154.1 states:

“Before allowing an aide to assist in the practice of speech-language pathology or audiology under his or her supervision, a supervisor shall register each aide with the board on a form provided by the board and pay the registration fee required in Section 1399.157. Regardless of their title or job classification, any support person who functions as a speech-language pathology or audiology aide and facilitates or assists a supervisor in evaluations or treatment shall be registered with the board. In the application for registration, the supervisor shall provide to the board, his or her proposed plan for supervising and training the speech-language pathology or audiology aide. The proposed plan for training shall be in accordance with Section 1399.154.4 and shall include the supervisor’s training methods, the necessary minimum competency level of the aide, the manner in which the aide’s competency will be assessed, the persons responsible for training, a summary of any past education, training, and experience the aide may have already undertaken, and the length of the training program and assessment of the aide’s competency level. The board shall review the application for compliance with the requirements of this article and notify the supervisor of its disposition of the application for registration and whether further information is required in order to complete its review.”

Also, Title 16, Section 1399.154.2 states:

“A supervisor of a speech-language pathology or audiology aide shall: (c) be physically present while the speech-language pathology aide is assisting with patients, unless an alternative plan of supervision has been approved by the board...”

Recommendation:

Dahut should have sufficient supporting documentation to ensure its employees have the appropriate licenses to comply with the requirements set forth in the program design and addendum, as agreed upon with NLACRC’s contract. In addition, Dahut should develop and implement policies and procedures to comply with Title 16 requirements for the use of SLPA.

Dahut’s Response:

Dahut did not respond to this finding.

See Attachment B for the full text of Dahut’s response to the draft audit report and Attachment C for DDS’s evaluation of Dahut’s response.

Dahut Speech Services, Inc. (Dahut)
Summary of Findings
FY 2007-08

Finding 1

<u>Vendor</u> <u>Number</u>	<u>Program Description</u>	<u>A</u> <u>Rate</u>	<u>B</u> <u>Units</u>	<u>C=A*B</u> <u>Amount</u>	
Speech Pathology Services					
<u>PL0562</u>	<u>Evaluations</u>				
	Eval (In-Home)	\$ 132.10	per unit 1	\$ 132.10	
	Evalo (In-Office)	\$ 140.37	per unit 53	7,439.61	
	<u>Total Evaluations</u>		54	\$ 7,571.71	
<u>PL0562</u>	<u>Speech Therapy</u>				
	SP (In-Office)	\$ 67.87	per unit 1138	\$ 77,236.06	
	SPO (In-Home)	\$ 76.14	per unit 4719	359,304.66	
	<u>Total Speech Therapy</u>		5857	\$ 436,540.72	
	<u>Total Unsupported Billings PL0562</u>				\$ 444,112.43
<u>PL0823</u>	<u>Evaluations</u>				
	Evalo (In-Home)	\$ 140.37	per unit 43	\$ 6,035.91	
	<u>Total Evaluations</u>		43	\$ 6,035.91	
<u>PL0823</u>	<u>Speech Therapy</u>				
	SP (In-Office)	\$ 67.87	per unit 36	\$ 2,443.32	
	SPO (In-Home)	\$ 76.14	per unit 7284	554,603.76	
	<u>Total Speech Therapy</u>		7320	\$ 557,047.08	
	<u>Total Unsupported Billings PL0823</u>				\$ 563,082.99
	<u>Total Unsupported Billings PL0562 & PL0823</u>				\$ 1,007,195.42

LAW OFFICES OF MICHAEL J. KHOURI

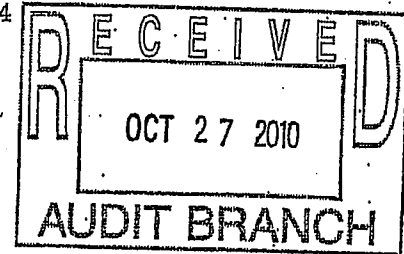
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October 20, 2010

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

Re: DDS Audit of Dahut Speech Services, Inc.: Assignment # 09-VN-2-004

Dear Mr. Yan:

This letter follows the exit conference held on October 11, 2010 in my office regarding the audit of Dahut Speech Services, Inc. ("Dahut"). This letter will address some of the issues presented by the Department of Developmental Services (the "DDS") during that meeting and issues contained in DDS's draft report dated September 20, 2010.

Alleged Unsupported Billing

Your draft report first states under the bullet points on Page 5 that DDS auditors did not give Dahut credit for certain speech services because copies of original documents were provided to DDS, instead of original documents. However, DDS does not provide any reasoning for deeming these copies unacceptable and/or inappropriate. DDS may not arbitrarily disallow copies of documents without providing some reasonable basis -- whether it be statutorily, contractual, or otherwise -- for the disallowance. Moreover, Dahut is not in possession of the requested original documents. Dahut asserts that the original documents remained with the therapists, who faxed their notes and time sheets to Dahut for billing purposes.

DDS next alleges that "Dahut's Provider of Care Claim forms...were found to have a significant number of days that did not reconcile to the progress notes." However, DDS has not provided Dahut with an example of any alleged document disparity. Without providing Dahut with the alleged inconsistent billings, or even a sample of such, Dahut cannot properly respond to this claim.

The third bullet point states that "progress notes indicated staff worked an excess of 24 hours in a day with no allowance for travel, breaks, and meal periods." Again, however, DDS has not provided Dahut with any example of this alleged document disparity. Again, without providing Dahut with the alleged inconsistent billings, or even a sample of such, Dahut cannot properly respond to this claim. Dahut asserts that there may be some confusion on DDS's part due to the fact that billings were made on a monthly basis, and not daily.

Law Offices of Michael J. Khouri

Edward Yan, Manager

October 20, 2010

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Lastly, DDS questioned the reliability of Dahut's progress notes. Again, however, DDS has not provided Dahut with any example of this alleged questionable documentation. Again, without providing Dahut with the alleged questionable documentation, or even a sample of such, Dahut cannot properly respond to this claim. Dahut asserts that progress notes were entered both on the computer and by hand. Indeed, some of entries were cut and pasted for the sake of efficiency and convenience. DDS has not -- and cannot -- provide any statutory, contractual or otherwise, prohibition against such a billing procedure. Therefore, Dahut maintains that she should have received credit for these services.

As such, Dahut requests that DDS provide us with sufficient documentation to support its claims, as discussed above and as discussed in DDS's draft report. We also request that DDS delay issuing its final report an additional thirty (30) days after we have received the requested additional documentation from DDS, to allow us to properly respond to DDS's allegations.

In the meantime should you have any questions, comments or concerns, feel free to call upon me at your convenience.

Very truly yours,

LAW OFFICES OF MICHAEL J. KHOURI



Michael J. Khouri, Esq.

MJK:dc

Enclosure

cc: Alton Kitay, DDS Audit Supervisor

THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF DAHUT'S RESPONSE

As part of the audit report process, Dahut Speech Services (Dahut) was afforded the opportunity to respond to the draft audit report and provide a written response to each finding. On October 20, 2010, Dahut submitted a response to the draft audit report, which was received by DDS on October 27, 2010. DDS' evaluation of the response determined that Dahut disagreed with Finding 1 and provided no response to Finding 2.

Finding 1: Speech Pathology Service – Unsupported Billing

For Finding 1 of the audit report, Dahut expressed a number of arguments against the findings that were identified during the audit that resulted in the disallowance of all Dahut's submitted documents. The following are Dahut's response to those issues and DDS' subsequent evaluation of their response:

DDS' auditors were not given access to original documents for review; only copies of documents were provided. Dahut argues that "DDS does not provide any reasoning for deeming these copies unacceptable and/or inappropriate." They further argue that, "Dahut is not in possession of the requested original documents. Dahut asserts that the original documents remain with the therapists, who faxed their notes and time sheets to Dahut for billing purposes."

Copies of documents are not the medium upon which evidence of a transaction is initially recorded. The original documents that were used to prepare the copied documents given to the auditors are source documents. Without inspection of the original documents it is difficult to determine whether or not the originals were altered prior to Dahut making its copies. Additionally, as stated in the audit report, Title 17, Section 50604(e) states, "All service providers' records shall be supported by source documentation."

DDS contends that copies of documents are not considered "Source Documentation," as defined by Title 17, Section 50602(o) which states:

"Source Documentation means the medium upon which evidence of a transaction is initially recorded. Examples of source documents include, but are not limited to, purchase requisitions, purchase of service authorizations, staffing schedules, employee hourly time reports, invoices and attendance documents for regional center consumers and all other persons provided services. Source documents are used to prepare records and reports."

Dahut states that "original documents remain with the therapists." This does not conform to Title 17, Sections 50604(d) and (e), which state that the service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program and that all service provider records shall be supported by source documentation.

THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF DAHUT'S RESPONSE

As part of Dahut's response package to this audit report, Dahut had the opportunity to obtain the original documents from its therapists and provide this documentation. Dahut was aware that the audit team required original supporting documentation during fieldwork, which ended in January 2009; therefore, Dahut was given more than sufficient time to provide source documentation and resolve this issue.

DDS states that "Dahut's Provider of Care Claim forms which are invoices submitted to NLACRC for payment of services, were found to have a significant number of days that did not reconcile to the (copied) progress notes." Dahut argues that "DDS has not provided Dahut with an example of any alleged document disparity."

During DDS' Informal Exit held on February 11, 2009 with Dahut, this issue was discussed with [REDACTED] and her lawyer, Linda Randlett Kollar, of the law firm Hooper, Lundy & Bookman, Inc. Since [REDACTED] has copies of all documents provided to DDS, she is fully aware of the discrepancies between the hours on her progress notes and the hours billed.

DDS stated, "Progress notes indicated staff worked an excess of 24 hours in a day with no allowance for travel, breaks, and meal periods." Dahut argues that "DDS has not provided Dahut with an example of any alleged document disparity". Progress notes for [REDACTED] and several employees, which totaled in excess of 24 hours per day, were discussed during the Informal Exit. Dahut is in possession of these documents, but has been unable to explain this issue.

DDS questioned the reliability of Dahut's progress notes. DDS stated that, "Many of the one-line entries were grouped and duplicated throughout the monthly progress notes for different consumers. In addition, it appeared the daily progress notes had been cut and pasted to different consumers." Dahut argues that "DDS has not provided Dahut with an example of any alleged document disparity".

The issue regarding document disparity was discussed with [REDACTED] and Ms. Kollar during DDS' Informal Exit with Dahut. In addition, [REDACTED] has copies of all documents provided to the audit team, thus she is fully aware of the discrepancies between the hours on her progress notes and the hours billed.

As previously stated, Title 17, Section 50602(o) defines source documents as documents created at the time a service is provided. It is important to have original source documents for testing during an audit. In instances where problems with source documents exist, it is necessary to increase the amount of document testing in order to verify their validity.

The difference between Dahut's Provider of Care Claim forms and Dahut's progress notes was discussed in the Informal Exit. Dahut has the Provider of Care Claim forms

THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF DAHUT'S RESPONSE

and progress notes; however, in their audit response, Dahut did not provide an explanation for the irregularities nor did they provide any documents to support billings.

During DDS's Formal Exit held on October 20, 2010 with Dahut and Michael J. Khouri, Esq., DDS explained the numerous problems identified with the progress notes to include the following:

- Computer generated progress notes indicated a number of instances where daily progress notes were shown to be cut copy and pasted multiple times.
- Progress notes were not contemporaneous to the service. Dates written down on the left side appeared to have been written by the same person; whereas the notes on the right side appeared to be written by a different person.
- Progress notes prepared by staff and provided by [REDACTED] appeared to be limited to one line per day. Notes obtained from staff were multiple lines and provided more detail.
- The progress notes for each consumer were purportedly records reflecting up to a month's service, but appear to have been written at the same time with the same writing instrument.

Finding 2: Speech Pathology Services - Noncompliance with Program Design and Regulations

Dahut did not respond to this finding nor did Dahut express any exception to this finding. In absence of an exception to this finding, it is assumed that Dahut is in agreement with the finding.

DDS Conclusion:

DDS expected to receive original source documents for each consumer served during the audit period, which were to include the consumer name, service date, location, actual time, and nature of services provided. In Dahut's response to Finding 1, no additional information was provided consequently, no adjustments will be made to Finding 1.

For Finding 2, Dahut did not express any exception. In absence of an exception to this finding, it is assumed that Dahut is in agreement with the finding.