

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
CHOICE HOMECARE, INC.

Programs:

Personal Assistance – PL1002

In-Home Respite Services Agency – HL0320

Home Health Agency – HL0612

Audit Period: July 1, 2017, through June 30, 2018

Audit Section

Auditors: Michael Masui, Chief of Vendor Audit Unit
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CHOICE HOMECARE, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Choice Homecare, Inc. (CH). The audit was performed upon the Personal Assistance (PA) program, In-Home Respite Services Agency (IHRSA) and Home Health Agency (HHA), for the period of July 1, 2017, through June 30, 2018.

The audit disclosed the following issues of non-compliance:

Finding 1: Personal Assistance – Unsupported Billings

The review of CH's PA program, Vendor Number PL1002, revealed that CH had a total of \$226,931 of unsupported billings to North Los Angeles County Regional Center (NLACRC).

Finding 2: In-Home Respite Services Agency – Unsupported Billings

The review of CH's IHRSA program, Vendor Number HL0320, revealed that CH had a total of \$133,496 of unsupported billings to NLACRC.

Finding 3: Home Health Agency – Unsupported Billings

The review of CH's HHA program, Vendor Number HL0612, revealed that CH had a total of \$83,885 of unsupported billings to NLACRC.

The total of the findings identified in this audit amounts to \$444,312, which is due back to DDS. A detailed discussion of these findings is contained in the Findings and Recommendations section of this report.

BACKGROUND

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. 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 supports to persons with developmental disabilities.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

The audit was conducted to determine whether CH's programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State and Federal laws and regulations and the regional center's contracts with CH for the period of July 1, 2017, through June 30, 2018.

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 CH, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CH'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 CH complied with W&I Code and CCR, Title 17. Any complaints that DDS' Audit Section was aware of regarding non-compliance with laws and regulations were also reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to NLACRC that utilized CH's services during the audit period. CH provided four types of services, of which DDS audited three. Services chosen by DDS were based on the amount of POS expenditures invoiced by CH. By analyzing the information received during a pre-audit meeting with the vendor, an internal control questionnaire and a risk analysis, it was determined that a two-month sample period would be sufficient to fulfill the audit objectives.

Personal Assistance

During the audit period, CH operated one PA program. The audit included the review of CH's PA program, Vendor Number PL1002, SC 062 and testing was done for the sampled months of May 2018 and June 2018.

In-Home Respite Services Agency

During the audit period, CH operated one IHRSA program. The audit included the review of CH's IHRSA program, Vendor Numbers HL0320, SC 862 and testing was done for the sampled months of May 2018 and June 2018.

Home Health Agency

During the audit period, CH operated one HHA program. The audit included the review of CH's HHA program, Vendor Number HL0612, SC 854 and testing was done for the sampled months of May 2018 and June 2018.

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:

- Reviewed vendor files for contracts, rate letters, program designs, POS authorizations and correspondence pertinent to the review.
- Interviewed regional center staff for vendor background information and to obtain insight into the vendor's operations.
- Interviewed vendor staff and management to gain an understanding of the vendor's accounting procedures and processes for regional center billing.
- Obtained and reviewed the vendor's internal control questionnaire.
- Reviewed vendor service/attendance records to determine if the vendor had sufficient and appropriate evidence to support the direct care services billed to the regional center.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

- Interviewed the vendor's Executive Director, Treasurer and Program Coordinators, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

CONCLUSION

Based upon items identified in the Findings and Recommendations section, CH had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on June 3, 2021. The findings in the report were discussed at an exit conference via Microsoft Teams with CH on June 10, 2021. In an email dated, August 18, 2021, [REDACTED], Director/Treasurer & Secretary, stated in response that CH accepts the findings.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Personal Assistance – Unsupported Billings

The review of CH's PA program, Vendor Number PL1002, for the sampled months of May and June 2018, revealed that CH had unsupported billings for services billed to NLACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NLACRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the employees' timesheets and Customer Relationship Management sheets (CRM) and compared those hours to the direct care service hours billed to NLACRC. DDS noted that the direct care service hours on the timesheets and CRM which were reconciled to payroll were less than the direct care service hours billed to NLACRC. CH was not able to provide appropriate supporting documentation for 12,679 hours of services billed. The lack of documentation resulted in unsupported billings to NLACRC in the amount of \$226,931, which is due back to DDS. (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 that either of 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:

CH must reimburse \$226,931 to DDS for the unsupported billings. In addition, CH should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NLACRC.

CH's Response:

CH, stated in the response, dated August 18, 2021, that CH, accepts the findings. (See Attachment B)

Finding 2: In-Home Respite Services Agency – Unsupported Billings

The review of CH's IHRSA program, Vendor Number HL0320, for the sampled months of May and June 2018, revealed that CH had unsupported billings for services billed to NLACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NLACRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the employees' timesheets and CRM and compared those hours to the direct care service hours billed to NLACRC. DDS noted that the direct care service hours on the timesheets and CRM which were reconciled to payroll were less than the direct care service hours billed to NLACRC. CH was not able to provide appropriate supporting documentation for 11,775 hours of services billed. In addition, CH was not able to provide appropriate supporting documentation for 1,428 miles billed. The lack of documentation resulted in unsupported billings to NLACRC in the amount of \$132,718 and \$778 for the hourly and mileage services, respectively. The total unsupported billings of \$133,496 is due back to DDS. (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 that either of 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:

CH must reimburse \$133,496 to DDS for the unsupported billings. In addition, CH should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NLACRC.

CH’s Response:

CH, stated in the response, dated August 18, 2021, that CH, accepts the findings. (See Attachment B)

Finding 3: Home Health Agency – Unsupported Billings

The review of CH’s HHA program, Vendor Number HL0612, for the sampled months of May and June 2018, revealed that CH had unsupported billings for services billed to NLACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NLACRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours and visits documented on the Weekly/Daily Visit Record/Route Sheet and compared those to the direct care services billed to NLACRC. DDS noted that the direct care service hours and visits on the Weekly/Daily Visit Record/Route Sheet which were reconciled to payroll were less than the direct care service units billed to NLACRC. CH was not able to provide appropriate supporting documentation for 2,784 hours of services billed. In addition, CH was not able to provide appropriate supporting documentation for 41 daily visits billed. The lack of documentation resulted in

unsupported billings to NLACRC in the amount of \$80,871 and \$3,014 for the hourly and daily visit services, respectively. The total unsupported billings of \$83,885 is due back to DDS. (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 that either of 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:

CH must reimburse \$83,885 to DDS for the unsupported billings. In addition, CH should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NLACRC.

CH’s Response:

CH, stated in the response, dated August 18, 2021, that CH, accepts the findings. (See Attachment B)

ATTACHMENT A

CHOICE HOMECARE, INC.

To request a copy of the attachment for this audit report, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT B – VENDOR’S RESPONSE

CHOICE HOMECARE, INC.

To request a copy of the vendor’s response to the audit findings, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT C – DDS' EVALUATION OF CH's RESPONSE

CH's response, dated August 18, 2021, accepts DDS' findings.