



pennsylvania
DEPARTMENT OF PUBLIC WELFARE

DEC 20 2011

Mr. Gary Charnis
Director of Marketing
Infinite Care, Inc.
6423 Rising Sun Avenue
Philadelphia, Pennsylvania 19111

Dear Mr. Charnis:

I am enclosing for your review the final performance audit report of Infinite Care, Inc. as prepared by the Division of Audit and Review (DAR). Your response dated November 25, 2011 has been incorporated into the final report as an attachment. The report covers the period January 1, 2010 to June 30, 2011.

This report contains the findings and recommendations that were discussed with your staff at the closing conference on September 2, 2011. Your letter of November 25, 2011 declined an exit conference.

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

The report will be forwarded to the Department's Office of Developmental Programs (ODP) and the Office of Long Term Living (OLTL) to begin the department's resolution process concerning the report's consents. The staff from ODP and OLTL may be in contact with you to follow-up on the action taken in consideration of the report's findings.

If you have any questions concerning this report, please contact Alexander Matolyak, Audit Resolution Section at 717-783-7786.

Sincerely,

Tina L. Long, CPA
Director

Enclosure

c: Mr. Gary Alexander Ms. Vicki Stillman-Toomey
Mr. Timothy M. Costa Mr. Joseph Church
Ms. Bonnie Rose Mr. Grant Witmer
Mr. Kevin M. Friel Ms. Sallee Rowe



DEC 20 2011

Mr. Timothy M. Costa
Executive Deputy Secretary
Department of Public Welfare
Health & Welfare Building, Room 333
Harrisburg, Pennsylvania 17120

Dear Mr. Costa:

In response to requests from the Office of Developmental Programs (ODP) and the Office of Long Term Living (OLTL), the Bureau of Financial Operations (BFO) initiated an audit of Infinite Care, Inc. (Infinite). The audit was designed to investigate, review and make recommendations regarding the reimbursements from PROMISe™ for client care and personal habilitation services. Our audit examined the period from January 1, 2010 to May 31, 2011 (Audit Period).

This report is currently in final form and therefore contains Infinite's views on the reported findings, conclusions and recommendations. Management's response to the draft report is included as an attachment hereto. The report's contents were discussed at the closing conference on September 2, 2011. Infinite's management did not request an exit conference.

Infinite Care, Inc.'s Executive Summary

Infinite was incorporated on May 6, 1998 as a for-profit Pennsylvania corporation. It is a health care provider servicing clients who are approved by the Commonwealth of Pennsylvania, Department of Public Welfare (DPW), ODP and OLTL. Infinite works with developmental disability organizations in Philadelphia, Bucks, Chester, Delaware and Montgomery Counties to provide in-home services to consumers and families with special needs. Infinite assists consumers to acquire and maintain the highest possible level of independent living considering each consumers particular circumstances by providing habilitation, companionship, light housekeeping, nursing, transportation, and respite services.

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

FINDINGS	SUMMARY
<p>Finding No. 1 – A Sample Of Infinite's PROMISe™ Reimbursements And Their Underlying Documentation Found That 0.04% Of The Items Tested Were Unsubstantiated.</p>	<p>A random sample was tested for adequacy of documentation. The results were that 0.04% of the tested reimbursements were unsubstantiated. Extrapolating this variance over the entire population of reimbursed claims results in a disallowance of \$5,051.</p>
HIGHLIGHTS OF RECOMMENDATIONS	
<p>OLTL should :</p> <ul style="list-style-type: none"> Recover \$5,051 from Infinite due to unsubstantiated claims. <p>Infinite should:</p> <ul style="list-style-type: none"> Not claim reimbursement for unsubstantiated claims and retain adequate documentation for each claim submitted to PROMISe™. 	

FINDINGS	SUMMARY
Finding No. 2 – Infinite Did Not Have A Report Available On Compliance With Requirements Applicable To Each Major Program And On Internal Control.	Infinite was not in compliance with 45 CFR 74.26 which requires either an Office of Management and Budget (OMB) Circular A-133 audit, or a financial related audit of HHS awards in accordance with Government Auditing Standards.
HIGHLIGHTS OF RECOMMENDATIONS	
<p>ODP should:</p> <ul style="list-style-type: none"> Verify that an OMB Circular A-133 audit or financial related audit is conducted annually, if required, and that the resulting reports are available for review. <p>Infinite should:</p> <ul style="list-style-type: none"> Engage an independent certified public accountant to meet the requirements of 45 CFR 74.26 pertaining to audit requirements. 	

FINDINGS	SUMMARY
Finding No. 3 – Infinite Did Not Have A Written Contract With CATCH To Provide Day Care Services During The Same Time That Infinite’s Employee-Care Givers Are Being Paid.	A few consumers attend a day time community based program and are accompanied by their care giver, who is employed by Infinite. Even though Infinite does not bill DPW for the care giver’s time at the day program, the care giver continued to be paid as an employee. The day program reimburses Infinite but there is no contract setting forth terms of this arrangement.
HIGHLIGHTS OF RECOMMENDATIONS	
<p>ODP and OLTL should:</p> <ul style="list-style-type: none"> Verify that all subcontractors and agents have written, up to date contracts on file. <p>Infinite should:</p> <ul style="list-style-type: none"> Review its list of subcontractors and agents and prepare written contracts if none presently exist. 	

Background

Infinite was incorporated on May 6, 1998 as a for-profit Pennsylvania business corporation. Its corporate office is located at 6423 Rising Sun Avenue, Philadelphia, PA 19111.

Infinite is a health care provider servicing clients who are approved by the Commonwealth of Pennsylvania, Department of Public Welfare (DPW), ODP and OLTL. Infinite works with Philadelphia, Bucks, Chester, Delaware, and Montgomery County developmental disability organizations to provide in-home habilitation services to consumers and families with special needs. Infinite assists consumers to acquire and maintain the highest possible level of independent living considering each consumers particular circumstances by providing habilitation, companionship, light housekeeping, transportation and respite services. These services are performed in consumers’ homes and communities by Infinite’s employees.

Objective/Scope/Methodology

The audit objective, developed in concurrence with ODP and OLTL were:

- To determine if Infinite has adequate documentation to substantiate its billings to PROMISE™ for habilitation and other related services.

In pursuing the objective, the BFO interviewed ODP and OLTL personnel and Infinite's management. We also reviewed books, records, third party invoices, bills, receipts and other pertinent data necessary to pursue the audit objective, such as PROMISE™ reimbursement data, HCSIS electronic records, employee time records and Infinite's U.S. Income Tax Return for an S Corporation for 2010. The criteria used to ascertain the adequacy of substantiation were ODP Bulletin #00-07-01 dated April 26, 2007 and pertinent Federal Waiver requirements.

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. 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 findings and observations of 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 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 August 8, 2011 to August 23, 2011 and was performed in accordance with generally accepted government auditing standards. This report will be available for public inspection.

Results of Fieldwork

Finding No. 1 – A Sample Of Infinite's PROMISE™ Reimbursements And Their Underlying Documentation Found That 0.04% Of The Items Tested Were Unsubstantiated.

A statistically random sample of 59 claims was selected from the total of 15,477 claims reimbursed by PROMISE™ during the Audit Period. The underlying documentation for the sampled claims was examined including supporting time sheets, progress notes, if any, and the nature of the services provided. The numbers of units authorized by an Individual Service Plan (ISP) were compared to the units billed. BFO verified that the units billed did not exceed the number authorized.

The exceptions found were two sampled claims whose time according to the time sheets and other supporting documentation was short of that billed by \$39.

The two exceptions of the 59 sampled totaled \$39 of the \$97,589 tested, or a 0.04% variance. This amount was extrapolated over the universe of reimbursed PROMISE™ reimbursement claims which was \$12,591,193 in order to determine the total disallowance of \$5,051.

Two additional errors were noted that resulted from inconsistent data within the ISPs. One individual's authorized units of service were billed under a different procedure code. A second individual's hours of service were increased by the supports coordinator entity but not reflected within the ISP.

Since, in rendering the service, Infinite relied on data provided by third parties, these errors were not charged to Infinite. However, Infinite must deliver service consistent with the current ISP. If errors or inconsistencies are noted, a correct ISP should be in place prior to the delivery of services.

Recommendations

The BFO recommends that OLTL recover \$5,051 due to a lack of adequate substantiation.

The BFO also recommends that Infinite should not claim reimbursement for unsubstantiated claims.

Finally, the BFO recommends that Infinite insure that service delivery is consistent with accurate and current ISPs.

Finding No. 2 – Infinite Did Not Have A Report Available On Compliance With Requirements Applicable To Each Major Program And On Internal Control.

Infinite as a for-profit recipient of a Federal Health and Human Services (HHS) Award is required to comply with 45 CFR 74.26. Entities such as Infinite have two options regarding audit requirements. They can either have a financial related audit that is in accordance with Government Auditing Standards or can have an audit that meets the standards of OMB Circular A-133 of their HHS Award.

The Single Audit Act of 1984 established requirements for audits of states, local governments and Indian tribal governments that administer Federal financial assistance programs. In 1990, the Office of Management and Budget (OMB) administratively extended the single audit process to non-profit organizations by issuing OMB Circular A-133. On July 5, 1996, the Single Audit Act Amendments of 1996 required, inter alia, that the OMB Director periodically review the audit threshold. On June 27, 2003, the OMB amended Circular A-133 to increase the audit threshold to an aggregate expenditure of \$500,000 in federal funds for fiscal years ending after December 31, 2003.

Infinite expended and was reimbursed by ODP in the amount of \$501,257 and \$960,339 for the years ended December 31, 2009 and 2010, respectively. As such, Infinite was required to comply with 45 CFR 74.26 and undergo a financial related audit in accordance with Government Auditing Standards or an audit that meets the standards of OMB Circular A-133.

Recommendations

The BFO recommends that ODP verify that an OMB Circular A-133 audit or financial related audit is conducted annually, if required, and that the resulting reports are available for review.

The BFO also recommends that in the future Infinite comply with the requirement of 45 CFR 74.26 and obtain either for a financial related audit of its HHS award in accordance with Government Auditing Standards or the OMB Circular A-133 audit requirement.

Finding No. 3 – Infinite Did Not Have A Written Contract With CATCH To Provided Day Care Services During Which Time Infinite Continued To Pay Its Employee-Care Givers.

Certain of Infinite's consumers attend day programs at CATCH (Citizens Acting Together Can Help, Inc.) which is a program that provides community mental health and retardation services. Although Infinite's employee-care giver accompanies the consumer to CATCH, the employees' time spent at CATCH is not billable to PROMISE™. Instead, CATCH reimbursed Infinite.

Although Infinite and CATCH had a Memorandum of Understanding, it lacked specifics as to rates, effective dates and other relevant details. All subcontractors should have written, current contracts setting forth the nature of the financial and legal rights and obligations of the respective parties.

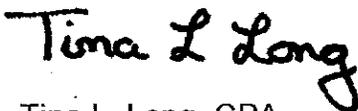
Recommendation

The BFO recommends that such a contract be duly executed.

Summary

In accordance with our established procedures, an audit response matrix will be provided to ODP and OLTL. The ODP or OLTL will be responsible for completing the matrix and forwarding it to the DPW Audit Resolution Section within 60 days. The response to each recommendation should indicate OLTL and ODP's concurrence or non-concurrence, the corrective action to be taken, the staff from OLTL and ODP 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: Mr. Gary Alexander Ms. Sallee Rowe
Mr. Gary Charnis Mr. Kevin M. Friel
Ms. Bonnie Rose Ms. Vicki Stillman-Toomey
Mr. Grant Witmer Mr. Joseph Church

**INFINITE CARE, INC.
RESPONSE TO THE DRAFT REPORT**

ATTACHMENT



November 25, 2011

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

Dear Mr. Higgins,

As we discussed several weeks ago, we are not requesting an exit conference. You have adequately explained the findings and recommendations outlined in your report. Please see our response to the findings below:

Finding No. 1 Response: As mentioned in the results, .04% of the sampled claims were found to be "unsubstantiated" totaling \$39. Our agency has a very good system in place to check and balance the hours/units available for consumers with those actually worked and billed. As there are sometimes discrepancies with consumer's ISPs or Day Program hours, some of the billing can differ from what is written in the plan. We understand that ODP will recover \$5,051, which equals .04% of the total Promise reimbursement claims for the time period audited. Our agency takes every measure to insure that claims billed are substantiated.

Finding No. 2 Response: Our agency will comply with the audit requirements mentioned in the recommendations.

Finding No. 3: As the agreement we have in place with CATCH (day program) is unacceptable, we have requested CATCH to draw up a more specific contract.

Please let me know if there is anything else we need to provide you with at this time.

Sincerely,

Gary Charnis
Director of Business Development