



December 24, 2013

Ms. Nancy Adams  
Adams Home Care Services, Inc.  
417 B High Road  
Andalusia, Pennsylvania 19020

Dear Ms. Adams:

I am enclosing for your review the final audit report of Adams Home Care Services, Inc. d/b/a First Choice In-Home Care as prepared by the Division of Audit and Review. Your response has been incorporated into the final report and labeled as an Appendix B. The report covers the period from January 1, 2012 to June 30, 2013.

I would like to express my appreciation for all of the courtesy extended to my staff during the course of the fieldwork. I understand that you were especially helpful to Timothy N. Rausch in completing 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's contents. The staff from OLTL will be in contact with you to follow-up on the actions 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, flowing style.

Tina L. Long, CPA  
Director

Enclosure

c: Mr. Brenden Harris  
Ms. Karen Deklinski  
Ms. Bonnie Rose  
Mr. Michael Hale  
Ms. Anne Henry  
Ms. Sallee Rowe  
Mr. Mike Luckovich  
Ms. J. Diane Brannon Nordtomme

bc: Mr. Alexander Matolyak  
Mr. Daniel Higgins  
Mr. David Bryan  
Mr. Michael A. Sprow  
Ms. Shelley Lawrence  
SEFO Audit File (S1300)

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).



December 24, 2013

Mr. Brendan Harris, Executive Deputy Secretary  
 Department of Public Welfare  
 Health & Welfare Building, Room 334  
 Harrisburg, Pennsylvania 17120

Dear Deputy Secretary Harris:

In response to a request from the Bureau of Program Integrity (BPI), the Bureau of Financial Operations (BFO) conducted an audit of Adams Home Care Services, Inc. d/b/a First Choice In-Home Care (Adams). The audit was designed to investigate, analyze and make recommendations regarding the reimbursements from the Provider Reimbursement and Operations Management Information System (PROMISe) for client care. Our audit covered the period from January 1, 2012 to June 30, 2013 (Audit Period).

The audit was also designed to investigate a complaint made by a terminated employee that Adams was not compensating its care-giver employees on a timely basis, or at all, for services rendered to Office of Long Term Living (OLTL) consumers.

This report is currently in final form and therefore contains Adams' views on the reported findings, conclusions and recommendations.

**Adams Home Care Services, Inc. Executive Summary**

Adams ceased doing business on or about June 30, 2013. At the time of the audit field work, Adams had stopped delivering services and was in the process of concluding its activities. Adams is no longer a going concern and certain unpaid expenses remain outstanding, including some care-giver salaries and payroll taxes. During the closing conference on September 3, 2013, management stated that all DPW and county funded claims had been processed and paid, so no additional funding is expected.

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

FINDING	SUMMARY
<p><b><i>Finding No. 1 – No Effective Internal Controls Over PROMISe Billings Existed During the Audit Period.</i></b></p>	<p>Adams did not have sufficient controls over time sheets and service delivery notes to ensure that PROMISe billings were accurate and that delivery of services was adequately documented.</p>
<p><b>HIGHLIGHTS OF RECOMMENDATIONS</b></p>	
<p>Adams should have:</p> <ul style="list-style-type: none"> <li>• Designed and implemented an effective system of internal controls over PROMISe billings. Those controls should have included a reconciliation of documented hours per the time sheets to units billed through PROMISe and a review of service delivery notes.</li> </ul>	

**Adams Home Care Services, Inc.**  
**January 1, 2012 Through June 30, 2013**

FINDING	SUMMARY
<b><i>Finding No. 2 – The Scope of the Services Provided Was Not Always Documented</i></b>	A statistically valid random sample (SVRS) of PROMISE claims was tested for adequacy of service delivery documentation (progress notes). The result was that 32.95% of the claims were inadequately documented. Extrapolating these variances over the entire population of reimbursed claims results in a disallowance of \$35,544.

HIGHLIGHTS OF RECOMMENDATIONS
<p>OLTL should:</p> <ul style="list-style-type: none"> <li>• Recover \$35,544 from Adams for claims that were inadequately documented.</li> <li>• Ensure that Adams complies with programmatic and regulatory guidelines, particularly with respect to PROMISE claims.</li> </ul> <p>Adams should:</p> <ul style="list-style-type: none"> <li>• Only claim reimbursements for services that are supported by adequate documentation and ensure that the documentation is retained for at least four years.</li> </ul>

FINDING	SUMMARY
<b><i>Finding No. 3 – Care-Givers’ Time Documentation Was Not Always Adequate</i></b>	An SVRS of PROMISE claims was tested for adequacy of supporting documentation (time sheets). The result was that 13.32% of the claims were not adequately documented by time sheets. Extrapolating these variances over the entire population of reimbursed claims results in a disallowance of \$14,370.

HIGHLIGHTS OF RECOMMENDATIONS
<p>OLTL should:</p> <ul style="list-style-type: none"> <li>• Recover \$14,370 from Adams for claims that were inadequately documented.</li> <li>• Ensure that Adams complies with programmatic and regulatory guidelines, particularly with respect to PROMISE claims.</li> </ul> <p>Adams should:</p> <ul style="list-style-type: none"> <li>• Only claim reimbursements for services that are supported by adequate documentation and ensure that the documentation is retained for four years.</li> </ul>

FINDING	SUMMARY
<b><i>Finding No. 4 – Some Employee Care-Givers Remain Unpaid for Services Provided.</i></b>	Pursuant to a complaint made to the MA Provider Compliance Hotline, the audit confirmed that due to lack of funds, the paychecks for services rendered during April 2013 were cashed in May, June and July. Some wages earned after April 2013 have not yet been paid and the associated payroll taxes have not been remitted.

**Adams Home Care Services, Inc.**  
**January 1, 2012 Through June 30, 2013**

**HIGHLIGHTS OF RECOMMENDATIONS**

Adams should:

- Promptly pay all care-givers for services delivered and remit the related payroll taxes to the taxing authorities.

**See Appendix A for the Background, Scope, Methodology and Conclusion on the Objectives.**

**Results of Fieldwork**

**Finding No. 1 – No Effective Internal Controls Over PROMISe Billings Existed During The Audit Period.**

Adams employed and subcontracted with individual care-givers who delivered personal assistance and respite services to consumers.

After several discussions with management and analysis of all available records, it was determined that no effective review was made of the information submitted to PROMISe nor was the information reconciled to the underlying time sheets and progress notes or compared to payroll records. It is likely that some errors and omissions resulted from such a lack of internal control.

**Recommendation**

Although Adams is no longer providing services, it should have designed and implemented an effective set of internal controls over PROMISe billings. Those controls should have included a reconciliation of documented service time to units billed PROMISe and a review of service delivery notes.

**Finding No. 2 – The Scope of the Services Provided Was Not Always Documented.**

The BFO's analysis of the PROMISe reimbursements' underlying documentation indicated that some of the claims tested were missing the required supporting documentation.

A SVRS of paid claims was analyzed to verify that services were delivered. In order for claims to be considered valid, each one must be supported by documentation of a qualified care-giver's time in and time out, quantity of service, type of service and a daily or periodic note describing the kind, frequency, duration and/or nature of the service(s) delivered.<sup>1</sup>

The analysis resulted in an error rate of 32.95%. Extrapolating the error rate over the universe of paid OLTL claims resulted in a disallowance of \$35,544.<sup>2</sup>

<sup>1</sup> 55 Pa Code Chapter 52, Sections §52.14 Ongoing Responsibilities of Providers and §52.15 Provider Records

<sup>2</sup> The total error rate identified resulted in an extrapolated disallowance amount of \$49,914. The portion of the disallowance related to the lack of supporting documentation was \$35,544; the portion of the disallowance related to the lack of care-giver time sheets was \$14,370.

**Adams Home Care Services, Inc.**  
**January 1, 2012 Through June 30, 2013**

**Recommendations**

The BFO recommends that OLTL recover \$35,544 for inadequately documented claims.

The BFO also recommends that OLTL continue to monitor Adams to ensure compliance with programmatic and regulatory guidelines, particularly with respect to PROMISE claims.

Finally, the BFO recommends that Adams only claim reimbursements for services that are supported by adequate documentation and ensure that the documentation is retained for at least four years.

**Finding No. 3 – Care-Givers’ Time Documentation Was Not Always Adequate.**

In addition to the written documentation requirements stated in Finding No. 2, in order for claims to be valid, each one must be supported by documentation of a qualified care-giver’s time in and time out.<sup>3</sup>

A SVRS of paid claims was analyzed to verify service delivery time. Some claims/units could not be supported because the time sheets were missing. Other units were disallowed because the numbers of hours/units attested to on the timesheets were less than the number reimbursed.

This analysis found that 13.32% of the OLTL claims were not adequately supported by time sheets. Extrapolating the error rate over the total universe of paid OLTL claims resulted in a disallowance of \$14,370.

**Recommendations**

The BFO recommends that OLTL recover \$14,370 from Adams for claims that were inadequately documented.

The BFO also recommends that OLTL continue to ensure that Adams complies with programmatic and regulatory guidelines, particularly with respect to PROMISE claims.

Finally, the BFO recommends that Adams only claim reimbursements for services that are supported by adequate documentation and ensure that the documentation is retained for at least four years.

**Finding No. 4 – Some Employee Care-Givers Remain Unpaid for Services Provided.**

On June 21, 2013, a complaint was made to the MA Provider Compliance Hotline stating that Adams was not paying its employee care-givers. The BPI referred the matter to the BFO who, in addition to an audit of PROMISE reimbursements, analyzed documentation for the pay period from April 7, 2013 to April 20, 2013 and interviewed management as to payroll practices.

Adams used a payroll service to compute the withholdings and payroll taxes, and to print the checks. Some payroll checks were returned after being presented for payment due to insufficient funds. Other payroll checks were voided and replaced with hand-written checks later, after

<sup>3</sup> 55 Pa Code Chapter 52, Sections §52.14 Ongoing Responsibilities of Providers and §52.15 Provider Records

**Adams Home Care Services, Inc.  
January 1, 2012 Through June 30, 2013**

sufficient funds were deposited. For the 16 employees who rendered services from April 7th through April 20, 2013, eleven cashed their checks in May, two cashed their checks in June and the final three cashed their checks in July.

At the close of the field work in September, 2013, some employee care-givers who rendered services in May and June remain unpaid according to Adams' manager-owner. The BFO did not verify the total extent of any unpaid wages. Further, the BFO did not determine the reason(s) for the deficient cash flow although management stated that some services that were billed were rejected and need to be rebilled correctly; some funds were allegedly misappropriated by the former book keeper; and some time sheets may not have been turned in by the care-givers. However, no significant additional PROMISE reimbursements were expected at this time. Adams is also delinquent in remitting the payroll taxes on the unpaid wages.

**Recommendation**

The BFO recommends that Adams should promptly fund the payroll account for all wages due to care-givers, issue the accrued payroll checks and remit the accrued payroll taxes to the various taxing authorities.

**Exit Conference**

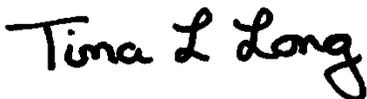
Adams did not request a formal exit conference. However, the corporation's Executive Director, did participate in a telephone conference. During this conference Adams' response to the draft report was discussed and other questions were answered. The draft report was amended to decrease the disallowance amount based on additional claims documentation presented by Adams.

In accordance with our established procedures, an audit response matrix will be provided to the OLTL. Once received, OLTL staff should complete 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 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

c: Ms. Karen K. Deklinski                      Ms. Sallee Rowe  
     Ms. Bonnie Rose                              Mr. Mike Luckovich  
     Mr. Michael Hale                              Ms. J. Diane Brannon-Nordtomme  
     Ms. Anne Henry                                 Ms. Nancy Adams

bc: Mr. Alexander Matolyak  
Mr. Daniel Higgins  
Mr. David Bryan  
Mr. Michael A. Sprow  
Ms. Shelley Lawrence  
SEFO Audit File (S1300)

**ADAMS HOME CARE SERVICES, INC.  
D/B/A  
FIRST CHOICE IN-HOME CARE**

**APPENDIX A**

## **Appendix**

### **Background**

Adams Home Care Services, Inc. d/b/a First Choice in-Home Care is a Pennsylvania for-profit health care corporation that was created on September 22, 2010. Adams ceased doing business on or about [REDACTED]. Its sole office was in Bensalem, PA. Adams provided personal assistance and respite services to consumers who were approved by OLTL. Adams worked with Philadelphia and Bucks Counties to provide Home and Community-Based services to consumers including services funded through the OBRA and Independence waivers for OLTL.

Adams assisted consumers to acquire and maintain the highest possible level of independent living by providing personal assistance and respite support services.

OLTL funds the waiver eligible services through the PROMISe reimbursement process.

### **Objectives/Scope/Methodology**

The audit objectives, developed in concurrence with OLTL and BPI were:

- To determine if Adams has adequate documentation to substantiate its claims as reimbursed by PROMISe for home and community-based services.
- To review Adams' payroll records and procedures to determine if employee care-givers were being paid and, if so, were they paid in full and on time.

The criteria used to ascertain the adequacy of supporting documentation was 55 Pa. Code Chapter 1101, 55 Pa. Code Chapter 52 and pertinent Federal Waiver requirements.

In pursuing these objectives, the BFO interviewed OLTL personnel and Adams' management and staff. BFO also analyzed consumer files and service delivery notes, care-givers' time sheets, PROMISe reimbursement data, electronic records available in the Home and Community Services Information System (HCSIS) and other pertinent data necessary to pursue the audit objective.

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 those controls.

Based on our understanding of the controls, there were material deficiencies in billing procedures and in the completion and retention of documentary evidence. Areas where the BFO noted an opportunity for improvement in management controls are addressed in the findings and recommendations of this report.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 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 intermittently from August 14, 2013 to September 3, 2013. This report is in final form and will be available for public inspection.

### **Conclusion on the Objectives**

In conclusion, Adams did not always meet the documentation requirements necessary to support the reimbursements paid through PROMISE. Significant billing errors and the lack of documentation along with weaknesses in internal controls resulted in a total recommended disallowance of \$49,914.

For certain pay periods in April 2013, Adams did not pay all of its employee care-givers timely and, as of September, 2013, some had yet to be paid all of their earned wages.

**ADAMS HOME CARE SERVICES, INC.  
D/B/A  
FIRST CHOICE IN-HOME CARE**

**RESPONSE TO THE DRAFT REPORT**

**APPENDIX B**

Mr. Daniel Higgins, Audit Manager

Department of Public Welfare

801 Market Street, Suite 5040

Philadelphia, Pa. 19107

Re Audit on First Choice In-home Care, Bensalem, Pa.

This is my written response to the report issued in draft form, as requested.

The business did close in June, 2013, due to financial difficulties as well as cancellation of insurance due to lack of funds to make payments on same. Former carrier refused to continue to carry us, and we had applied for SWIF, but not without a gap occurring in coverage.

Finding 1. I employed an office manager who handled the collection of time sheets as well as other office duties. She also submitted the payroll information to the payroll company. We had a scheduling program, Hello Scheduling, which she was supposed to use to record who worked with each client, and if time sheets were submitted. I billed from this schedule; she was asked if all time sheets were in before I billed. I did not collect these sheets personally, or verify that they were in fact submitted, but did expect that what I was told was true. Since I was doing billing, paying invoices, filling out forms and answering the phones at night and weekends I relied on this person to do her assigned duties.

Since my business is now closed, all funds due have been paid or in some cases, I still have unresolved issues that I am still dealing with. No additional funds, however, are expected. I did not gross even 70,000 this year, still owe money and do not know where I could find funds to pay this. I receive social security and a pension. My pension has liens from [REDACTED] each month. I can pay my rent from the balance, and my family helps out occasionally with food orders for me. I am working with [REDACTED] on an offer and compromise for the [REDACTED] liens and requested a second hearing with the [REDACTED] as they denied any relief at first hearing.

Finding 3: Same as stated above.

Finding 4: I have been attempting to pay caregivers that remain unpaid, and will continue to do so as funds permit. There is a hearing rescheduled with the office manager, [REDACTED], who claims I still owe her money. The hearing is in [REDACTED]. I cannot afford an attorney, but will present as best I can. [REDACTED] wrote checks to herself from the business account, so I feel she has been paid, if not more than owed. I am working with the bank on this whole situation and before the hearing hope to find if they have recovered money from her. The bank said they would work on this as they considered it embezzlement, and I would not have to. If in fact I do owe her money, she will be paid as funds become available.

(3, continued) I no longer rent an office, but have brought all paperwork here to my home, and will continue to keep for the years specified.

I was given time to review all the paperwork at my home by the reviewing group, and still am unable to account for missing information.

If you have any further questions or instructions, please give me a call or email.

Thank you

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