



October 26, 2012

Mr. Gary Epstein, President  
Firststaff Nursing Services, Inc.  
One Belmont Ave, Suite 310  
Bala Cynwyd, Pennsylvania 19004

Dear Mr. Epstein:

I am enclosing the final report of Firststaff Nursing Services, Inc. that was recently completed by this office. Your response has been incorporated into the final report and labeled as an Appendix.

I would like to extend my appreciation for all the courtesy extended to my staff during the course of fieldwork. I understand that you were especially helpful to Florence Avakame in expediting the audit process.

The final report will be forwarded to the Department's Office of Long Term Living (OLTL) to begin the Department's resolution process concerning the report contents. The staff from the OLTL may be in contact with you to follow-up on the action taken to comply with the report's recommendations.

If you have any questions concerning this matter, please contact David Bryan, Audit Resolution Section, at (717) 783-7217.

Sincerely,

A handwritten signature in black ink that reads "Tina L Long". The signature is written in a cursive, slightly slanted style.

Tina L. Long, CPA  
Director

Enclosure

c: Ms. Karen Deklinski  
Ms. Bonnie Rose  
Mr. Michael Hale  
Mr. Grant Witmer  
Ms. Sallee Rowe

bc: Mr. Alexander Matolyak  
Mr. Daniel Higgins  
Mr. David Bryan  
Ms. Kenya Mann Faulkner  
Ms. Shelley L. Lawrence  
SEFO Audit File (S1200-P46)

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DPW's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65 P.S. §§ 67.101 et seq.) The DPW RTKL Office can be contacted by email at: [ra-dpwtkl@pa.gov](mailto:ra-dpwtkl@pa.gov).



October 26, 2012

The Honorable Gary Alexander  
 Secretary of Public Welfare  
 Health & Welfare Building Room 333  
 Harrisburg, Pennsylvania 17120

Dear Secretary Alexander:

In response to a request from the Office of Long Term Living (OLTL), the Bureau of Financial Operations (BFO) initiated an audit of Firststaff Nursing Services, Inc. (Firststaff). The audit was designed to investigate, analyze and make recommendations regarding claim reimbursements from the Provider Reimbursement and Operations Management Information System (PROMISE) billings. The audit period was October 1, 2010 to March 31, 2012.

This report is currently in final form and therefore contains Firststaff's views on the reported finding, conclusions, and recommendations. Management's response to the draft report is included as an appendix hereto.

**Executive Summary**

Firststaff provides in-home services to consumers and families with special needs. Firststaff assists consumers to acquire and maintain the highest possible level of independent living by providing habilitation, companionship, light housekeeping, skilled nursing, and respite services.

The report findings and recommendations for corrective action are summarized below:

FINDING No.1	SUMMARY
<p><b><i>A Sample of Firststaff's PROMISE Reimbursements and an Analysis of the Underlying Documentation Revealed That 0.933% of the Claims Tested Were Unsubstantiated.</i></b></p>	<p>A random sample of claims was tested for adequacy of documentation. The result was that 0.933% of the tested claims were unsubstantiated. Extrapolating this variance over the entire population of reimbursed claims results in a disallowance of \$18,171.</p>
HIGHLIGHTS OF RECOMMENDATIONS	
<p>OLTL should:</p> <ul style="list-style-type: none"> <li>• Recover \$18,171 from Firststaff due to unsubstantiated claims.</li> </ul> <p>Firststaff should:</p> <ul style="list-style-type: none"> <li>• Only claim reimbursement for services rendered during the time periods billed and retain adequate documentation for each claim submitted to PROMISE.</li> </ul>	

**Firststaff Nursing Services, Inc.**  
**October 1, 2010 Through March 31, 2012**

FINDING No. 2	SUMMARY
<b><i>Some of Firststaff's Time Sheets Did Not Contain Dated Signatures of Consumers Verifying That the Services Were Rendered as Claimed.</i></b>	A random sample of claims was tested for signed and dated verifications by the employee and consumer. In several instances, the consumer did not sign or date the time sheets as having received the services as claimed.
HIGHLIGHTS OF RECOMMENDATIONS	
OLTL should: <ul style="list-style-type: none"> <li>• Require that time sheets be signed and dated by both the employee as having delivered the service and by the consumer as having received the service.</li> </ul> Firststaff should: <ul style="list-style-type: none"> <li>• Obtain signed verifications from the consumers on time sheets to verify the hours worked and the units billed to PROMISE.</li> </ul>	

**Background**

Firststaff Nursing Services, Inc. is a Pennsylvania for-profit corporation. Its Pennsylvania office is located in Bala Cynwyd, PA. Firststaff serves consumers who are enrolled by OLTL. They work with Philadelphia, Berks, Bucks, Chester, Delaware, Lehigh, Lancaster and Montgomery Counties' developmental disability organizations to provide in-home habilitation services to consumers and families with special needs. Firststaff considers each consumer's particular circumstances to provide supports that result in the highest possible level of independent living and it provides habilitation, companionship, light housekeeping, and respite services in consumers' homes.

**Objective/Scope/Methodology**

The audit objective, developed in concurrence with OLTL was:

- To determine if Firststaff has adequate documentation to substantiate the claims reimbursed through PROMISE for services delivered.

In pursuing the objective, the BFO interviewed OLTL personnel and Firststaff's management and staff. The BFO also reviewed books, records, care givers' timesheets, progress notes, bills, receipts, PROMISE reimbursement data and electronic records available in the Home and Community Services Information System (HCSIS), and other pertinent data necessary to pursue the audit objective.

The criteria used to ascertain the adequacy of supporting documentation was 55 Pa. Code Section 1101.51(e) and pertinent Federal Waiver regulations.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objective described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of these controls. Areas where we noted an opportunity for improvement in management controls are addressed in the findings of this report.

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**October 1, 2010 Through March 31, 2012**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The BFO's fieldwork was conducted from July 26, 2012 to August 9, 2012 and was performed in accordance with generally accepted government auditing standards. This report is available for public inspection.

**Results of Fieldwork**

**Finding No. 1 – A Sample of Firststaff's PROMISe Reimbursements and an Analysis of the Underlying Documentation Revealed That 0.933% of the Claims Tested Were Unsubstantiated.**

The value of claims reimbursed through PROMISe for the audit period totaled \$1,947,548. A statistically valid random sample of 57 claims was selected from a population of 2,242 claims for Personal Assistance Services (PAS), Nursing, and Respite Services. The BFO analyzed the supporting documentation for the sampled claims. This included time sheets, progress notes (if available), and other documentation to support the services that were billed. The BFO also verified that the units billed did not exceed the number authorized in the ISP.

Six exceptions were identified in the 57 claims. The exceptions totaled \$484.58 of the \$51,937.02 tested, or a 0.933% error rate. The error rate was extrapolated over the audit period value of claims reimbursed to determine the recommended disallowance of \$18,171.

**Recommendations**

The BFO recommends that OLTL recover \$18,171 due to a lack of adequate supporting documentation for claims paid.

Additionally, the BFO recommends that Firststaff only bill PROMISe for services rendered and documented on employee time sheets.

Finally, the BFO recommends that Firststaff ensure that service delivery is consistent with the current ISPs.

**Finding No.2 – Some of Firststaff's Time Sheets Did Not Contain Dated Signatures of Consumers Verifying That the Services Were Rendered as Claimed.**

A review of the time sheets for the sampled reimbursements identified several that were not completed. BFO's review of the time sheets was intended to verify service dates, hours worked, the nature and extent of services rendered, and the signed and dated attestations certifying that services were delivered by the employee and received by the consumer. In several instances, the consumer receiving the service did not sign off on the time sheet.

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This is a weakness in internal controls in that service delivery was not expressly verified by the consumer. It is industry-standard practice to have the consumer countersign the time sheets as an acknowledgement of the receipt of services. Further examination of progress notes and other supporting documentation provided reasonable assurance that the services were appropriately delivered as billed.

**Recommendation**

The BFO recommends that Firststaff obtain signed consumer verifications to confirm that consumers received the appropriate number of units of service.

The BFO also recommends that OLTL require that time sheets be signed and dated by the employees that delivered the services and by the consumer that received the service.

**Exit Conference**

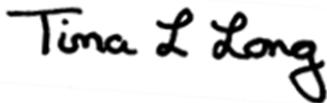
Firststaff management did not request a formal exit conference. However, a telephone conference was held with Firststaff's President on October 22, 2012. The discussions focused on Firststaff's corrective action plan as put forth and their response as well as the provider appeal process.

In accordance with our established procedures, an audit response matrix will be provided to the OLTL. The OLTL is responsible for completing the matrix within 60 days and email the Excel file to the DPW Audit Resolution Section at:

[RA-pwauditresolution@pa.gov](mailto:RA-pwauditresolution@pa.gov).

The response to each recommendation should indicate OLTL's concurrence or non-concurrence, the corrective action to be taken, the staff from OLTL responsible for the corrective action, the expected date that the corrective action will be completed, and any related comments.

Sincerely,



Tina L. Long, CPA  
Director

Enclosure

c: Ms. Karen Deklinski  
Ms. Bonnie Rose  
Mr. Michael Hale  
Mr. Grant Witmer  
Ms. Sallee Rowe

bc: Mr. Alexander Matolyak  
Mr. Daniel Higgins  
Mr. David Bryan  
Ms. Kenya Mann Faulkner  
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SEFO Audit File (S1200-P46)

**FIRSTAFF NURSING SERVICES  
RESPONSE TO THE DRAFT REPORT**

**APPENDIX**

# *Firststaff*<sup>®</sup>

*Nursing Services*

Mr. Daniel Higgins Audit Manager  
Division of Audit Review  
Bureau of Financial Operations  
Department of Public Welfare  
801 Market Street, Suite 5040  
Philadelphia, Pa 19107-3126

October 12, 2012

RE: DAR audit 10/1/2010 – 3/31/2012

As a new Home Health Care vendor to the Pennsylvania Department of Public Welfare we welcomed the audit that was conducted by the DAR for the eighteen month period of October 1, 2010 through March 31, 2012. We looked at this as a learning opportunity to validate our process and to find areas of improvement. Although, we would have preferred to have a perfect score on this audit we feel that a score of 0.933% in our first audit shows that we have been diligent in our process and points out the need for some improvement.

I was however; completely shocked when it was explained to me that as a result of this audit that the DAR determined that we should pay a penalty to the OLTL of \$18,171.00. As I sit hear and write this response we are carrying an unpaid balance of more than \$400,000.00 with more than \$100,000.00 over ninety days old. As a small company we welcome the business from the OLTL and have made the necessary funding arrangements to carry this balance however, we are not in the position to pay a penalty of this magnitude. This penalty would jeopardize our ability to fund and support both our current case load and future case load.

The audit came up with two findings. Finding one showed a 0.933% error for unsubstantiated claims. This finding of 0.933% is made up of one key error on our part. We have a consumer that we provide nursing to. A nurse was scheduled for 12:00 am until 7:00 am for a total of 7 hours or 28 units. The nurse was entered into our scheduling system which generates both bill and pay from 12:00 pm until 7:00 am for a total of 19 hours or 76 units which created an unsubstantiated claim from 12:00 pm through 12:00 am for 12 hours or 48 units for a total of \$480.00. The entire audit showed \$501.66 in unsubstantiated claims and this one error represents 96% of the unsubstantiated amount. Had we not had this one error of 12p/12a our unsubstantiated claims would have been .0417% or \$812.12.

Our system is designed so that everything we bill we pay and everything we pay we bill. In most cases if we for some reason under pay a nurse that nurse would make us aware of

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[REDACTED]

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## *Nursing Services*

this immediately. Once the under pay is adjusted we would then come back and adjust the under bill. The problem her is the over pay and over bill. Most clients request invoices and nursing notes when billed. So if for some reason we have an over bill and over pay we can expect that the client would contact us once they receive the bill to make the necessary adjustment. In the case of OLTL we do all of the billing in Promise therefore, there is no client to review the invoice and bill. It would be helpful in the event of an over bill which in turn would create an over pay that the employee that was overpaid make us aware of this over pay. This would eliminate any unsubstantiated claims for over bill in the future.

As a result of finding one we have implemented a new three step process to avoid any unsubstantiated claims in the future.

1. All nursing notes and time sheets will be keyed into our computerized scheduling and staffing system where the times will be compared for both bill and pay against the authorized hours with particular attention to am and pm.
2. We will generate invoices and combine them with nursing notes no different than if we were mailing these invoices to OLTL. We will compare the nursing notes against each invoice essentially performing an audit on each invoice prior to keying these invoices into Promise.
3. We have implemented a new WHISTLE BLOWER policy on any OLTL over pays. If an employee receives and over pay we have asked them to advise us immediately. If they do so we will allow them to keep the over pay and reward them with an additional \$50.00 reward for making us aware of the over pay. Keeping in mind that what we pay we bill which would allow us to correct an over bill immediately.

With this new three step policy in place we feel that we can all but eliminate the type of errors found in findings one and remove unsubstantiated claims in the future.

Findings 2 found that we had some time sheets that were not signed by consumers. In our discussions we found several reasons why some time sheets were not signed but the overwhelming reason for unsigned time sheets were that the consumer was unable to sign them. For this reason we have implemented a new two step process.

1. If a consumer is unable to sign a time sheet we have begun to request documentation for the consumer file to verify that they are unable to sign.
2. On all time sheets that are unsigned we now call to verify all times with the consumer and note the time sheets that we have done so.

With this new two step process we should eliminate the type of findings that were found in findings two in the future.

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[REDACTED]

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*Nursing Services*

We agree with the findings in this audit and agree with the BFO's recommendations in this audit and for that reason we have implemented the processes described above for both findings one and two. However, we do not agree with the recommendation of the penalty as described in this audit and respectfully request that this penalty be re-considered or removed given the fact that the audit revealed an error of 0.933% and if you deduct the only substantial finding when we had a 12p/12a error the audit would have only produced an error of 0.0417%.

We would like to request an exit conference if the DAR feels it would be beneficial. Thank you for taking the time to read this response and respectfully request that you remove this penalty.

Sincerely,



Gary Epstein  
President  
Firststaff Nursing Services

One Belmont Avenue Suite 310 Bala Cynwyd, Pa 19004  
[REDACTED]