

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES'
AUDIT
OF
STARCHILD INTERVENTIONS**

Programs and Services:

Early Start Specialized Therapeutic Services – PW7441

Infant Development Program – HL0773, HW0625

Audit Period: January 1, 2021, through March 31, 2024

Audit Section

Auditors: Alimou Diallo, Chief of Vendor Audit Unit
Lucy Lao-Hernandez, Supervisor
Vitaliy Bondar, Auditor

STARCHILD INTERVENTIONS

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited StarChild Interventions (SCI). The audit was performed upon the Early Start Specialized Therapeutic Services (ESSTS) and Infant Development Program (IDP) programs for the period of January 1, 2021, through March 31, 2024.

The audit disclosed the following issues of non-compliance:

Finding 1: Infant Development Program – Lack of Requisite Qualifications by Staff

The review of SCI's IDP, Vendor Number HL0773, revealed that SCI was vendored by North Los Angeles County Regional Center (NLACRC) as an interdisciplinary model Infant Development Program. NLACRC approved SCI to provide various services, including speech language pathologist (SLP), Occupational Therapist (OT) and Child Development (CD) services. This approval was based on SCI meeting all the required credential and licensing requirements per CCR, Title 17, and SCI's program design. However, the staff who provided services to the consumers did not meet those requirements. The lack of requisite qualifications by staff resulted in overbillings in the amount of \$971,372 to NLACRC.

Finding 2: Early Start Specialized Therapeutic Services – Lack of Requisite Qualifications by Staff

The review of SCI's ESSTS, Vendor Number PW7411, revealed that SCI's staff who provided services to the consumers did not meet the credential and the licensing requirements per the CCR, Title 17 and SCI's program design. The lack of requisite qualifications by staff resulted in overbillings in the amount of \$477,905 to Westside Regional Center (WRC).

Finding 3: Infant Development Program – Unsupported Billings

The review of SCI's IDP, Vendor Number HL0773 and HW0625, revealed that SCI had a total of \$241,283 of unsupported billings to NLACRC and WRC.

Finding 4: Early Start Specialized Therapeutic Services – Unsupported Billings

The review of SCI's ESSTS program, Vendor Number PW7441, revealed that SCI had a total of \$122,851 of unsupported billings to WRC.

The total of the findings identified in this audit amounts to \$1,813,411, 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 SCI's programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional centers' contracts with SCI for the period of January 1, 2021, through March 31, 2024.

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 SCI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of SCI'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 SCI 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 two regional centers that utilized SCI's services during the audit period. DDS audited services provided to NLACRC and WRC. These two regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

SCI provided two different types of services, of which DDS audited two. Services chosen were based on the amount of POS expenditures invoiced by SCI. By analyzing the information received from the vendor, an internal control questionnaire and a risk analysis, it was determined that a sample period of Calendar Year (CY) 2021, 2022, 2023, and, January 2024 through March 2024 would be sufficient to fulfill the audit objectives.

Early Start Specialized Therapeutic Services

During the audit period, SCI operated one ESSTS program. The audit included the review of one SCI's ESSTS program, Vendor Number PW7441, SC 116 and testing was done for the CY 2021.

Infant Development Program

During the audit period, SCI operated two IDPs. The audit included the review of two SCI's IDPs, Vendor Numbers HL0773 and HW0625, SC 805 and testing was done for the CY 2021, 2022, 2023, and January 2024 through March 2024.

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 centers.
- Analyzed 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, SCI had the findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on August 20, 2024. The findings in the report were discussed at an exit conference with SCI on August 30, 2024. Subsequent to the exit conference, on October 2, 2024, SCI submitted a response to the draft audit report via email. SCI did not agree with the findings, specifically the unsupported billings.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Infant Development Program – Lack of Requisite Qualifications by Staff

The review of SCI's IDP, Vendor Number HL0773, revealed that SCI's staff who provided services to consumers under the SLP and OT did not meet the licensing requirement for these programs. Services authorized under the SLP must be provided by a speech language pathologist who is licensed by the Speech-Language Pathology and Audiology and Hearing Aid Dispensers Board.

As stipulated in the NLACRC contract with SCI and the requirements per the CCR, Title 17, only licensed Speech-Language Pathologists are approved to provide speech services to NLACRC consumers. Nevertheless, DDS determined that 10,396 service hours that were billed to the NLACRC, were not provided by licensed Speech-Language Pathologists. The lack of requisite qualifications by staff resulted in overbillings in the amount of \$971,372 to NLACRC. (See Attachment A)

Upon reviewing the staff qualifications and licenses for the audit period of January 1, 2021, through March 31, 2024, DDS has determined that despite SCI having no staff members who are licensed SLPs since 2021, SCI have been consistently issuing reports that falsely reflect that they are licensed Speech-Language Pathologists. The assessment and progress reports submitted to NLACRC all reflected staff signatures with the title, "Early Start Speech Language Pathologist" and the letters "CCC-SLP". This misrepresentation is a violation of CCR, Title 17 requirements, SCI's Program Design, and the California Business and Professions Code Section 2532.

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 54342(a)(75)(A) and (B) states:

(A) A speech-language pathologist who is validly licensed as a speech-language pathologist as specified in the California Business and Professions Code, Division 2, Healing Arts, Chapter 5.3, Speech-Language Pathologists and Audiologists; and provides:

1. Diagnostic screening and assessment; and
2. Preventative and corrective therapy for persons with speech or

language or swallowing disorders

- (B) A speech-language pathology assistant who is validly licensed in the State of California and performs the duties and functions as specified in the Business and Professions Code, Division 2, Healing Arts, Chapter 5.3, Speech-Language Pathologists and Audiologists, Sections 2538-2538.7, and works under supervision of a qualified licensed speech-language pathologist in a group practice.

CCR, Title 17, Section 54342 states in part:

- (a) The following service codes shall be assigned to the following types of services:

- “(53) Occupational Therapy - A regional center shall classify a vendor as a provider of occupational therapy if the vendor is:

- (A) An occupational therapist who is validly registered by the American Occupational Therapy Association and who, based on the written prescription of a physician, dentist or podiatrist, provides occupational therapy evaluation, treatment planning, treatment, instruction and consultative services.”

California Business and Professions Code Section 2532 states in part:

“No person shall engage in the practice of speech-language pathology or audiology or represent themselves as a speech-language pathologist or audiologist unless they are licensed in accordance with this chapter.”

SCI Program Designs states in part that:

“We provide families with certified or licensed professionals who come into the child’s natural environment as a part of the routine where the child learns, plays, and lives, and use their skills to help in the progression of reaching the child’s developmental milestones”

Recommendation:

SCI must reimburse to DDS \$971,372 for the overbillings. In addition, SCI should comply with the CCR, Title 17 and NLACRC contract as stated above to ensure that staff who are validly licensed as a Speech-Language Pathologist, as specified in the California Business and Professions Code, Division 2, Healing Arts, Chapter 5.3, Speech--Language Pathologists and Audiologists provide services billed to NLACRC.

Vendor's Response:

In their response, SCI did not disagree with the findings of lack of qualification by staff. SCI stated, "Starchild Interventions disagrees with the audit findings, specifically the unsupported billings."

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

Finding 2: Early Start Specialized Therapeutic Services – Lack of Requisite Qualifications by Staff

The review of SCI's ESSTS program, Vendor Number PW7441, for the audit period of January 1, 2021, through September 30, 2021, revealed that the staff who provided services to consumers of WRC did not meet the licensing requirement for such services. Services authorized under the ESSTS program must be provided by occupational therapists, speech language pathologists, and/or physical therapists who are licensed by the Speech-Language Pathology & Audiology & Hearing Aid Dispensers Board.

As stipulated in the WRC contract with SCI and requirements per the CCR, Title 17, only licensed staff are approved to provide speech services to WRC consumers. Nevertheless, DDS determined that 4,386 service hours that were billed to the WRC, were not provided by staff who possess the qualifications. The lack of requisite qualifications by staff resulted in overbillings in the amount of \$477,905 to WRC. (See Attachment A)

SCI's program designs require staff providing services under the ESSTS program to have the required qualifications: a degree, current CA-SLP License/Credential and a minimum of 2 years of experience working with children with developmental disabilities 0-3 years' population. However, despite only three of SCI's staff members being licensed SLPs, the assessment and progress reports submitted to WRC all reflected staff signatures with the title, "Early Start Speech Language Pathologist" and the letters "CCC-SLP".

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 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 part:

(b) The following service codes shall be assigned to the following types of services:

“(53) Occupational Therapy - A regional center shall classify a vendor as a provider of occupational therapy if the vendor is:

- (B) An occupational therapist who is validly registered by the American Occupational Therapy Association and who, based on the written prescription of a physician, dentist or podiatrist, provides occupational therapy evaluation, treatment planning, treatment, instruction and consultative services.”

“(75) Speech Pathology - A regional center shall classify a vendor as a provider of speech pathology services if the vendor is:

- (A) A speech pathologist who is validly licensed as a speech pathologist by the Speech-Language Pathology and Audiology and Hearing Aid Dispensers Board.”

California Business and Professions Code Section 2532 states in part:

“No person shall engage in the practice of speech-language pathology or audiology or represent themselves as a speech-language pathologist or audiologist unless they are licensed in accordance with this chapter.”

SCI Program Designs states in part that:

“We provide families with certified or licensed professionals who come into the child’s natural environment as a part of the routine where the child learns, plays, and lives, and use their skills to help in the progression of reaching the child’s developmental milestones”

Miscellaneous Service Code, Early Start Special Service Code, Attachment B (CFSB 01-1), October 12, 2001, states in part:

“A regional center shall classify an individual as an Early Start Therapeutic Services provider if the person provides services for consumers aged birth to 36 months who require specialized services,

as deemed necessary based on informed clinical opinion. These services must be identified in the Individualized Family Service Plan. Early Start specialized therapeutic services include but are not limited to: services necessary to increase or maintain health and/or developmental progress; and, when provided as ancillary to these services, family and/or individual education and training; family support and counseling; provider travel; interagency consultation; and consultation with and training for other involved professional. Vendors shall be individuals offering these services, and shall ensure possession of licenses, certifications and/or credentials as required by the State of California to practice in the field being offered. In addition, the vendor shall have at a minimum, one year's experience working with persons with developmental disabilities."

Recommendation:

SCI must reimburse to DDS \$477,905 for the overbillings. In addition, SCI should comply with the CCR, Title 17 and WRC's contract as stated above to ensure that services billed to WRC are provided by qualified and licensed professionals.

Vendor's Response:

In their response, SCI did not disagree with the findings of lack of qualification by staff. SCI stated, "Starchild Interventions disagrees with the audit findings, specifically the unsupported billings."

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

Finding 3: Infant Development Program – Unsupported Billings

The review of SCI's IDP, Vendor Number HL0773 and HW0625, for the audit period of January 1, 2021, through March 31, 2024, revealed that SCI had unsupported billings for services billed to NLACRC and WRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NLACRC and WRC, and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the employee timesheets and compared those hours to the direct care service hours billed to NLACRC and WRC. DDS noted that the direct care service hours on the timesheets were 2,588 hours less than the direct care service hours billed to NLACRC and WRC. SCI was not able to provide appropriate supporting documentation for 2,588 hours of services billed. The lack of documentation resulted in unsupported billings to NLACRC and WRC in the amount of \$241,283, which is due back to DDS. (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 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:

SCI must reimburse to DDS \$241,283 for the unsupported billings. In addition, SCI should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NLACRC and WRC.

Vendor’s Response:

In their response, SCI disagreed with the findings of unsupported billings. SCI stated, “Starchild Interventions disagrees with the audit findings, specifically the unsupported billings.”

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

Finding 4: Early Start Specialized Therapeutic Services – Unsupported Billings

The review of SCI’s ESSTS program, Vendor Number PW7441, for the audit period of January 1, 2024, through March 31, 2024, revealed that SCI had unsupported billings for services billed to WRC. Unsupported billings occurred

due to a lack of appropriate documentation to support the units of service billed to WRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the employee timesheets and compared those hours to the direct care service hours billed to WRC. DDS noted that the direct care service hours on the timesheets were 1,129 hours less than the direct care service hours billed to WRC. SCI was not able to provide appropriate supporting documentation for 1,129 hours of services billed. The lack of documentation resulted in unsupported billings to WRC in the amount of \$122,851, which is due back to DDS.
(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 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.”

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

Recommendation:

SCI must reimburse to DDS \$122,851 for the unsupported billings. In addition, SCI should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to WRC.

Vendor's Response:

In their response, SCI disagreed with the findings of unsupported billings. SCI stated, "Starchild Interventions disagrees with the audit findings, specifically the unsupported billings."

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

ATTACHMENT A

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

ATTACHMENT B

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

ATTACHMENT C – VENDOR’S RESPONSE

STARCHILD INTERVENTIONS

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

ATTACHMENT D – DDS' EVALUATION OF SCI'S RESPONSE

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