



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
BUREAU OF FINANCIAL OPERATIONS

Room 525 Health and Welfare Building  
Harrisburg, Pennsylvania 17105-2675

KEVIN M. FRIEL  
DIRECTOR

OCT 30 2009

TELEPHONE NUMBER  
(717) 772-2231  
FAX NUMBER  
(717)705-9094

Ms. Nancy A. Davis, Executive Director  
ARC of Fayette County  
80 Old New Salem Road  
Uniontown, Pennsylvania 15401

Dear Ms. Davis:

Enclosed is the final review report of your Adult Training Facility Program recently completed by this office. Your Agency's response has been incorporated into the final report and labeled Appendix A.

The final report will be forwarded to the Department's Office of Development Programs (ODP) to begin the Department's resolution process concerning the report contents. The staff from that office may be in contact with you to follow up on the corrective action actually taken to comply with the report's recommendations.

I would like to express my appreciation for the courtesy and cooperation extended to the DAR staff during the course of the fieldwork.

If you have any questions concerning this matter, please contact Mr. Michael J. Kiely, Audit Manager of the Western Field Office, at (412) 565-2187.

Sincerely,

Kevin M. Friel

Enclosure

c: Ms. Lisa Ferris-Kusniar  
Ms. Sandra Schalcosky  
Mr. Joseph Church



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TELEPHONE NUMBER  
(717) 772-2231  
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(717)705-9094

KEVIN M. FRIEL  
DIRECTOR

Ms. Lisa Ferris-Kusniar, Chief Executive Officer  
Fayette County Behavioral Health Administration  
215 Jacob Murphy Lane  
Uniontown, Pennsylvania 15401

Dear Ms. Ferris-Kusniar:

Enclosed is the final review report of ARC of Fayette County recently completed by this office. Your Program's response has been incorporated into the final report and labeled Appendix B.

The final report will be forwarded to the Department's Office of Development Programs (ODP) to begin the Department's resolution process concerning the report contents. The staff from that office may be in contact with you to follow up on the corrective action actually taken to comply with the report's recommendations.

If you have any questions concerning this matter, please contact Mr. Michael J. Kiely, Audit Manager of the Western Field Office, at (412) 565-2187.

Sincerely,

A handwritten signature in cursive script that reads "Kevin M. Friel".

Kevin M. Friel

c: Ms. Nancy Davis  
Ms. Sandra Schalcosky  
Mr. Joseph Church



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
**BUREAU OF FINANCIAL OPERATIONS**  
ROOM 525 HEALTH & WELFARE BUILDING  
HARRISBURG, PA 17105-2675

KEVIN M. FRIEL  
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OCT 30 2009

Mr. Kevin T. Casey  
Deputy Secretary for Developmental Programs  
Room 512 Health and Welfare Building  
Harrisburg, Pennsylvania 17120

Dear Mr. Casey:

In response to a request from the Office of Developmental Programs (ODP), the Bureau of Financial Operations (BFO) has completed a performance audit of the Association of Retarded Citizens of Fayette County (ARC Fayette) Adult Training Facility (ATF). The audit was conducted at the request of ODP to determine if ATF staffing levels met the requirements of consumer Individual Support Plans (ISP).

**Executive Summary**

<b><i>Issue No. 1 – ARC Fayette Staffing Levels Are Not Adequate to Support ATF Consumer ISPs</i></b>	<ul style="list-style-type: none"><li>• ARC Fayette ATF was understaffed in FY 07/08 and FY 08/09 based on consumer ISPs.</li><li>• ARC Fayette did not have access to two of the consumer ISPs.</li><li>• When ATF staff leaves employment, their positions are not filled immediately.</li></ul>
<p>ARC Fayette should:</p> <ul style="list-style-type: none"><li>• Hire an additional seven ATF direct care staff in order to be in compliance with consumer ISPs.</li><li>• Ensure they have access to every consumer's ISP.</li><li>• Develop and implement policies and procedures to ensure that when ATF staff leaves employment, their positions are filled immediately.</li></ul>	
<b><i>Issue No. 2 – ATF Fee-For-Service Rates Are Not Sufficient to Pay For Anticipated Staffing Needs</i></b>	<ul style="list-style-type: none"><li>• The current rate setting process for FY 09/10 has institutionalized the understaffing at ARC Fayette ATF.</li><li>• Projected ATF expenses for FY 09/10 compared with the Fee-For-Service rates will cause an estimated shortfall of \$169,841.</li></ul>

ODP, ARC Fayette and Fayette County MH/MR should determine a method to provide ARC Fayette with the additional funding necessary to meet staffing levels required by ATF consumer ISPs.

### **Background**

ARC Fayette is a private nonprofit 501(c) (3) corporation which was incorporated in 1959 and is located at 80 Old New Salem Road in Uniontown, Pennsylvania. ARC Fayette's primary mission is to be an advocate for the mentally and physically handicapped residents of Fayette County and their families. Their goal is to enable each handicapped individual and family to maximize their fullest potential and become productive members of society. They provide Early Intervention, ATF, and Home Based Waiver services. ARC Fayette is affiliated with state and national chapters of the Association for Retarded Citizens.

The ATF offers adults with developmental disabilities assistance and education in the areas of daily living skills, pre-vocational activities, and community involvement, and provides for recreational and social opportunities. ARC Fayette provides ATF services under the community habilitation cost center using the Consolidated Home and Community Based Waiver (Waiver) and MR Base (State/County) money with minimal MH and Area Agency on Aging money.

Prior to July 1, 2009, the ATF was funded on a Program Funded basis. Program Funded services are reimbursed based on actual costs incurred up to stated contract amounts for the fiscal year. FY 08/09 was a practice year for a switch from Program Funding to Fee-For-Service (FFS) funding. During FY 08/09, services were billed on a FFS basis but payments will be adjusted to actual costs at year end. Beginning July 1, 2009, the ATF will be reimbursed on a FFS basis. Billings will be submitted by ARC Fayette through the PROMISE system and reimbursed at stated per diem rates.

### **Objective, Scope, and Methodology**

Our audit objectives were as follows:

- To determine if the ATF staffing levels were adequate to support the services billed.
- To determine if the ATF rates were adequate to cover eligible program expenditures.

The scope of our audit was limited to those procedures necessary to accomplish these objectives. In pursuing the objectives, we reviewed various internal and external source documents and reports. In addition, we conducted interviews with ARC Fayette, Fayette County MH/MR, and ODP staff.

We conducted this performance audit in accordance with generally accepted government audit 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 applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of these controls. Based on the BFO's understanding of the controls, no significant deficiencies came to our attention other than those described in Issues No. 1 and 2 of this report.

The BFO fieldwork was conducted between May 12 and June 3, 2009 and a closing conference was held on June 11, 2009.

### **Results of Fieldwork**

#### **Issue No. 1 – ARC Fayette Staffing Levels Are Not Adequate to Support ATF Consumer ISPs**

As part of our objective to determine if ATF staffing levels were adequate to support the services billed, the BFO analyzed consumer and staff attendance records for FY 07/08 and FY 08/09.

Each consumer's ISP has a staffing ratio section which takes into account the individual needs of the consumer as determined by the consumer's team.

Based on a sample of 15 days selected in each of the aforementioned fiscal years, we determined the ATF was understaffed. This was based on staffing ratios required by the consumer ISPs. For FY 07/08, all 15 days were understaffed by an average of 8.5 staff per day. For FY 08/09, 11 of the 15 days were understaffed by an average of 5 staff per day.

An analysis of the average daily staff attendance rate and consumer scheduled attendance indicated that 30 Full Time Equivalent (FTE) direct care staff need to be employed in order to be in compliance with average daily staff to consumer ISP ratios. Currently, there are 23 FTE staff available in the ATF program. This results in a shortage of 7 staff needed in order to be in compliance with the consumer ISP requirements beginning July 1, 2009. Based on their current wage and benefit structure we estimated an additional annual cost for 7 full-time employees of approximately \$146,000.

As part of our analysis, we also found that ARC Fayette did not have access to two consumer ISPs. Without access to consumer ISPs, ARC Fayette would be unable to determine the proper staff to consumer ratio and other pertinent consumer information.

Our review also identified a weakness involving staff attrition. When existing employees leave employment, there can be a time lag before their position is filled. Any delay in filling a vacant position can further exacerbate the existing understaffing.

**Results of Fieldwork (Continued)****Recommendation**

The BFO recommends that ARC Fayette hire an additional seven staff in order to comply with consumer ISP requirements.

The BFO also recommends that ARC Fayette ensure that they have access to all consumers' ISPs.

The BFO finally recommends that ARC Fayette replace exiting ATF staff immediately.

**Issue No. 2 – ATF Fee-For-Service Rates Are Not Sufficient To Pay For Anticipated Staffing Needs**

Beginning July 1, 2009, ODP will begin paying all providers on a FFS basis through the PROMISE provider reimbursement system. Payments will be based on rates that ODP established for each provider.

As part of the process for developing those rates, ODP requested that providers complete cost reports using FY 07/08 financial information. As addressed in Issue No. 1 of this report, ARC Fayette ATF staffing levels during FY 07/08 were not adequate to meet individual's ISP requirements. Because the rate development process did not allow for the inclusion of projected additional costs, ARC Fayette was not able to include the cost of hiring additional staff necessary to meet the new service definitions. As a result, the rate setting process incorporated the understaffing at ARC Fayette into the new ATF FFS rates.

In order to determine the additional cost of meeting ISP staffing requirements, the BFO analyzed the most current information available. Projected expenses based on the FY 07/08 ATF trial balance plus the estimated cost of seven additional FTE employees addressed in Issue No. 1 totaled \$1,192,793.

Projected revenues based on the FY 09/10 ATF Waiver FFS rates; FY 08/09 ISP authorized units of service, and FY 07/08 actual other revenue were \$1,022,952. The result is a shortfall of \$169,841. This shortfall does not include cost of living adjustments or any other cost increases.

In order to meet the projected expenses of \$1,192,793, commensurate with the consumer ISP requirements for staffing resources, the current revenue sources would need to increase their level of funding to the following amounts:

Waiver	\$884,814
Fayette Non-Waiver	\$204,206
Bedford/Somerset Non-Waiver	\$ 15,983
Area Agency on Aging (AAA)	\$ 55,465
Other/Private Pay	\$ 32,325
TOTAL	<u>\$1,192,793</u>

**Results of Fieldwork (Continued)**

**Recommendation**

The BFO recommends ODP, ARC Fayette, and Fayette County MH/MR determine a method to provide ARC Fayette with the additional funding necessary to meet staffing levels required by ATF consumer ISPs.

Subsequent to the completion of our fieldwork, an exit conference was held on October 15, 2009, to discuss the contents of this report with ARC Fayette and Fayette County MH/MR management. Their responses to this report are included as Appendixes A and B respectively.

In accordance with the BFO's established procedures, please provide a response within 60 days to the Audit Resolution section concerning actions to be taken to ensure report recommendations are implemented.

Please contact Alex Matolyak, Audit Resolution section, at (717) 783-7786 if you have any further questions concerning this audit or if we can be of any further assistance in this matter.

Sincerely,

A handwritten signature in black ink that reads "Kevin M. Friel". The signature is written in a cursive style with a large initial "K" and "F".

Kevin Friel

**THE ARC OF FAYETTE COUNTY'S  
RESPONSE TO DRAFT REPORT**

**APPENDIX A**



# The Arc

of Fayette County

September 15, 2009

80 Old New Salom Road  
Uniontown, Pa 16401  
Telephone: 724-438-9042  
Telephone: 724-438-4010  
TTY: 724-438-9041  
Toll Free: 866-438-9042  
Fax: 724-438-2405

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Joe Mickens  
Immediate Past President

## MEMBERS

Aggie Almes  
Pat Lovonsky  
Debbie Zoefel  
Don Miller III  
Joe Alexander

Nancy A. Davis  
CEO

The Arc of Fayette County is affiliated with The Arc of the United States, The Arc of Pennsylvania, and other local chapters of The Arc across the country.

*The Arc of Fayette County is an Equal Opportunity Lender, Provider, and Employer. Complaints of Discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410*

*Advocacy & resources for citizens with intellectual & developmental disabilities & their families*

Mr. Michael J. Kiely, Audit Manager  
Department of Public Welfare  
Bureau of Financial Operations  
Western Field Office  
701 State Office Building  
300 Liberty Avenue  
Pittsburgh, PA 15222

Dear Mr. Kiely,

This correspondence is regarding your "draft" audit report.

### Issue #1

### Fayette Staffing Services are not adequate to support ATF Consumer ISP

Effective July 1, 2009 the agency hired additional staff (part-time) one-on-one to meet the individual ISP. It is uncertain how long our agency will be able to maintain this level due to the fact that our overall rate for this fiscal year has been reduced in the ATF by 9.62 %.

#### ATF Rates:

	<u>08/09</u>	<u>09/10</u>
Base	1.50	2.40
Level 1	2.25	3.09
Level 2	4.50	3.65
Level 3	9.00	6.45

Seven full time staff, as was recommended, simply could not be afforded. Each part time employee has been assigned a specific individual. If the individual (consumer) calls off the staff person does not report to work; unless another one-on-one consumer needs a staff person. We do "loose" funds most times a one-on-one consumer or staff person calls off.

According to the union contract all positions must be posted 7-10 days in house before advertising. Many direct staff give inadequate notice or no notice at all. We must wait at least seven days before advertising or utilizing the applications on file. We attempt to fill vacancies as quickly as possible.

**Issue #2**

**ATF fee for service fees are not sufficient to pay for anticipated staffing needs.**

AAA is on a moratorium and cannot raise their rates from \$45.00 per day for ATF consumers. We have been working with our county office to offset the cost, however consumer services have had to be reduced in some cases.

I have emailed the county office and they will receive a copy of this correspondence. We agree with the audit report that ODP, Arc Fayette County, and Fayette County Behavioral Health Administration meet to ascertain a method to obtain the additional funding that is required by the ATF consumer ISP. We will be waiting for your final report. Thank you.

Sincerely,



Nancy A. Davis  
CEO

CC: Lisa Ferris Kusniar, Behavioral Health Administration  
Cassandra Schalcosky, Office of Developmental Programs  
Joe Church, Office of Developmental Programs  
Arc, Fayette County Board Members

**FAYETTE COUNTY BEHAVIORAL HEALTH ADMINISTRATION'S  
RESPONSE TO DRAFT REPORT**

**APPENDIX B**

 FAYETTE COUNTY  
BEHAVIORAL HEALTH ADMINISTRATION

215 JACOB MURPHY LANE, UNIONTOWN, PA 15401  
LISA FERRIS-KUSNIAR, CHIEF EXECUTIVE OFFICER

PHONE: (724) 430-1370

[www.FCBHA.ORG](http://www.FCBHA.ORG)

FAX: (724) 430-1386

September 30, 2009

Mr. Michael J. Kiely  
Audit Manager  
Department of Public Welfare  
Bureau of Financial Operations  
701 State Office Building  
300 Liberty Avenue  
Pittsburgh, PA 15222

Dear Mr. Kiely:

The Fayette County Behavioral Health Administration (FCBHA) would appreciate the opportunity to offer a response and comments to the Bureau of Financial Operations (BFO) recommendations issued to ARC of Fayette in correspondence dated August 26, 2009. We also wish to provide comments and current Fiscal Year 2009-10 corresponding updates to the previously presented information.

Background:

The background section of the report indicates that the Adult Training Facility (ATF) was Program Funded prior to July 1, 2009. Although county negotiated fees and retrospective adjustment for reported costs might appear similar to Program Funding, the personnel and other requirements associated with Program Funding had not occurred for the past few years since the implementation of Office of Developmental Programs (ODP) rate setting requirements.

Issue No. 1 "Arc Fayette staffing levels are not adequate to support ATF Consumer ISP's":

We continue to believe the recommendation for additional staffing beyond those required to meet either the PA CODE Chapter 2380 (Adult Training Facilities) and/or the Centers for Medicare & Medicaid Services (CMS) optional levels and staffing ratio ranges is unnecessary. The application of an arbitrary individual specific staff ratio rather than the ODP established range referenced by Supports Coordinators was a result of ODP Individual Support Plan training not taking place, or establishment of a precise ODP staffing ratio measurement tool. Effective Fiscal Year 2009-10, the Individual Support Plan (ISP) HEALTH AND SAFETY staffing ratio section and SERVICES AND SUPPORT service summary section for all approved plans, are consistent with the ODP and CMS service definitions which require Chapter 2380 compliance and optional service level provision for Day Habilitation Services (ATF). Specifically, all Level 1 and Level 2 ISP staffing ratio sections include a range of <1:6 to 1:3.5 and <1:3.5 to >1:1 respectively.

FAYETTE COUNTY BOARD OF COMMISSIONERS



VINCE ZAPOTOSKY, CHAIRMAN  
VINCENT A. VICITES, VICE-CHAIRMAN  
ANGELA M. ZIMMERLINK, SECRETARY

We agree that certain human resource and managerial issues exist which must be improved by ARC of Fayette to replace exiting staff immediately. In addition, a more extensive part-time/on-call staff pool should be considered to offset any day-to-day staff availability variations.

Issue No. 2 "ATF Fee-For Service Rates are not sufficient to pay for Anticipated Staffing needs":

By not having a copy of, or access to, the ARC of Fayette submitted cost report information provided to ODP for Fiscal Year 2009-10 rate setting purposes, FCBHA cannot provide a detailed response to Fiscal Year 2009-10 service rate issues; however, ODP has recently issued guidance and the opportunity for service providers to submit a Supplemental Data Request form to update the Fiscal Year 2008-09 Cost Report information for service definition as well as mid-year staffing changes to accommodate a waiver participant's change in need. Note that this process does not have influence on current ODP established rates. Supplemental Data Request for provider-specific adjustment submissions will only affect Fiscal Year 2010-11 prospective rates, at this time.

In summation, we believe that due to insufficient ODP staffing ratio measurement training, the prior inconsistency of staffing ratio and service summary sections of ISP's were systemic of all Commonwealth of Pennsylvania providers, not just ARC of Fayette.

We thank you for the opportunity to provide commentary, and look forward to final resolution on this matter.

Respectfully,

  
Harry Franks, III  
Director of Fiscal Operations

HF/tl

Enclosure

cc: Nancy Davis, ARC of Fayette  
ARC of Fayette Board of Directors  
Cassandra Schalcosky, ODP  
Joe Church, ODP  
Lisa Ferris-Kusniar, FCBHA  
Lynn Oraweic, FCBHA