



pennsylvania
DEPARTMENT OF HUMAN SERVICES
BUREAU OF FINANCIAL OPERATIONS

October 30, 2017

Ms. Carla Holcomb, Owner
Lala's Home Care, LLC
33 Market Street
Brownsville, Pennsylvania 15417

Dear Ms. Holcomb:

I am enclosing for your review the final performance audit report of Lala's Home Care, LLC (LHC), as prepared by the Division of Audit and Review (DAR). Your response has been incorporated into the final report and labeled as an Appendix. The report covers the period October 4, 2014 through April 29, 2016.

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

The final audit report will be forwarded to the Department's Office of Long Term Living (OLTL) to begin the Department's resolution process concerning the report's contents. The staff from 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 David Bryan, 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. Peggy Morningstar
Ms. Kim Barge

October 30, 2017

Ms. Leesa Allen, Executive Deputy Secretary
Department of Human Services
Health & Welfare Building, Room 334
Harrisburg, Pennsylvania 17120

Dear Deputy Secretary Allen:

The Bureau of Financial Operations (BFO) conducted a performance audit of Lala's Home Care, LLC (LHC). The audit was designed to determine the sufficiency of documentation to support payments from the Provider Reimbursement and Operations Management Information System (PROMISe) for client care. Our audit covered the period from October 4, 2014 to April 29, 2016 (Audit Period).

This report is currently in final form and therefore contains LHC's views on the findings, conclusions and recommendations. LCH's response to the draft audit report is included as Appendix D.

Summary of Conditions and Questioned Costs

Description of Condition	Location of Details	Questioned Costs
LHC Did Not Have Adequate Support for Certain Paid Claims	Appendix A, Finding No. 1	\$663,942

See Appendix A for the Details of the Findings.

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

See Appendix C for the Analysis of Questioned Costs.

See Appendix D for LHC's Response to the Draft Report.

Exit Conference/Auditor's Commentary

An Exit Conference was held with LHC's management on October 19, 2017 to discuss the results of the audit and LCH's response.

In its response to Finding No. 1, LHC states, "After further reviewing the draft report, there seems to be an extreme amount of timesheets you must not have viewed". The BFO assessed all of the timesheets that LHC provided, including those that were provided after our audit fieldwork. LHC provided 69 timesheets via e-mail after fieldwork which included five timesheets that were not available during fieldwork. Two of the five timesheets were for the same aide, consumer and time period; however, the two timesheets were not duplicates and one timesheet indicated an address that was for a different LHC consumer than the one we were testing in our sample.

Seven of the remaining 64 timesheets appeared to be altered versions of timesheets that we received during fieldwork. The apparent alterations included the addition of aide names, consumer signatures, and hours of service. One timesheet appeared to have a copy of the last date block pasted over the first date block and the "8/29" appeared to be written over in an attempt to turn it into "8/23".

Due to what appeared to be altered documentation as noted above, the BFO questions the validity of the five timesheets that were not available during fieldwork (noted in the second paragraph of this section) and therefore did not accept them.

It must be noted that that due to the apparent alterations noted during fieldwork as well as those noted with the timesheets that LHC provided after fieldwork, the BFO has little assurance of the validity of all LHC's timesheets. The BFO allowed those claims that had sufficient documentation and did not appear to have been altered, and questioned those claims that were not supported by adequate documentation or were supported by documentation that appeared to have been altered. However, the BFO could have questioned the entire universe of claims given the lack of assurance of their validity.

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

Lala's Home Care, LLC
APPENDIX A

Appendix A – Audit Findings
Lala's Home Care, LLC
October 4, 2014 through April 29, 2016

Finding No. 1 – LHC Did Not Have Adequate Support for Certain Paid Claims

Condition (“What was found?”)

LHC was paid \$1,171,368 for 268,422 units of personal assistance services that were billed through PROMISE. Of the \$52,296 included in the 70 claims that were sampled, LHC failed to maintain original documentation to support \$28,259. An additional \$81,398, representing 18,584 units, were identified as outliers and tested separately from the sample.

Additionally, analysis of the timesheets provided revealed:

- Indications of alterations.
- Instances of more than one employee working for the same consumer during the same shift when the consumer was not authorized to have more than one employee at a time.
- For three separate days, one employee’s timesheets indicated that he worked for two different consumers in two different locations during the same time period. This resulted in the employee’s timesheets reflecting more than 24 hours worked in each of the three days.
- Fax dates and times prior to the completion of all hours on the timesheet.
- Timesheets that appeared to be copies that contained alterations.

Criteria (“What should it be?”)

55 PA Code, § 52.15, Provider records, states,

- (a) The following requirements are in addition to the recordkeeping provisions under § 1101.51(d) and (e) (relating to ongoing responsibilities of providers):
 - (2) “A provider shall complete and maintain documentation on service delivery.”
- (b) Electronic records are acceptable documentation when the provider meets the following:
 - (1) The electronic format conforms to Federal and State requirements.
 - (2) The electronic record is the original record and has not been altered or if altered shows the original and altered versions, dates of creation and the creator.
 - (5) Electronic imaging of paper documentation must result in an exact reproduction of the original record and conform to the provider’s electronic record retention policy.

55 PA Code, § 52.43, Audit requirements, (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.”

Effect (“What is the impact?”)

Extrapolated questioned costs total \$632,962 with a variance of +/- \$115,958.

Additional questioned costs of \$30,980 represent 7,073 unsupported units that were included in the outliers identified above.

Appendix A – Audit Findings
Lala's Home Care, LLC
October 4, 2014 through April 29, 2016

Cause (“Why did it happen?”)

LHC does not have adequate policies and procedures in place to ensure that PAS billings represent the actual units of service provided to the consumer.

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

- LHC should implement policies and procedures to ensure original documentation is maintained to support the type, amount, duration, and frequency of services provided.
- LHC should only bill PROMISE for authorized units of service that are provided and supported by adequate documentation.
- OLTL should recover \$663,942 in questioned costs from LHC.

Lala's Home Care, LLC
APPENDIX B

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

Lala's Home Care, LLC

October 4, 2014 through April 29, 2016

Background

LHC is a for-profit limited liability corporation located in Brownsville, Pennsylvania that provides personal assistance services with 24 hour availability. The services are funded through various federal waiver programs.

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 employees' time records, consumer service authorization forms, and other documentation as appropriate.

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 finding and conclusion based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusion 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 below. 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 deficiencies in maintaining complete and consistent billing records. Areas where the BFO noted an opportunity for improvement in management controls are addressed in the finding and recommendations in this report.

The BFO's fieldwork was conducted from June 1, 2017 to June 20, 2017. A Closing conference was held with LHC's management on June 20, 2017. An Exit conference was held with LHC's management on October 19, 2017. This report is available for public inspection.

Conclusion on the Objective

Objective Number	Audit Objective	Conclusion on the Objective
1	To determine the validity of PROMISe billings for personal assistance services made by Lala's Home Care LLC during the period October 3, 2014 through April 29, 2016.	LHC frequently had inadequate documentation to support claims paid through the PROMISe system for the audit period. This resulted in questioned costs of \$663,942.

Lala's Home Care, LLC
APPENDIX C

Appendix C – Analysis of Questioned Costs

Lala's Home Care, LLC

October 4, 2014 through April 29, 2016

Procedure Code/Client	Sample Value	Sample Value Questioned	Universe of Paid Claims	Extrapolated/Total Questioned Costs	Variance (+/-)
W1793	\$52,296	\$28,259	\$1,171,368	\$632,962	\$115,958
W1793 Outliers	\$81,398	\$30,980	\$ 81,398	\$ 30,980	-
		Total:	<u>\$1,252,766</u>	<u>\$663,942</u>	<u>\$115,958</u>

Lala's Home Care, LLC
APPENDIX D

Appendix D – Response to the Draft Report

Lala's Home Care, LLC

October 4, 2014 through April 29, 2016



Lala's Home Care

Written Response to May 2017 Audit Report

September 29, 2017

After further reviewing the draft report, there seems to be an extreme amount of timesheets you must not have viewed. The initial draft report had little to no details, it basically just showed numbers I assumed were calculated of the questioned costs of the unsupported/missing timesheets. I have sent you an abundance of timesheets for your viewing I have more actually. I would also like further clearance on the definition of a "copy". I would like to schedule an exit conference to review the numerous timesheets you missed and also clarity on faxed/copy timesheets. Lala's Home Care disputes some but not all questioned costs reported in the draft report and at this time would like to schedule an exit conference.

Carla B. Holcomb