



**October 5, 2012**

Ms. Mary McClain, President  
Invo Healthcare Associates, Inc.  
1780 Kendarbren Drive  
Jamison, Pennsylvania 18929

Dear Ms. McClain:

I am enclosing the final report of Invo Healthcare Associates, 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 Barbara Miller in expediting the audit process.

The final report will be forwarded to the Department's Office of Child Development and Early Learning (OCDEL). The staff from the OCDEL may be in contact with you to follow-up on the results of this report.

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, flowing style.

Tina L. Long, CPA  
Director

Enclosure

c: Ms. Karen Deklinski  
Ms. Barbara Minzenberg  
Mr. Carl Beck  
Ms. Emily Hackleman  
Ms. Shari Yiengst

bc: Mr. Alexander Matolyak  
Mr. Daniel Higgins  
Mr. David Bryan  
Ms. Kenya Faulkner  
Ms. Shelley Lawrence  
SEFO Audit File (S1107–Z09)

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 5, 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 Secretary of the Department of Public Welfare (DPW), the Bureau of Financial Operations (BFO) initiated an audit of Invo Healthcare Associates (Invo). The audit was designed to evaluate the effect of state maximum Early Intervention (EI) rates and to determine whether Invo had sufficient documentation to support its Provider Reimbursement and Operations Management Information System (PROMISe) billings. Our audit period was July 1, 2010 through December 31, 2011.

This report is currently in final form and therefore contains Invo's views on the audit activity and conclusions.

### **Executive Summary**

Invo Healthcare Associates is a for-profit Pennsylvania Sub Chapter S corporation. Its registered address is in Bucks County, Pennsylvania. Invo is a provider of Early Intervention services to children between birth and three years of age who are approved by the DPW's Office of Child Development and Early Learning (OCDEL). EI services are provided in Philadelphia, York/Adams, Franklin/Fulton, Cumberland/Perry, and Dauphin Counties. Occupational Therapy, Physical Therapy, Speech Pathology Therapy and Special Instruction are provided along with Evaluation services.

The report has no findings or recommendations for corrective action; observations on management's practices are summarized below:

OBSERVATION	SUMMARY
<p><b>Observation No. 1 – Areas Where Internal Control Could Be Enhanced</b></p>	<p>Internal control weaknesses were identified in the following areas:</p> <ul style="list-style-type: none"> <li>• Lack of consultant contracts</li> <li>• Insufficient documentation for some expenses.</li> <li>• Timely submission of therapist time sheets.</li> </ul>
OBSERVATION	SUMMARY
<p><b>Observation No. 2 – OCDEL Should Consider A Co-Pay For Early Intervention Services</b></p>	<p>OCDEL should consider requiring a co-pay for EI services for those families who meet certain predetermined income levels.</p>

## **Background**

Invo is a for-profit Pennsylvania business corporation. Its registered address is in Bucks County, Pennsylvania. It is a provider of Early Intervention services to children between birth and three years of age who are approved by OCDEL. Invo provides EI services in Philadelphia, York/Adams, Franklin/Fulton, Cumberland/Perry, and Dauphin Counties. Occupational Therapy, Physical Therapy, Speech Pathology Therapy and Special Instruction are provided along with Evaluation services. In addition to the EI services provided in Pennsylvania, Invo provides School Aged services in many states across the country.

## **Objective/Scope/Methodology**

The audit objectives, developed in concurrence with OCDEL were:

- To determine whether Invo has sufficient documentation to substantiate its paid claims through PROMISe for services delivered.
- To evaluate total eligible expenses related to revenue received for service provided to Pennsylvania Early Intervention eligible individuals.

In pursuing the objectives, the BFO interviewed OCDEL personnel and Invo's management. We also reviewed books, records, bills, receipts and other pertinent data necessary to pursue the audit objectives, such as PROMISe reimbursement data. Additionally, we analyzed direct and indirect expenses related to the EI program.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objectives described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of these controls. Based on our understanding of the controls, no material deficiencies came to our attention. Areas where we noted an opportunity for improvement in management controls are addressed in the observations in this report.

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

The BFO's fieldwork was conducted intermittently from June 6, 2010 to July 24, 2012 and was performed in accordance with generally accepted government auditing standards. This report, as presented in final form, is available for public inspection.

## **Results of Fieldwork**

Our audit analyzed Invo's claims reimbursement through PROMISe for EI services as well as direct and indirect expenses charged to the EI program. The audit period related to PROMISe claims was

Invo Healthcare Associates  
July 1, 2010 to December 31, 2011

July 1, 2010 through December 31, 2011, and the audit period related to EI expenses in relation to the state maximum rates was January 1, 2011 through December 31, 2011.

Regarding claims reimbursement, a statistically valid random sample of paid claims for the period July 1, 2010 through December 31, 2011 was analyzed. All consumer files contained sufficient documentation to support the reimbursement claim. As such, no errors were identified related to paid claims.

Invo's indirect cost allocation plan was analyzed, as were the expenses included in the indirect cost pool. With the exception of costs charged to Travel and Entertainment, costs were determined to be actual, appropriate and eligible for reimbursement. The following areas were modified, in terms of the allocation methodology, when determining total costs to be allocated to the EI program:

- Chief Executive Officer and Chief Operating Officer Salaries,
- Occupancy Cost, and
- Travel and Entertainment.

After the adjustments, Invo realized a profit of \$108,606 or 5% of revenue related to Pennsylvania EI services for the calendar year 2011.

**Observation No. 1 – Areas Where Internal Control Could Be Enhanced**

Overall, internal controls at Invo were sufficient to limit the risk that a claim would be submitted and paid for a service that was not delivered. However, the following procedures should be enhanced:

Consultant Contracts – Invo did not always have consultant contracts in place for individuals providing non-therapeutic services. Consultant contracts which state the specific services to be provided, number of hours of service expected, and rate of pay should be in place for contracted staff.

Payment Documentation – One minor category of costs lacked sufficient documentation to support the expenses. Management should always maintain sufficient documentation needed to support expenditures.

Therapist Time Sheets – In a few instances where therapists had not submitted their service hours timely, the related expenses were not recorded. This did not have a material effect on reported costs; however, Invo should develop procedures to ensure all eligible costs are properly recorded.

**Observation No. 2 – OCDEL Should Consider A Co-Pay For Early Intervention Services**

In January 2011, the rates for EI services for all Pennsylvania providers were increased to the State Maximum amounts. Funding for this increase in rates was provided by Federal Stimulus dollars under the American Recover and Reinvestment Act of 2009 (ARRA). However, these funds were required to be obligated by September 30, 2011, leaving a potential shortfall in future funding for EI services.

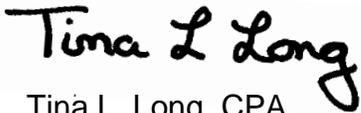
Invo Healthcare Associates  
July 1, 2010 to December 31, 2011

One option that OCDEL might want to consider to fill this potential funding gap is a co-payment for EI services. Many states, including New Jersey, charge families a co-payment for EI services. New Jersey families who are above 300% of the poverty level are charged an amount that starts at \$2 per hour of authorized service and increases based on income level.

**Summary**

Based on the results of the audit and the comments provided by Invo Healthcare Associates, the BFO will consider this audit closed.

Sincerely,



Tina L. Long, CPA  
Director

c: Ms. Karen Deklinski  
Ms. Barbara Minzenberg  
Mr. Carl Beck  
Ms. Emily Hackleman  
Ms. Shari Yiengst

bc: Mr. Alexander Matolyak  
Mr. Daniel Higgins  
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Ms. Shelly Lawrence  
Ms. Kenya Mann-Faulkner  
SEFO Audit File (S1107-Z09)

**INVO HEALTHCARE ASSOCIATES INC  
RESPONSE TO THE DRAFT REPORT**

**APPENDIX**



October 4, 2012

Tina Long, CPA  
Director  
Office of Administration  
Bureau of Financial Operations  
402 Health and Welfare Building  
Harrisburg, PA 17105

Dear Ms. Long:

Invo Healthcare Associates, Inc. has reviewed the audit report prepared by the Bureau of Financial Operations and concurs with all findings.

We value our relationship with Pennsylvania Department of Public Welfare and the Office of Child Development and Early Learning and greatly appreciate the opportunity to provide these services to individuals in the Commonwealth.

If you have any additional questions or need any additional information, please do not hesitate to contact me. I can be reached by telephone at [REDACTED] or by email at [REDACTED]

Best regards,

A handwritten signature in black ink, appearing to read "Jason T. Ralph".

Jason Ralph  
Vice President, Operations