

DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
WELLSPRING HEALTHCARE SERVICES, INC.

Programs:

Behavior Management Assistance – PL0815 and PL0921

Behavior Analyst – PL0814

Individual or Family Training – PL0894

(Audit Period: July 1, 2009 through June 30, 2010)

Audit Branch

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WELLSPRING HEALTHCARE SERVICES, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Wellspring Healthcare Services, Inc. (WHS). The audit was performed upon WHS' Behavior Management Assistance, Behavior Analyst and Individual or Family Training Services for the period of July 1, 2009, through June 30, 2010.

The last day of fieldwork was March 9, 2012.

The results of the audit disclosed the following issues of non-compliance:

Finding 1: Behavior Management Assistance and Behavior Analyst - Unsupported Billings and Failure to Bill

The review of WHS' Behavior Management Assistance and Behavior Analyst programs, Vendor Numbers PL0815, PL0921 and PL0814, revealed that WHS had both unsupported billings as well as appropriate support for services that it failed to bill to North Los Angeles County Regional Center (NLACRC). It was found that WHS had a total of \$879,210.99 in unsupported billings and a total of \$1,445.97 for which it failed to bill to NLACRC.

Finding 2: Overpayment due to Unlicensed Staff Performing Behavior Analyst Duties

The WHS staff that performed the duties and responsibilities of a Behavior Analyst for Vendor Number PL0814, lacked the Board Certified Behavior Analyst (BCBA) certifications as required per California Code of Regulations, Title 17 (CCR, title 17). The services billed under service code 612 should have been billed under service code 620. The \$3,865.15 amount identified in this finding is the result of the rate differential between service code 612 and service code 620.

The total unsupported and unlicensed billing discrepancies identified in this audit amounts to \$881,630.17, which is due back to DDS. A detailed discussion of these findings is contained in the Findings and Recommendations section of this 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 support from qualified service providers and/or contractors. Pursuant to the Welfare and Institutions (W&I) Code, Section 4648.1, DDS has the authority to audit those service providers and/or contractors that provide services and support to persons with developmental disabilities.

OBJECTIVE, SCOPE, AND METHODOLOGY

The audit was conducted to determine whether WHS' Behavior Management Assistance, Behavior Analyst, and Individual or Family Training were compliant with the W&I Code, CCR, title 17, and NLACRC contracts with WHS for the period of July 1, 2009, through June 30, 2010.

WHS was vendorized by NLACRC and provides services to Frank D. Lanterman (FDLRC), Tri-Counties (TCRC), Orange County (RCOC), Eastern Los Angeles (ELARC), Westside (WRC), and San Gabriel/ Pomona (SGPRC) Regional Centers. Our audit reviewed the services provided to NLACRC consumers.

The initial review of WHS' programs consisted of a two-month sample period selected from the audit period of July 1, 2009, through June 30, 2010. Within the two months that were selected (March and April 2010), the audit sample revealed a large percentage of unsupported billings. As a result, the audit period was expanded to include November and December 2009.

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 WHS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of WHS' 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 WHS complied with CCR, title 17. Complaints that DDS' Audit Branch was aware of were addressed during the course of the audit.

Programs:

During the audit period, WHS operated five programs. The audit included the review of three programs. The programs audited are listed below:

- Behavior Management Assistance, Vendor Number PL0815 and PL0921, Service Code 615
- Behavior Analyst, Vendor Number PL0814, Service Code 612
- Individual or Family Training Service, Vendor Number PL0894, Service Code 102

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

- Review of NLACRC's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interview of NLACRC's staff for vendor background information and to obtain prior vendor audit reports.
- Interview of WHS' staff and management to gain an understanding of its accounting procedures and processes for billings.
- Review of WHS' service/attendance records to determine if WHS had sufficient and appropriate evidence to support the direct care services billed to the regional centers.
- Performed an analysis of WHS' payroll and attendance/service records to determine if WHS provided the level of staffing required.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

The DDS issued a draft report on October 11, 2012. No response was received, due to the sudden closure of WHS. The draft report was forwarded to WHS' attorney of record, only to be returned with the explanation that that attorney no longer represented WHS.

RESTRICTED USE

This report is solely for the information and use of the DDS, Department of Health Care Services, NLACRC, FDLRC, TCRC, RCOC, ELARC, WRC, and SGPRC. This restriction is not intended to limit distribution of this report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Behavior Management Assistance and Behavior Analyst - Unsupported Billings and Failure to Bill

The review of WHS' Behavior Management Assistance and Behavior Analyst programs, Vendor Numbers PL0815, PL0921, and PL0814 for March to April 2010 and November to December 2009 revealed that WHS had both unsupported billings, as well as appropriate support for services that it failed to bill to NLACRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NLACRC. The failure to bill occurred when WHS had appropriate supporting documentation, but did not bill NLACRC for services provided.

Vendor Number PL0815 (615)

WHS was not able to provide appropriate supporting documentation for 12,319.99 units of services billed under Vendor Number PL0815. The lack of documentation resulted in unsupported billings to NLACRC in the amount of \$515,924.51.

In addition, WHS provided appropriate supporting documentation for 14.50 units of service under Vendor Number PL0815 which was not billed to NLACRC. This resulted in an unbilled amount of \$530.29.

Vendor Number PL0921 (615)

WHS was not able to provide appropriate supporting documentation for 2,614.37 units of services billed under Vendor Number PL0921. The lack of documentation resulted in unsupported billings to NLACRC in the amount of \$40,925.80.

In addition, WHS provided appropriate supporting documentation for 29.50 units of service under Vendor Number PL0921 which was not billed to NLACRC. This resulted in an unbilled amount of \$915.68.

Vendor Number PL0814 (612)

WHS was not able to provide appropriate supporting documentation for 4,431.07 units of services billed under Vendor Number PL0814. The lack of documentation resulted in unsupported billings to NLACRC in the amount of \$322,360.68.

The net total of the billing discrepancies resulted in \$877,765.02 of unsupported billings due back to DDS. (See Attachment A.)

CCR, title 17, section 54326(a) (3) and (10) states:

“All vendors shall:

- (3) Maintain records of service 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..."

Also, CCR, title 17, sections 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:

WHS must reimburse DDS \$877,765.02 for unsupported billings. In addition, WHS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to NLACRC.

Finding 2: Overpayment due to Unlicensed Staff Performing Behavior Analyst Duties

The WHS staff that performed the duties and responsibilities of a Behavior Analyst for Vendor Number PL0814, lacked the Board Certified Behavior Analyst (BCBA) certifications as required per CCR, title 17. Pursuant to DDS Program Advisory for Group Practice, “All persons providing services as defined in Title 17, CCR, Section 54342, must hold the appropriate licensure or certification to be vendored to provide those specific services. Aides, trained staff, assistants, and others within a group practice who are allowed to provide services under a licensed or certified individual within a group practice must be authorized under a separate service code to be determined between the regional center and the vendor.”

The audit revealed that 6 out of 34 staff providing the Behavioral Analyst Services were licensed BCBA's. Therefore, the services billed under service code 612 for the 28 unlicensed staff should have been billed under service code 620. The \$3,865.15 identified in this finding is the result of the rate differential between service code 612 and service code 620.

CCR, title 17, Section 54342 (a)(11) states:

“(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:

WHS must reimburse DDS for the rate differential of \$3,865.15 for services that were performed by 28 unlicensed staff but were billed under service code 612 for licensed BCBAs. In addition, WHS should ensure that staff performing the duties and responsibilities of a Behavior Analyst under service code 612 have the appropriate license or certification.

Wellspring Healthcare Services, Inc.
Summary of Unsupported Billings & Failure to Bill
Fiscal Year 2009-10

Finding #	Vendor	Svc Code	Description	Sample Months	Rate	C=A*B		E=A*D		Amount Due to DDS
						Units	Amount	Units	Amount	
						Unsupported Billings		Failure to Bill		
1	Behavior Management Assistant									
	PL0815	615	Behavior Mgmt Assist 1:1	Mar-10	Various	3,176.58	\$ 134,959.07	-	\$ -	\$ 134,959.07
				Apr-10	Various	3,125.91	\$ 126,389.64	(10.50)	\$ (326.97)	\$ 126,062.67
						6,302.49	\$ 261,348.71	(10.50)	\$ (326.97)	\$ 261,021.74
				Nov-09	Various	2,215.02	\$ 92,886.24	(4.00)	\$ (203.32)	\$ 92,682.92
				Dec-09	Various	3,802.48	\$ 161,689.56	-	\$ -	\$ 161,689.56
						6,017.50	\$ 254,575.80	(4.00)	\$ (203.32)	\$ 254,372.48
			Subtotal			12,319.99	\$ 515,924.51	(14.50)	\$ (530.29)	\$ 515,394.22
	PL0921	615	Behavior Mgmt Assist 1:1	Mar-10	Various	786.04	\$ 16,394.44	(29.50)	\$ (915.68)	\$ 15,478.76
				Apr-10	Various	1,737.83	\$ 21,163.52	-	\$ -	\$ 21,163.52
						2,523.87	\$ 37,557.96	(29.50)	\$ (915.68)	\$ 36,642.28
				Nov-09	Various	69.25	\$ 2,708.24	-	\$ -	\$ 2,708.24
				Dec-09	Various	21.25	\$ 659.60	-	\$ -	\$ 659.60
						90.50	\$ 3,367.84	-	\$ -	\$ 3,367.84
			Subtotal			2,614.37	\$ 40,925.80	(29.50)	\$ (915.68)	\$ 40,010.12
1	Behavior Analyst									
	PL0814	612	Behavior Analyst 1:1	Mar-10	\$ 72.75	1,126.25	\$ 81,934.78	-	\$ -	\$ 81,934.78
				Apr-10	\$ 72.75	1,235.65	\$ 89,893.65	-	\$ -	\$ 89,893.65
						2,361.90	\$ 171,828.43	-	\$ -	\$ 171,828.43
				Nov-09	\$ 72.75	939.41	\$ 68,342.15	-	\$ -	\$ 68,342.15
				Dec-09	\$ 72.75	1,129.76	\$ 82,190.10	-	\$ -	\$ 82,190.10
						2,069.17	\$ 150,532.25	-	\$ -	\$ 150,532.25
			Subtotal			4,431.07	\$ 322,360.68	-	\$ -	\$ 322,360.68
TOTAL UNSUPPORTED BILLINGS:						\$ 17,003.54	\$ 879,210.99	\$ (44.00)	\$ (1,445.97)	\$ 877,765.02

**Wellspring Healthcare Services, Inc.
Summary of Unsupported Billings & Failure to Bill
Fiscal Year 2009-10**

Finding #	Vendor	Svc Code	Description	Sample Months	A Rate	B Unsupported Billings		D Failure to Bill		E=A*D Amount Due to DDS
						Units	C=A*B Amount	Units	Amount	
2	Behavior Analyst									
	PL0814	612	BCBA License Review	Nov-09	\$ 21.92 ¹	68.50	\$ 1,501.52	-	\$ -	\$ 1,501.52
				Dec-09	\$ 21.92 ¹	107.83	\$ 2,363.63	-	\$ -	\$ 2,363.63
TOTAL UNLICENSED BILLINGS:						176.33	\$ 3,865.15	-	\$ -	\$ 3,865.15
TOTAL UNSUPPORTED & UNLICENSED BILLINGS:						17,179.87	\$ 883,076.14	(44.00)	\$ (1,445.97)	\$ 881,630.17

¹ The rate of \$21.92 was computed as the difference between the rate paid for services provided by BCBA Licensed staff (\$72.75 per hour) and the rate that is paid for services provided by unlicensed staff (\$50.83 per hour).