

Department of Health and Human Services
Financial Services - Audit
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FINAL INFORMAL REVIEW DECISION

November 29, 2012

Peter Plummer
Chief Operating Officer
Woodfords Family Services
P.O. Box 1768
Portland, ME 04104-1768

RE: In-Home Support (Section 24 Children's Day Habilitation Services)

Dear Peter,

You have requested an informal review of an audit report for In-Home Support dated 07/27/11 for the operating period from 07/01/08 to 06/30/09 that resulted in underpayments of \$283,578 for day habilitation services. Your appeal request is based on your letters dated 07/19/11, 08/01/11 and 09/27/11.

As a result of your request, we have prepared an informal review. Our Final Informal Review Decision is as follows:

Appeal Issue #1-The Removal of \$50,517 of Allocated Training Costs:

The Provider is appealing the disallowance of \$50,517 of allocated training costs. The Provider met with Herb Downs, the Director, and Dave Hellmuth, the MaineCare Audit Manager for the Division of Audit, on 09/14/11 to discuss the audit appeal and provide additional documentation to support their position. The Provider followed-up with additional supporting documentation included with the 09/27/11 letter. Based on the documentation, the Provider claims that \$50,517 of the \$64,150 of allocated training costs removed per the original audit should be added back to allowable program costs.

Audit's Response to Appeal Issue #1:

The Auditor of Record, Michael Lamoreau retired from the Division of Audit subsequent to the issuance of the audit report. Steve Baird, the new auditor of record, who reviewed and signed the original audit report, was assigned the task of adjudicating this appeal. After an additional meeting on 06/28/12, the Provider agreed to have a Children's Behavioral Health Program staff person from the Department review the training programs and determine what training programs were necessary for the provision of In-home children's support services during the audit period. The Provider also agreed to accept the program staff person's determination of allowable and unallowable training costs.

On 09/14/12, Mr. Baird received an email from the Provider which included an email response from the DHHS Director of Children's Behavioral Services, Joan Smyrski. Ms. Smyrski identified which training programs claimed by the Provider were allowable.

Based on the DHHS Director of Children's Behavioral Services determination of allowable training costs, Mr. Baird agrees to restore \$38,782 of training cost to allowable costs in a subsequent revision.

Appeal Issue #2-The Removal of \$30,047 of Allocated General & Administrative (G&A) Costs:

The Provider is appealing the disallowance of \$30,047 of allocated G&A costs. The Provider indicates that the original auditor removed certain training costs twice, through direct adjustments to allocated training program costs and the removal of training wages from allocated G&A. Based on the documentation submitted with the 9/27/11 letter, the Provider claims that \$30,047 of the \$41,192 of allocated G&A costs removed per the original audit should be added back to allowable program costs. See the attached work paper 16-6R.

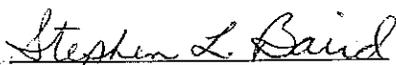
Audit's Response to Appeal Issue #2:

Based on the 6/28/12 meeting and subsequent correspondences with the Provider, Mr. Baird determined that the original auditor analyzed and adjusted co-mingled G&A, occupancy, and training costs whereas the Provider had allocated the three cost centers separately on the cost report and financial statements. With assistance from the Provider, Mr. Baird extracted the occupancy and training costs from the co-mingled costs and restored the G&A costs that both parties agreed were allowable program costs per the 06/28/12 meeting. This process resulted in a \$2,752 reduction of allowable G&A costs; the \$120,331 allowed per the original audit adjusted to a revised amount of \$117,579. Mr. Baird will adjust the original audited G&A costs to the revised amount in a subsequent revision. See the attached work paper 15-1R.

This final informal review decision is based upon a consultation with the auditor of record, a review of his audit report and the related work papers, and your subsequent communications to us.

Please refer to the attached Notice of Appeal Rights of MaineCare Providers for an explanation of your facility's further appeal options.

Sincerely yours,



Stephen L. Baird
Auditor of Record



Herbert F. Downs
Director, Division of Audit

Enclosure:

Notice of Appeal Rights of MaineCare Providers
WP 15-1R
WP 16-6R

Woodfords Family Services In-Home Support
 Revised Audit of Administrative Costs
 For the Period 07/01/08 to 06/30/09

	As filed	Adj #	Original Audit Adj	Audited Costs	Facilities 02 (Maint)	Taining 03	Allocated G&A	Adj #	Revised Audit Adj	Revised G&A Allocation
Salaries and wages	943,836	1	(227,336)	716,500	91,860	157,573	467,067	R1	129,236	596,303
Health, Dental Life Ins.	162,857	2	(39,232)	123,625	17,609	29,802	76,214	R1	22,299	98,513
FICA tax	81,280	3	(26,468)	54,812	6,850	11,845	36,117	R1	9,887	46,004
SUTA tax	6,009	4	(1,448)	4,561	817	988	2,766	R1	823	3,579
Vacation accrual	(513)			(513)	1,970	(1,779)	(704)			(704)
Workers' comp.	21,697	5	(17,541)	4,156	1,842	2,825	(511)	R1	750	239
Tuition reimbursement	7,462	6	(7,462)	0	0	0	0			0
Consulting	615			615	90	525	0			0
Audit	18,035			18,035	0	0	18,035			18,035
Legal fees	19,258			19,258	0	0	19,258			19,258
Temporary help	781			781	378	0	403			403
Staff travel	20,978			20,978	8,221	2,169	10,588			10,588
Staff training	13,697	7	(13,697)	0	0	7,401	(7,401)	R2	7,401	0
Memberships/subs.	31,805			31,805	196	150	31,459			31,459
Background checks	1,110			1,110	93	123	894			894
Medical supplies	3,401	8	(3,401)	0	131	2,905	(3,036)	R2	3,036	0
Office supplies	23,695			23,695	136	1,170	22,389			22,389
Cert. & training supplies	3,311			3,311	0	3,311	0			0
Printing and brochures	19,719	9	(19,719)	0	0	6,617	(6,617)	R2	6,617	0
Food, dietary supplies	5,122	10	(5,122)	0	15	297	(312)	R2	312	0
Computer supplies	3,604			3,604	0	0	3,604			3,604
Rent	170,457	11	(52,184)	118,273	50,874	31,016	36,383	R2,R3	52,184	88,567
Utilities	12,695			12,695	3,996	2,258	6,443			6,443
Cleaning services	13,933			13,933	13,631	0	302			302
Building R & M	12,913			12,913	10,129	0	2,784			2,784
Service contracts	110,750	12	(110,750)	0	6,862	4,350	(11,212)	R2, R4	110,750	99,538
Snow plowing	275			275	275	0	0			0
Equipment purchase	26,636			26,636	4,195	1,872	20,569			20,569
Equipment R & M	7,517			7,517	5,435	982	1,100			1,100
Equipment rental	28,032			28,032	0	216	27,816			27,816
Res/replac exp (Amort of L'hold Imp)	5,512	13	(5,512)	0	1,302	1,823	(3,125)	R2, R5	5,512	2,387
Telephone	31,288			31,288	7,759	5,028	18,499			18,499
Advertising	6,970	14	(6,970)	0	0	0	0			0
Staff advertising	1,295			1,295	315	0	980			980
Postage	11,154			11,154	0	(14)	11,168			11,168
Internet & Email	394			394	0	0	394			394
Fund-raising	1,300	15	(1,300)	0	0	0	0			0
Insurance	5,277			5,277	812	812	3,653			3,653
Client activity	234			234	0	234	0			0
Transportation	552			552	50	0	502			502
Depreciation-vehicles	7,550	16	(7,550)	0	4,045	0	(4,045)	R2	4,045	0
Depreciation-Bldg	878			878	878	0	0			0
Depreciation-office F & C	26,434			26,434	9,263	4,170	13,001			13,001
Interest	49,047	17	(31,967)	17,080	0	0	17,080			17,080
Auction purchase exp.	6,324	18	(6,324)	0	0	0	0			0
Board expense	1,473	19	(1,473)	0	0	0	0			0
Corporate special events	16,791	20	(16,791)	0	0	0	0			0
Bank service/NSF charge	4,468			4,468	0	0	4,468			4,468
Miscellaneous	1,433			1,433	63	0	1,370	R6	(29,646)	(28,276)
Total	1,949,339		(602,247)	1,347,092	250,092	278,667	818,333		323,206	1,141,539

Ratio of In-Home Support Direct Program Cost to Total Direct Program Costs (see w/p 15-3R for calculation) 10.30%
 Revised In-Home Support G&A Expense 117,579
 In-Home Support G&A Expense Allowed per the original audit issued 7/27/11 120,331
G&A Adjustment per this REVISION **(2,752)**

Woodfords Family Services
REVISED Schedule of Staff Training
For the period 07/01/2008 to 06/30/2009

Sch A Line #	Cost Report Line Item	(1) Per Trial Bal.	(2) Adj. Cost Rpt.	(3) Per Cost Report	(4) Adj. Audit	(5) Per Audit	(6) Rev Adj. Revision	(7) Per Revision
	Acct #15-0631-00 Staff Training	100,215						
	Acct #15-0634-00 Dues & Subscript.	916						
52	Staff Training	<u>101,131</u>	0	101,131	b (64,150)	36,981	Rb 38,782	75,763

Explanation of Adjustments:

Audit adj b: Pursuant to ICF/MR Principle 1111, to remove the cost of training which is not necessary to the provision of children's in-home support, per W/P 16-6.

Disallowed training costs restored per the REVISION:

Training Wages & P/R taxes 20,995 (built into the charges for various trainings)
 Documentation 631 Allowed by DHHS Program Director
 Family Dynamics and Cultural Diversity 1,863 Allowed by DHHS Program Director
 Quality Improvement Overview 1,115 Allowed by DHHS Program Director
 Safety Care 14,178 Allowed by DHHS Program Director
Training costs allowed per REVISION 38,782

Rev adj b: To restore staff training costs. The DHHS Director of Children's Behavioral Services reviewed and approved certain trainings that were removed per the original audit. Plus, training wages that were built into the various training charges were also removed as a separate adjustment. These wages are restored.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF AUDIT – MAINECARE AND SOCIAL SERVICES**

NOTICE OF APPEAL RIGHTS OF MAINECARE PROVIDERS

1. Informal Review:

If you disagree with any portion of the audit report, you must request an informal review by the Director of the Division of Audit, or his designee, by notifying the Division of Audit, 11 State House Station, Augusta, Maine 04333-0011, in writing **within 60 days of receipt of the audit report** of the issues that are in dispute. You must also provide any and all information that you intend to rely upon in disputing each issue. Failure to give timely notice or to include the information relied upon shall constitute a waiver of your facility's right to an informal review and to any subsequent administrative appeals. See the following chart for a reference to the Department's regulation that provides further explanation of your facility's appeal rights and the information you must present in your response:

<u>Type of Facility</u>	<u>Effective Date</u>	<u>Appeal Regulation Citation</u>
ICF/MR	07-01-08	Principle #8010 (MCBM, Chapter III, section 50)
Developmental Training	12-01-05	Principle #11000 (MMAM, Chapter III, section 24)

(Note: MMAM = Maine Medical Assistance Manual, MCBM = MaineCare Benefits Manual)

2. Administrative Hearing:

If you disagree with the decision made after an informal review, you must request an administrative hearing by the Commissioner of the Department of Health and Human Services, or Commissioner's designee, by notifying the Commissioner's office, in writing **within 60 days of receipt of the informal review decision** of the issues that are in dispute. Only those issues presented for informal review will be considered at the administrative hearing. See MaineCare Benefits Manual, Chapter, I, Section 1.21; also see the Administrative Hearing Regulations.

3. Petition for Judicial Review:

If you disagree with the Commissioner's final decision made after an administrative hearing, you may petition the Superior Court for judicial review of final agency action. See 5 M.R.S.A §§ 11001-11007.