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pennsylvania
DEPARTMENT OF HUMAN SERVICES
BUREAU OF FINANCIAL OPERATIONS

September 22, 2017

Ms. Krista Krebs, CEO
Alma Health, LLC DBA MedStaffers
701 C South West Street
Carlisle, Pennsylvania 17013

Dear Ms. Krebs:

Enclosed for your review is the final audit report of Alma Health, LLC DBA MedStaffers (MS) which was recently completed by this office. Your agency's response has been incorporated into the final report and is labeled as an Appendix. The report covers the period from January 1, 2012 through December 31, 2013.

I would like to extend my appreciation for the courtesy extended to my staff during the course of the fieldwork.

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

If you have any questions concerning this matter, please contact [REDACTED], Manager of the Audit Resolution Section, at [REDACTED].

Sincerely,

Tina L. Long, CPA
Director

Enclosure

c: Mr. Jay Bausch
Ms. Jen Burnett
Mr. Michael Hale
Ms. Kimberly Barge



September 22, 2017

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

Dear Deputy Secretary Harris:

The Bureau of Financial Operations (BFO) conducted a performance audit of Alma Health, LLC DBA MedStaffers (MS). The audit was designed to investigate, analyze and make recommendations regarding the reimbursements from the Provider Reimbursement and Operations Management Information System (PROMISe) for consumer care. Our audit covered the period from January 1, 2012 to December 31, 2013 (Audit Period).

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

Summary of Conditions and Questioned Costs

Description of Condition	Location of Details	Questioned Costs
Documentation to Support Certain Paid Claims Was Inadequate	Appendix A, Finding No. 1	\$800,643
Internal Control Deficiencies	Appendix A, Finding No. 2	\$0
Conflict of Interest	Appendix B	N/A
Total		\$800,643

See Appendix A for the Details of the Findings.

See Appendix B for the Observation.

See Appendix C for the Background, Objective/Scope/Methodology, and Conclusion on the Objective.

See Appendix D for the Analysis of Questioned Costs.

See Appendix E for MS' Response to the Draft Report.

**Alma Health, LLC DBA MedStaffers
January 1, 2012 to December 31, 2013**

Exit Conference/Auditor's Commentary

An exit conference was held with MS' management on August 29, 2017 to discuss the audit findings and MS' response to the draft audit report. After considering MS' response and the discussions at the exit conference, the BFO did not make any additional changes to the draft audit report.

There are numerous statements in MS' response that are simply incorrect; especially the statement that the lead auditor came into this audit with a bias against MS. The lead auditor had no connection to MS or its employees (current or former) whatsoever and had never even heard of MS until this audit was assigned to her. Additionally, every BFO auditor attests to their independence before an audit begins; that attestation includes affirming that there are no threats to independence (bias threats or other threats). Additionally, every BFO audit report goes through multiple levels of independent review as an additional safeguard.

MS' response neglected to mention the timing of the meeting between the lead auditor and MS' former employee, which was on July 26, 2016. As noted in the audit report, audit fieldwork was from May 12, 2016 to June 10, 2016 so this was well after the fieldwork had ended. While the lead auditor did not make the statement "I know they are not telling the truth", it must be noted that we were (and still are) skeptical regarding the authenticity of the documentation MS provided, as well as, the explanations around the documentation. Skepticism is not the same as bias, as it is not preconceived but rather based on our experience with MS and the conditions we encountered, which included the following:

- Timesheets that appear to have been altered.
- Documentation for services that was not available during audit fieldwork but was then provided several months afterward without a good explanation of why the documents were not available originally.
- Explanations from MS that changed over time regarding the lack of documentation.
- Claims that were submitted without any supporting documentation allegedly to make up for being underpaid on other claims for the same client.
- Conflicting explanations as to why claims were submitted for times when a client was hospitalized.
- Claims for services provided by a spouse where MS claimed they had documentation from the client's previous service provider saying the arrangement was approved. The BFO has asked for this documentation several times and MS was not able to provide it.

The BFO auditors are not certified in handwriting analysis and other document validation techniques so after internal discussions, the BFO decided to accept much of the documentation that was presented after audit fieldwork even though we had concerns as to its authenticity. That decision reduced the questioned costs in the audit report dramatically.

MS also took issue with the BFO's statistically valid random sampling (SVRS). The BFO would like to point out that our SVRS methodology/process has been certified by a contracted statistical expert; our expert reviewed the details of the sampling and extrapolation for this audit and did not have any concerns with it.

**Alma Health, LLC DBA MedStaffers
January 1, 2012 to December 31, 2013**

Finally, MS' response states, "for most of the audit period at issue, OLTL provided little or no guidance regarding the required documentation to substantiate paid claims." However, the 55 PA Code Chapter 52 and 55 PA Code Chapter 1101 regulations were both in place during the audit period and both require documentation to support claims. The majority of the units that the BFO questioned had no supporting documentation. It must be noted that not knowing or understanding the regulations does not absolve MS of its responsibility to follow the applicable rules.

In accordance with our established procedures, an audit response matrix will be provided to the Office of Long-Term Living (OLTL). Once it is received, OLTL should complete the matrix within 60 days and email the Excel file to the DHS Audit Resolution Section at:



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,

A handwritten signature in black ink that reads "Tina L Long".

Tina L. Long, CPA
Director

**ALMA HEALTH, LLC DBA MEDSTAFFERS
APPENDIX A**

Appendix A – Audit Findings
Alma Health, LLC DBA MedStaffers
January 1, 2012 to December 31, 2013

Finding No. 1 – Documentation to Support Certain Paid Claims Was Inadequate

Condition (“What was found?”):

MS employees use manual timesheets to record the beginning and end time of visits. The timesheets contain a checklist to document the services that were provided. MS requires the employees and consumers to sign off on timesheets to verify that services were provided.

Many of the claims that were examined were missing certain supporting documentation.

Criteria (“What should it be?”):

55 Pa Code, Chapter 52, section 52.43(h) states, “A provider shall maintain books, records and documents that support:

- (1) The type, scope, amount, duration and frequency of service provision.
- (2) The dates of service provision.”

Section 52.42(d) states, “The Department will only pay for a service in the type, scope, amount, duration, and frequency as specified on the participant’s service plan as approved by the Department.”

The Home and Community-Based Services Waiver specifies which payment may be made to relatives. “Family members can provide Personal Assistance Services; however, the following exclusions apply:

- The Waiver will not pay for services furnished by a spouse...”

Effect (“What is the impact?”):

The available records did not provide sufficient documentation to support all of the paid claims for services that were provided to consumers. The statistically-valid random sampling and extrapolation resulted in questioned costs of \$800,643 with a variance of +/- \$526,072.

Cause (“Why did it happen?”):

MS did not maintain sufficient documentation to support certain paid claims for the audit period.

Recommendations (“What needs to be done to correct it?”):

- MS should maintain documentation to support their service claims prior to submitting those claims for payment.
- OLTL should recover the \$800,643 in questioned costs.

Appendix A – Audit Findings
Alma Health, LLC DBA MedStaffers
January 1, 2012 to December 31, 2013

Finding No. 2 – Internal Control Deficiencies

Condition (“What was found?”):

- MS did not have effective management oversight to ensure that billing records are complete and accurate prior to making claims for reimbursement.
- MS improperly billed for services when a consumer was hospitalized and not available to receive the services.
- MS did not have a documented policy on what action should be taken when a consumer is unable to sign an employee’s timesheet.
- MS did not maintain documentation in a manner that made the documentation easily retrievable upon request.
- MS’ employees recorded hours on their timesheets that were in excess of the hours reimbursed for services, which lead to discrepancies between the billing records and payroll records.
- MS did not have a standard method for employees to submit their timesheets. Some of the timesheets that MS accepted included the following:
 - Copies of timesheets that were not readable;
 - Several timesheets that had fax-stamped dates that were in advance of the end of a shift in which services were provided; and
 - Consumers’ signatures that were pre-dated in advance of service delivery.

Criteria (“What should it be?”):

55 Pa Code, Chapter 52, section 52.15(a)(2) states, “A provider shall complete and maintain documentation on service delivery.”

Effect (“What is the impact?”):

- The lack of effective management supervision over the timesheets and billing records resulted in claims that were not properly documented as described in the condition above.
- The lack of policies and procedures on the actions to be taken when a consumer is not able to sign gives little assurance that a consumer received the services as claimed by the employee on the timesheet.
- MS made improper claims for employees with overlapping hours, an employee who provided services to a spouse, and an employee who claimed to provide services when a consumer was hospitalized.

Appendix A – Audit Findings
Alma Health, LLC DBA MedStaffers
January 1, 2012 to December 31, 2013

Finding No. 2 – Internal Control Deficiencies (Continued)

Cause (“Why did it happen?”):

Lack of management oversight over the documentation of service delivery and a lack of proper record maintenance.

Recommendations (“What needs to be done to correct it?”):

MS should develop and implement policies and procedures to ensure that:

- There is effective management oversight over timesheets,
- There is a verification that services were provided for consumers who are unable to sign the employees’ timesheets, and
- There are no discrepancies between the records of services provided, billing records, and payroll records. Any exceptions should be properly documented.

**ALMA HEALTH, LLC DBA MEDSTAFFERS
APPENDIX B**

Appendix B – Observation – Conflict of Interest

Alma Health, LLC DBA MedStaffers
January 1, 2012 to December 31, 2013

MS shares the same ownership with a Service Coordination Entity (SCE) which provides service coordination for several of MS' consumers.

55 Pa Code, Chapter 52, section 52.28(d) states, "An SCE and a provider of a service other than service coordination may not share any of the following:

- (1) Chief executive officer or equivalent.
- (2) Executive board.
- (3) Bank account.
- (4) Supervisory staff.
- (5) Tax identification number.
- (6) MA provider agreement.
- (7) Master provider index number."

While the regulations do not preclude common ownership, it appears that common ownership creates a potential conflict of interest as the service provider, and indirectly, its owners, would benefit from the SCE increasing the services to be provided by the service provider.

OLTL should determine the risk that this practice may present and if the risks are significant, revise the above language the next time the regulations are updated to preclude common ownership of an SCE and a service provider.

**ALMA HEALTH, LLC DBA MEDSTAFFERS
APPENDIX C**

Appendix C – Background, Objective/Scope/Methodology, and Conclusion on the Objective

Alma Health, LLC DBA MedStaffers
January 1, 2012 to December 31, 2013

Background

MS is a home health care agency located in Carlisle, Pennsylvania with satellite offices in Ford City, Wilkes-Barre, and Greensburg. MS is enrolled by OLTL to provide Home and Community Based Services through the Medicaid Waiver program. MS had 445 active consumers and received \$10,579,870 in reimbursements through PROMISE for personal assistance, nursing, physical therapy and respite services as well as accessibility adaptations during the audit period.

Objective, Scope and Methodology

Our audit objective is shown in the Conclusion on the Objective section below. In pursuing our objective, we analyzed available documentation for the audit period, including reimbursement data, employees' timesheets, consumer files and other pertinent documentation necessary to pursue our objective. In addition, we selected a statistically valid random sample of paid claims for each of the seven types of services and tested those claims for adequacy of supporting documentation. The BFO analyzed eight additional types of services. An analysis of those results is shown in the table in Appendix D 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.

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 their effectiveness.

Based on our understanding of the controls, there were internal control deficiencies which are described in Finding No. 2. Areas where the BFO noted an opportunity for improvement in management controls are addressed in the findings and recommendations of this report.

The BFO's fieldwork was conducted from May 12, 2016 to June 10, 2016. An audit closing conference was held on October 26, 2016. An exit conference was held on August 29, 2017. This report is available for public inspection.

Conclusion on the Objective

Objective Number	Audit Objective	Conclusion on the Objective
1	To verify that the reimbursements made to MS through PROMISE for the period January 1, 2012 through December 31, 2013 were adequately substantiated with documentation in accordance with 55 Pa Code Chapter 52.	MS did not have documentation to adequately substantiate certain PROMISE claims for the audit period which resulted in questioned costs totaling \$800,643.

**ALMA HEALTH, LLC DBA MEDSTAFFERS
APPENDIX D**

Appendix D - Analysis of Questioned Costs

Alma Health, LLC DBA MedStaffers
January 1, 2012 to December 31, 2013

Summary of Testing Results			Begin Date:	1/1/2012	End Date:	12/31/2013	
Auditee:	Alma Health DBA Medstaffers						
Procedure Code	Service Description	Total Claims by Procedure Code	Sampled Total Amount Reimbursed (Paid)	Sampled Accepted Billings	Sampled Overbilled Amount	Total Overbilled by Procedure Code Revised	Variance +/-
						Extrapolation Summary	Extrapolation Summary
Sampled Procedure Codes							
T1002	Rn Services, Up To 15 Minutes	\$ 290,094.80	\$ 90,942.15	\$ 88,790.85	\$ 2,151.30	\$ 6,862.00	\$ 5,014.00
T1003	Lpn/Lvn Services, Up To 15 Minutes	\$ 849,674.66	\$ 98,329.30	\$ 84,419.14	\$ 13,910.16	\$ 120,199.00	\$ 88,561.00
T1005 LT \$2,155.20	Respite Care Services, Up To 15 Minutes	\$ 11,202.55	\$ 7,839.54	\$ 7,677.90	\$ 161.64	\$ 231.00	\$ 121.00
T2025	Nursing/Therapies	\$ 27,642.20	\$ 10,219.80	\$ 2,181.60	\$ 8,038.20	\$ 21,741.00	\$ 3,478.00
W1700	Personal Care In Home Supervis Rn 1/4hr	\$ 231,395.58	\$ 23,805.53	\$ 21,791.36	\$ 2,014.17	\$ 19,578.00	\$ 16,298.00
W1792	Pas - Consumer	\$ 19,000.56	\$ 15,057.28	\$ 12,059.85	\$ 2,997.43	\$ 3,782.00	\$ 1,128.00
W1793	Personal Assistance Services - Agncy Op	\$ 9,069,960.80	\$ 26,528.55	\$ 24,695.69	\$ 1,832.86	\$ 626,644.00	\$ 411,472.00
	Total - Sampled Procedure Codes	\$ 10,498,971.15	\$ 272,722.15	\$ 241,616.39	\$ 31,105.76	\$ 799,037.00	\$ 526,072.00
100 Percent Review							
T1005 GTE \$2,155.20	Respite Care Services, Up To 15 Minutes	\$ 4,310.40	\$ 4,310.40	\$ 3,232.80	\$ 1,077.60	\$ 1,077.60	-
W1702	Respite Service In Home < 24 Hours-1/4hr	\$ 8,483.20	\$ 8,483.20	\$ 7,955.20	\$ 528.00	\$ 528.00	-
	Total - 100 Percent Review	\$ 12,793.60	\$ 12,793.60	\$ 11,188.00	\$ 1,605.60	\$ 1,605.60	-
	Total - Reviewed Procedure Codes	\$ 10,511,764.75	\$ 285,515.75	\$ 252,804.39	\$ 32,711.36	\$ 800,642.60	\$ 526,072.00

**ALMA HEALTH, LLC DBA MEDSTAFFERS
RESPONSE TO THE DRAFT REPORT
APPENDIX E**

**ALMA HEALTH, LLC, DBA MEDSTAFFERS
RESPONSE TO REVISED "DRAFT" PERFORMANCE AUDIT REPORT
DATED JULY 21, 2017**

Submitted on August 23, 2017

I. INTRODUCTION

By letter dated January 4, 2017, Tina L. Long transmitted to Krista Krebs of Alma Health, LLC, DBA MedStaffers (hereinafter "MS" and "Alma Health") a "Draft" Performance Audit Report (hereinafter "Initial Report") that covers the period from January 1, 2012 through December 31, 2013.

MS made a timely request for an exit conference to review the factual and legal basis for the Initial Report's two separate Findings and related sub-findings, including without limitation the basis for the auditors' recommendation that MS reimburse the Office of Long Term Living (hereinafter "OLTL") the sum of **\$2,506,197** in alleged "questioned costs" as determined by the auditors during the subject audit.

The exit conference was held on March 3, 2017. During the exit conference, MS representatives contended that MS was not given any meaningful opportunity to respond during the audit process to the samples that were deemed inadequate by the auditors in the Initial Report on the basis of absence of supporting documentation. Further, it was contended that the only document in the Initial Report that provided any level of rationale for the auditors' recommendation that MS be required to reimburse OLTL the extraordinarily significant sum of **\$2,506,197** in alleged "questioned costs" was Appendix D -- Analysis of Questioned Costs. However, Appendix D provided no basis whatsoever for MS to be able to review which specific services to which specific MS clients were questioned by the auditors, and why.

Following the exit conference, it was agreed that MS would be given a reasonable opportunity to consider and respond to the auditors' rationale for the "questioned costs" referenced in Appendix D of the Initial Report. Thereafter, information was exchanged orally and in writing by and between MS and the auditors, which culminated in a letter dated July 21, 2017 from Tina L. Long to Krista Krebs of MS, in which was enclosed a Revised "Draft" Performance Audit Report (hereinafter "Revised Report") that covers the period from January 1, 2012 through December 31, 2013.

MS made a timely request for an exit conference to review the factual and legal basis for the Revised Report's two separate Findings and related sub-findings, including without limitation the basis for the auditors' recommendation that MS reimburse OLTL the sum of **\$800,643** in alleged "questioned costs" as determined by the auditors during the subject audit.

The **\$800,643** in alleged "questioned costs" in the Revised Report represents a sixty-eight percent (68%) reduction in the alleged "questioned costs" of **\$2,506,197** in the Initial Report.

It is the position of MS that the Revised Report, together with its two separate Findings and sub-findings, is substantially flawed in numerous respects and should be rejected in its

entirety, or alternatively, revised consistent with MS' concurrence and non-concurrence as set forth herein.

II. AUDIT BIAS ON THE PART OF LEAD AUDITOR

██████████ was the lead auditor of the subject audit.

Attached hereto is a sworn and notarized Affidavit from a former employee of MS, ██████████, regarding ██████████ interactions with her during the course of ██████████ audit of MS.

From MS's perspective, there can be no question that ██████████ conduct as reflected in ██████████ Affidavit violated the Government Auditing Standards ("GAS") in many critical respects. In this regard, ██████████ Affidavit reflects, among other things, the following serious and unacceptable violations of the GAS by ██████████:

1. ██████████ was not objective in discharging her professional responsibilities in that she had determined and concluded, without any factual basis, that MS representatives were not being truthful with her. Apparently, ██████████ had determined and concluded that MS and its management representatives were not being truthful with her based on bad faith claims of malfeasance that were made against them by ██████████, a former disgruntled employee of MS who has a vendetta against MS and its management representatives. As such, ██████████ was not independent of mind or independent of appearance during the course of her audit of MS, nor did she maintain an attitude of impartiality during the course of her audit of MS. Accordingly, neither ██████████ audit, nor the Initial and Revised "Draft" Performance Audit Reports that emanated from her audit, can be considered to be credible for purposes of the GAS. See, GAS Section 1.19.

2. As ██████████ did not conduct her work as an auditor with an attitude that was objective and fact-based, she did not perform her professional responsibilities with integrity for purposes of the GAS. See, GAS Section 1.17.

3. ██████████ was not independent in "all matters relating to the audit work." See, GAS Sections 3.02 – 3.06.

4. ██████████ was biased against MS and its management representatives during the course of her audit of MS, and as such, ██████████ was subject to an inappropriate and unacceptable "bias threat" during the course of her audit of MS. See, GAS Section 3.14.c.

5. Despite the existence of a bias threat that significantly impaired ██████████ duty of independence as an auditor, at no time were any safeguards implemented by ██████████ to eliminate or reduce the bias threat to her independence to an acceptable level, and this is very likely because her bias against MS and its management representatives, as reflected in the statement made by ██████████ to ██████████ during their private meeting ("I know they are not telling the truth"), was of such consequence that she was powerless to safeguard against it. Further, ██████████ superiors within DAR were not in a position to implement appropriate safeguards to eliminate or reduce ██████████ bias threat against MS and its management

representatives because [REDACTED] did not disclose to them that she had met privately with [REDACTED] or that she had advised [REDACTED] that she was biased against MS and its management representatives because she allegedly knew they were not telling the truth. See, GAS Sections 3.16 – 3.24.

6. Given the significance of [REDACTED] bias threat, and [REDACTED] knowing and willful failure to eliminate or reduce that threat to an acceptable level (i.e., by disclosing the bias threat to her superiors and by removing herself as the lead auditor), the subject audit should have been terminated. See, GAS Section 3.25.

7. [REDACTED] did not use professional judgment in performing the audit and in reporting the preliminary results in the Initial and Revised “Draft” Performance Audit Reports, as her judgment was completely devoid of professional skepticism, which “includes a mindset in which auditors assume neither that management is dishonest nor of unquestioned honesty.” See, GAS Section 3.61.

For the foregoing reasons, the Initial and Revised “Draft” Performance Audit Reports should be stricken in their entirety.

III. MS RESPONSE TO FINDING NO. 1 - Documentation to Support Paid Claims was Inadequate

A. Condition Section of Finding No. 1

In this Section, it is averred that “many of the claims that were examined were missing certain supporting documentation.”

MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated.

For most of the audit period at issue, OLTL provided little or no guidance regarding required documentation to substantiate paid claims. The relevant Regulation regarding documentation is set forth in 55 Pa. Code §52.43, which provides in relevant part:

- (h) A provider shall maintain books, records and documents that support:
 - (1) The type, scope, amount, duration and frequency of service provision.
 - (2) The dates of service provision.
 - (3) The fees and reimbursements earned in accordance with Federal and State requirements.
 - (4) Compliance with the terms and conditions of service provision as outlined in this chapter.

Only the first subsection of the Regulation refers to documentation of services provided. However, the Regulation provided no guidance or elaboration as to what the terms “type” and “scope” of services mean. In recognition of this absence of guidance to providers such as MS, OLTL issued a Bulletin on May 16, 2013 to “clarify the meaning of type, scope, amount,

duration and frequency of services provided in 55 Pa. Code Chapter 52 in order to ensure consistency in the accuracy and quantity of services provided by service coordinators and direct service providers.” Given that such clarification was not issued until late in the audit period, MS should not be unreasonably penalized for alleged absence of supporting documentation during the period before OLTL issued guidance on documentation in the OLTL Bulletin on May 16, 2013.

Further, with respect to the alleged absence of supporting documentation to substantiate paid claims, the relevant question should be whether MS provided appropriate services, not whether it had documentation that was sufficient in the opinion of the auditors. In numerous instances, there is no question that services were provided by MS to various clients pursuant to their Service Authorization Plan, but nevertheless, the auditors improperly and unreasonably disallowed such hours. Accordingly, MS requests the opportunity to supplement its previously submitted documentation, where appropriate, with affidavits from both service providers and consumers confirming that appropriate services were provided to its clients. The affidavits, combined with the information already on record, should be considered adequate proof that services were provided by MS to the clients at issue.

With respect to the Procedure Codes that reference an Overbilled Amount in Appendix D of the Revised Report, the basis for the auditors’ disallowance of hours of services that were provided by MS to its clients fall into the following general categories:

1. disallowance of hours of services provided by MS on the basis of absence of nursing or progress notes, notwithstanding that the Regulations do not require nursing or progress notes to substantiate paid claims – this is an improper and unreasonable basis for disallowance of hours;
2. disallowance of hours of services provided by MS on the basis of absence of client signatures on timesheets, notwithstanding that the Regulations do not require client signatures on timesheets to substantiate paid claims - this is an improper and unreasonable basis for disallowance of hours ;
3. disallowance of hours of services provided by MS on the basis that the date of fax transmittal that appears on time sheets that are faxed by employees to MS (which MS has no ability or power to control) was different than the MS date of receipt time stamp on the timesheet - this is an improper and unreasonable basis for disallowance of hours;
4. disallowance of hours of services provided by MS on the basis that the date of MS receipt time stamp on the timesheet was before the last day of services noted on the timesheet, notwithstanding that it was confirmed that the employee provided such services - this is an improper and unreasonable basis for disallowance of hours;
5. disallowance of hours of services provided by MS when the employee mistakenly referenced a.m. and p.m., notwithstanding that the employee provided 24 hours of care for the client - this is an improper and unreasonable basis for disallowance of hours;

6. disallowance of hours of services provided by MS on basis that the employee signature was on the timesheet, but not on the Employee signature line at bottom of timesheet - this is an improper and unreasonable basis for disallowance of hours;

7. disallowance of hours of services provided by MS on the 31st day of the month - this is an improper and unreasonable basis for disallowance of hours;

8. disallowance of hours of services provided by LPN's on the basis that the LPN's were inadvertently being billed at the higher RN rate, as opposed to the LPN rate - this is an improper and unreasonable basis for disallowance of hours;

9. disallowance of hours of services provided by MS when the amount, frequency and duration of services was noted, but scope of services was not noted - this is an improper and unreasonable basis for disallowance of hours.

Set forth below are MS' concurrence and non-concurrence for each of the Procedure Codes that reference an Overbilled Amount in Appendix D of the Revised Report.

i. Procedure Code T1002

Alma Health concurs with the auditors' preliminary disallowance of 2.5 hours for this Procedure Code.

Alma Health does not concur with the auditors' preliminary disallowance of all other hours for this Procedure Code.

With respect to Alma Health's non-concurrence on the auditors' preliminary disallowance of all other hours, it is averred that the auditors did not comply with Section 6.56 and Section 6.57 of the Government Auditing Standards that governed the subject audit, in that they did not obtain sufficient, appropriate evidence to provide a reasonable basis for their preliminary findings and conclusions with respect to the hours at issue for Procedure Code T1002. In this regard, the auditors failed to find supporting time cards that were readily available to them at the premises of MS during the audit (which were readily found by MS employees during the course of its post-Initial Report review), failed to ascertain which employees were working on certain weeks and failed to seek the assistance from MS employees when questions arose that could have readily been answered by MS employees to facilitate a substantially more accurate, fair and complete audit of MS.

Following the Division of Audit and Review's analysis and consideration of the within information regarding Procedure Code T1002, MS respectfully requests that the preliminary disallowance of all other hours be rescinded in its entirety for the reasons set forth herein.

ii. Procedure Code T1003

Alma Health concurs with the auditors' preliminary disallowance of 2.25 hours for this Procedure Code.

Alma Health does not concur with the auditors' preliminary disallowance of all other hours for this Procedure Code.

With respect to Alma Health's non-concurrence on the auditors' preliminary disallowance of all other hours, it is averred that the auditors did not comply with Section 6.56

and Section 6.57 of the Government Auditing Standards that governed the subject audit, in that they did not obtain sufficient, appropriate evidence to provide a reasonable basis for their preliminary findings and conclusions with respect to the hours at issue for Procedure Code T1003. In this regard, the auditors failed to follow the Regulations, failed to find supporting time cards that were readily available to them at the premises of MS during the audit (which were readily found by MS employees during the course of its post-Initial Report review), failed to return to MS various time cards that they reviewed, failed to ascertain which employees were working on certain weeks and failed to seek the assistance from MS employees when questions arose that could have readily been answered by MS employees to facilitate a substantially more accurate, fair and complete audit of MS.

Following the Division of Audit and Review's analysis and consideration of the within information regarding Procedure Code T1003, MS respectfully requests that the preliminary disallowance of all other hours be rescinded in its entirety for the reasons set forth herein.

iii. Procedure Code T1005 LT

Alma Health concurs with the auditors' preliminary disallowance of 3 hours for this Procedure Code.

Alma Health does not concur with the auditors' preliminary disallowance of all other hours for this Procedure Code.

With respect to Alma Health's non-concurrence on the auditors' preliminary disallowance of all other hours, it is averred that the auditors did not comply with Section 6.56 and Section 6.57 of the Government Auditing Standards that governed the subject audit, in that they did not obtain sufficient, appropriate evidence to provide a reasonable basis for their preliminary findings and conclusions with respect to the hours at issue for Procedure Code T1005 LT. In this regard, the auditors failed to find supporting time cards that were readily available to them at the premises of MS during the audit (which were readily found by MS employees during the course of its post-Initial Report review), failed to ascertain which employees were working on certain weeks and failed to seek the assistance from MS employees when questions arose that could have readily been answered by MS employees to facilitate a substantially more accurate, fair and complete audit of MS.

Following the Division of Audit and Review's analysis and consideration of the within information regarding Procedure Code T1005 LT, MS respectfully requests that the preliminary disallowance of all other hours be rescinded in its entirety for the reasons set forth herein.

iv. Procedure Code T2025

Alma Health does not concur with the auditors' preliminary disallowance of hours for this Procedure Code, as MS billed for services for its clients, and MS had timesheets in support all hours of the billings for services provided to its clients under this Procedure Code.

During an audit of MS conducted by QMET in 2013 that involved review of the services provided by MS to a client for Procedure Code T2025, there was a finding of 1 hour of overbilling by MS. The QMET audit findings, which are diametrically opposed to the findings of the auditors, should be deemed controlling in this matter.

With respect to Alma Health's non-concurrence on the auditors' preliminary disallowance of hours, it is averred that the auditors did not comply with Section 6.56 and Section 6.57 of the Government Auditing Standards that governed the subject audit, in that they did not obtain sufficient, appropriate evidence to provide a reasonable basis for their preliminary findings and conclusions with respect to the hours at issue for Procedure Code T2025. In this regard, the auditors failed to follow the Regulations, failed to consider and follow the findings of the QMET audit in 2013, and failed to seek the assistance from MS employees when questions arose that could have readily been answered by MS employees to facilitate a substantially more accurate, fair and complete audit of MS.

Following the Division of Audit and Review's analysis and consideration of the within information regarding Procedure Code T2025, MS respectfully requests that the preliminary disallowance of the hours at issue be rescinded in its entirety for the reasons set forth herein.

v. Procedure Code W1700

Alma Health concurs with the auditors' preliminary disallowance of 26 hours for this Procedure Code.

Alma Health does not concur with the auditors' preliminary disallowance of all other hours for this Procedure Code.

With respect to Alma Health's non-concurrence on the auditors' preliminary disallowance of all other hours, it is averred that the auditors did not comply with Section 6.56 and Section 6.57 of the Government Auditing Standards that governed the subject audit, in that they did not obtain sufficient, appropriate evidence to provide a reasonable basis for their preliminary findings and conclusions with respect to the hours at issue for Procedure Code W1700. In this regard, the auditors failed to follow the Regulations, failed to recognize the legitimate date stamp process used by MS for time cards, failed to find supporting time cards that were readily available to them at the premises of MS during the audit (which were readily found by MS employees during the course of its post-Initial Report review), failed to return to MS various time cards that they reviewed, failed to ascertain which employees were working on certain weeks and failed to seek the assistance from MS employees when questions arose that could have readily been answered by MS employees to facilitate a substantially more accurate, fair and complete audit of MS.

Following the Division of Audit and Review's analysis and consideration of the within information regarding Procedure Code W1700, MS respectfully requests that the preliminary disallowance of all other hours be rescinded in its entirety for the reasons set forth herein.

vi. Procedure Code W1792

Alma Health concurs with the auditors' preliminary disallowance of 14.75 hours for this Procedure Code.

Alma Health does not concur with the auditors' preliminary disallowance of all other hours for this Procedure Code.

With respect to Alma Health's non-concurrence on the auditors' preliminary disallowance of all other hours, it is averred that the auditors did not comply with Section 6.56 and Section 6.57 of the Government Auditing Standards that governed the subject audit, in that

they did not obtain sufficient, appropriate evidence to provide a reasonable basis for their preliminary findings and conclusions with respect to the hours at issue for Procedure Code W1792. In this regard, the auditors failed to find supporting time cards that were readily available to them at the premises of MS during the audit (which were readily found by MS employees during the course of its post-Initial Report review), and failed to seek the assistance from MS employees when questions arose that could have readily been answered by MS employees to facilitate a substantially more accurate, fair and complete audit of MS.

Following the Division of Audit and Review's analysis and consideration of the within information regarding Procedure Code W1792, MS respectfully requests that the preliminary disallowance of all other hours be rescinded in its entirety for the reasons set forth herein.

vii. Procedure Code W1793

Alma Health concurs with the auditors' preliminary disallowance of 19 hours for this Procedure Code.

Alma Health does not concur with the auditors' preliminary disallowance of all other hours for this Procedure Code.

With respect to Alma Health's non-concurrence on the auditors' preliminary disallowance of all other hours, it is averred that the auditors did not comply with Section 6.56 and Section 6.57 of the Government Auditing Standards that governed the subject audit, in that they did not obtain sufficient, appropriate evidence to provide a reasonable basis for their preliminary findings and conclusions with respect to the hours at issue for Procedure Code W1793. In this regard, the auditors failed to find supporting time cards that were readily available to them at the premises of MS during the audit (which were readily found by MS employees during the course of its post-Report review), failed to ascertain which employees were working on certain weeks and failed to seek the assistance from MS employees when questions arose that could have readily been answered by MS employees to facilitate a substantially more accurate, fair and complete audit of MS.

Following the Division of Audit and Review's analysis and consideration of the within information regarding Procedure Code W1793, MS respectfully requests that the preliminary disallowance of all other hours be rescinded in its entirety for the reasons set forth herein.

viii. Procedure Code T1005 GTE

Alma Health does not concur with the auditors' preliminary disallowance of hours for this Procedure Code, as MS billed for hours of services for its clients, and MS had time cards in support of all hours of billings for services provided to its clients under this Procedure Code.

With respect to Alma Health's non-concurrence on the auditors' preliminary disallowance of hours, it is averred that the auditors did not comply with Section 6.56 and Section 6.57 of the Government Auditing Standards that governed the subject audit, in that they did not obtain sufficient, appropriate evidence to provide a reasonable basis for their preliminary findings and conclusions with respect to the hours at issue for Procedure Code T1005 GTE. In this regard, the auditors failed to find supporting time cards and service authorization forms that were readily available to them at the premises of MS during the audit (which were readily found by MS employees during the course of its post-Initial Report review), and failed to seek the

assistance from MS employees when questions arose that could have readily been answered by MS employees to facilitate a substantially more accurate, fair and complete audit of MS.

Following the Division of Audit and Review's analysis and consideration of the within information regarding Procedure Code T1005 GTE, MS respectfully requests that the preliminary disallowance of hours be rescinded in its entirety for the reasons set forth herein.

ix. Procedure Code W1702

Alma Health concurs with the auditors' preliminary disallowance of 8.5 hours for this Procedure Code.

Alma Health does not concur with the auditors' preliminary disallowance of all other hours for this Procedure Code.

With respect to Alma Health's non-concurrence on the auditors' preliminary disallowance of all other hours, it is averred that the auditors did not comply with Section 6.56 and Section 6.57 of the Government Auditing Standards that governed the subject audit, in that they did not obtain sufficient, appropriate evidence to provide a reasonable basis for their preliminary findings and conclusions with respect to the hours at issue for Procedure Code W1702. In this regard, the auditors failed to find supporting time cards that were readily available to them at the premises of MS during the audit (which were readily found by MS employees during the course of its post-Initial Report review), failed to ascertain which employees were working on certain weeks and failed to seek the assistance from MS employees when questions arose that could have readily been answered by MS employees to facilitate a substantially more accurate, fair and complete audit of MS.

Following the Division of Audit and Review's analysis and consideration of the within information regarding Procedure Code W1702, MS respectfully requests that the preliminary disallowance of all other hours be rescinded in its entirety for the reasons set forth herein.

B. Criteria Section of Finding No. 1

The response to the Condition Section is incorporated herein by reference.

With respect to the disallowed hours to which MS has not concurred, MS maintained during the audit period, and presented to the auditors, appropriate information and documentation to substantiate paid claims, including books, records, and documents that supported the type, scope, amount, duration and frequency of service provision, and the dates of service provision.

C. Effect Section of Finding No. 1

The response to the Condition and Criteria Sections are incorporated herein by reference.

MS does not concur with this generalized finding that "the available records did not provide sufficient documentation to support all of the paid claims for services that were provided to consumers," and it is the position of MS that this finding is not substantiated.

In addition, MS does not concur that the auditors used "statistically-valid random sampling." Rather, MS believes and therefore avers that the audit was precipitated by, and targeted by, bad faith and false claims of malfeasance by MS made by a disgruntled former employee of MS, specifically [REDACTED]

█ quit her job with MS under negative circumstances on July 12, 2013, and she did not prevail in her claim for unemployment compensation against MS. █ filed a vindictive and baseless claim against MS with the Pennsylvania Department of Labor and Industry in August 2013, alleging MS' violation of the Wage Payment and Collection Law; once again, █ was unsuccessful in her claim against MS. █ commenced vindictive and baseless litigation against MS in October 2013, and the litigation was discontinued on March 2, 2016; once again, █ was unsuccessful in her claim against MS. Subsequently, and in fulfillment of her threats to MS representatives, █ made bad faith claims of malfeasance on the part of MS, which then precipitated an investigation by the Office of Attorney General, as well as the subject audit.

The investigation by the Office of Attorney General, which has since concluded with no finding of malfeasance by MS, and the ensuing subject audit were appropriate, despite the significant costs incurred by MS in connection therewith, as claims of malfeasance on the part of providers such as MS should be carefully reviewed in the public interest. However, what occurred here, unfortunately, is that the auditors came into the subject audit with a preconceived notion that MS had engaged in malfeasance, and their conduct throughout the audit process made clear to MS representatives that the auditors were not unbiased, but rather biased in a way that adversely affected their ability to interact with MS representatives to get the information that was necessary to conduct an unbiased, accurate, fair and complete audit.

MS has an excellent reputation with all governmental agencies, including without limitation OLTL, QMET and every county in which it provides much needed services to the citizens of this Commonwealth. The Initial and Revised Reports' Findings are inconsistent with the reputation and stature of MS as a provider who goes the extra mile at all times to be compliant with the Regulations, and we believe this may have been the result of the negative bias created in the auditors by the bad faith claims of malfeasance made by █.

D. Cause Section of Finding No. 1

The response to the Condition, Criteria and Effect Sections are incorporated herein by reference.

In this Section, it is averred that "MS did not maintain sufficient documentation to support certain paid claims for the audit period."

MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated. MS provided sufficient documentation to support the paid claims for the audit period.

E. Recommendations Section of Finding No. 1

The response to the Condition, Criteria, Effect and Cause Sections are incorporated herein by reference.

In this Section, it is recommended that "MS should maintain documentation to support their service claims prior to submitting those claims for payment." MS concurs with this recommendation, and its policies and practices have been designed to maintain documentation to support the claims for services provided to consumers prior to making those claims, including without limitation all claims made during the audit period. Previous QMET audits of MS operations, billings, policies and practices, including without limitation the QMET audit for the period August 1, 2012 – July 31, 2013, substantiate the position of MS that it is compliant with

all applicable Regulations and maintains appropriate documentation to support the claims for services provided to its clients.

In addition, the auditors recommend in this Section that "OLTL should recover the \$800,643 in questioned costs." MS does not concur with this recommendation for reasons previously stated, as there is no basis in fact or in the applicable Regulations to "question" \$800,643 in costs for services that were appropriately billed by MS for services provided by MS to its clients.

IV. MS RESPONSE TO FINDING NO. 2 – Internal Control Deficiencies

A. Condition Section of Finding No. 2

The Response to Finding No. 1 is incorporated herein by reference.

In this Section, it is averred that "MS did not have effective management oversight to ensure that billing records are complete and accurate prior to making claims for reimbursement." MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated. To the contrary, MS management is diligent in ensuring that billing records are complete and accurate prior to making claims for reimbursement.

In this Section, it is further averred that "MS improperly billed for services when a consumer was hospitalized and not available to receive the services." MS was not aware this client was hospitalized when it inadvertently billed for services for this individual. This matter has been rectified.

In this Section, it is further averred that "MS did not have a documented policy on what action should be taken when a consumer is unable to sign an employee's timesheet." MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated. Further, the Regulations do not require a consumer's signature of an employee's timesheet or time card.

In this Section, it is further averred that "MS did not maintain documentation in a manner that made the documentation easily retrievable upon request." MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated. At all times during the audit, the auditors were provided prompt responses to requests for information. It is unfortunate that the auditors did not ask for substantially more information when questions arose, for reasons previously stated herein.

In this Section, it is further averred that "MS employees recorded hours on their timesheets that were in excess of the hours reimbursed for services leading to discrepancies between the billing records and the payroll records." MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated, as previously set forth with respect to Finding No. 1.

Finally, in this Section, it is further averred that "MS did not have a standard method for employees to submit their timesheets. Some of the timesheets that MC accepted included the following:

- Copies of timesheets were not readable;
- Several timesheets had fax-stamped dates that were in advance of the end of a shift in which services were provided; and
- Consumers' signatures were also pre-dated in advance of service delivery."

MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated, as previously established.

B. Criteria Section of Finding No. 2

The Response to Finding No. 1 and the Condition Section of Finding No. 2 are incorporated herein by reference.

In this Section, it is insinuated that MS did not "complete and maintain documentation on service delivery."

MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated. To the contrary, MS management is diligent in ensuring that appropriate documentation is completed and maintained for all services provided to clients.

C. Effect Section of Finding No. 2.

The Response to Finding No. 1 and the Condition and Criteria Sections of Finding No. 2 are incorporated herein by reference.

In this Section, it is averred that the "lack of effective management supervision over the timesheets and billing records resulted in claims that were not properly documented as described in the condition above." MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated, as previously established.

In this Section, it is further averred that the "lack of policies and procedures on the actions to be taken when a consumer is not able to sign [a timesheet] gives little assurance that a consumer received the services as claimed by the employee on the timesheet." MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated, as previously established.

In this Section, it is further averred that "MS made improper claims for employees with overlapping hours [and] an employee providing services to a spouse." MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated, as previously established.

D. Cause Section of Finding No. 2

The Response to Finding No. 1 and the Condition, Criteria and Effect Sections of Finding No. 2 are incorporated herein by reference.

In this Section, it is averred that there was a "lack of management oversight over the documentation of service delivery and a lack of proper record maintenance." MS does not concur with this generalized finding, and it is the position of MS that this finding is not substantiated, as previously established.

E. Recommendations Section of Finding No. 2

The Response to Finding No. 1 and the Condition, Criteria, Effect and Cause Sections of Finding No. 2 are incorporated herein by reference.

MS believes that it has in place, and MS represents that it will continue to improve upon, procedures designed to provide effective management oversight of the operations of MS, verification of services provided to MS clients and elimination of billing discrepancies.

Respectfully submitted,

A large black rectangular redaction box covering the signature of the representative.

Alma Health, LLC

AFFIDAVIT OF [REDACTED]

I, [REDACTED] swear and affirm as follows:

1. I was formerly employed by Alma Health, LLC, DBA MedStaffers ("MedStaffers"), as Billing Manager in Carlisle, Pennsylvania.
2. On February 21, 2017, I resigned from my employment with MedStaffers.
3. In June 2016, while I was employed by MedStaffers as Billing Manager, [REDACTED] called the MedStaffers office in Carlisle, Pennsylvania, and the call was answered by [REDACTED].
4. [REDACTED] asked to speak with me, and [REDACTED] gave me the phone.
5. At the time [REDACTED] called for me, I knew that she was an Auditor with the Pennsylvania Department of Human Services and that she was in the process of conducting a Performance Audit of MedStaffers.
6. When I took the phone from [REDACTED], [REDACTED] stated she wanted to ask me some questions about time cards and possible fraud associated with time cards prepared and processed by employees of MedStaffers.
7. [REDACTED] gave me her cell phone number, and asked me to call her back, which I did the same day.
8. During my second phone call with [REDACTED], she asked me if I would meet privately with her at the [REDACTED], located at [REDACTED], Pennsylvania, to discuss time cards and possible fraud associated with time cards prepared and processed by employees of MedStaffers, and I agreed to meet with [REDACTED] at [REDACTED] per her request.
9. I met with [REDACTED] at [REDACTED] approximately one or two days after speaking with her by phone.
10. During my meeting with [REDACTED] she asked me general questions about how time cards are prepared and processed by employees of MedStaffers.
11. During my meeting with [REDACTED], I responded to all of her questions to the best of my knowledge and ability.
12. During my meeting with [REDACTED], she asked me if I was aware of any fraudulent time cards that had been prepared and/or processed by employees of MedStaffers, and I responded that the only employee of MedStaffers that I ever saw forge a time card at MedStaffers was [REDACTED] on one occasion, in approximately 2011 or 2012.

13. During my meeting with [REDACTED] I told her that I had no knowledge of any other forging of a time card, and no knowledge of any fraud or other illegal conduct, ever having been committed by any other employee of MedStaffers.
14. During my meeting with [REDACTED] she stated "I know they are not telling the truth," and I understood this statement by [REDACTED] to be in reference to her belief that [REDACTED] [REDACTED] were not telling the truth in conjunction with [REDACTED] ongoing Performance Audit of MedStaffers.
15. During my meeting with [REDACTED] I expressed concern to [REDACTED] about the possibility of losing my job if management representatives of MedStaffers found out that I had spoken with her during a private meeting she had arranged with me.
16. In response to my concern, [REDACTED] stated that no one at MedStaffers would ever know that my private meeting with her had occurred, and further, that no one at MedStaffers would ever know what she and I had discussed during our meeting.
17. [REDACTED] further stated that it would be illegal for MedStaffers to terminate my employment if any management representatives of MedStaffers became aware of my private meeting with [REDACTED] and the discussions I had with her during our meeting.
18. During my meeting with [REDACTED] she asked me if I would be willing to meet with someone other than her to discuss time cards and possible fraud associated with time cards prepared and processed by employees of MedStaffers, and I said yes.
19. [REDACTED] then told me that arrangements would be made for me to meet with someone from the Attorney General's Office.
20. I subsequently met with [REDACTED] from the Attorney General's Office in June or July 2017 at [REDACTED].
21. Prior to March 1, 2017, I did not disclose to anyone at MedStaffers any of the foregoing information regarding [REDACTED] phone conversations with me, or her private meeting with me, in June 2016.
22. During the evening on March 1, 2017, I disclosed the foregoing information regarding [REDACTED] phone conversations with me, and her private meeting with me, in June 2016 to [REDACTED].
23. On March 2, 2017, I disclosed via conference call the foregoing information regarding [REDACTED] phone conversations with me, and her private meeting with me, in June 2016 to [REDACTED] of MedStaffers, and [REDACTED] also participated in the conference call.

24. On March 2, 2017, following my conference call with [REDACTED] [REDACTED] I disclosed the foregoing information regarding [REDACTED] phone conversations with me, and her private meeting with me, in June 2016 to [REDACTED] who is legal counsel for MedStaffers.

I swear and affirm that the information set forth in this Affidavit is true and correct to the best of my knowledge, information and belief.

[REDACTED]

Commonwealth of Pennsylvania

County of Cumberland

On this, the 31, day of March 2017, before me [REDACTED] the undersigned officer, personally appeared [REDACTED] known to me (or satisfactorily proven) to be the individual whose name is subscribed to the within Affidavit and acknowledged that she executed the same for the purposes therein contained.

In Witness Whereof, I hereunto set my hand and official seal.

[REDACTED]

Notary Public

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
[REDACTED] Notary Public
Carnegie Boro, Cumberland County
My Commission Expires May 26, 2020
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES