

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

December 24, 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 07/01/09 to 03/31/10 that resulted in underpayments of \$176,410 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 \$39,954 of Allocated Training Costs:

The Provider is appealing the disallowance of \$39,954 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 the 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 \$31,801 of training cost to allowable costs in a subsequent revision. See attached work paper 16-6R.

Appeal Issue #2-The Removal of \$24,977 of Allocated General & Administrative (G&A) Costs:

The Provider is appealing the disallowance of \$24,977 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 allocated G&A costs removed per the original audit should be added back to allowable program costs.

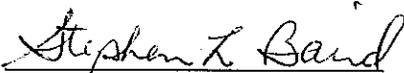
Audit's Response to Appeal Issue #2:

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 \$3,637 reduction of allowable G&A costs; the \$97,271 allowed per the original audit adjusted to a revised amount of \$93,634. 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

**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.

**Woodfords Family Services In-Home Support
Revised Audit of Administrative Costs
For the Period 07/01/09 to 03/31/10**

	As filed	Original Audit		Audited Costs	Facilities		Allocated G&A	Adj #	Revised Audit Adj	Revised G&A Allocation
		Adj #	Adj		O2 (Maint)	Taining O3				
Salaries and wages	703,464	1	(184,733)	518,731	65,830	93,246	359,655	R1	109,221	468,876
Health, Dental Life ins.	108,336	2	(28,450)	79,886	13,853	15,505	50,528	R2	17,495	68,023
FICA tax	57,309	3	(17,626)	39,683	4,860	6,960	27,863	R1	8,355	36,218
SUTA tax	6,024	4	(1,582)	4,442	566	732	3,144	R3	926	4,070
Vacation accrual	(4,614)			(4,614)	395	(4,274)	(735)			(735)
Workers' comp.	20,456	5	(17,447)	3,009	1,711	2,282	(984)	R4	15,163	14,179
Tuition reimbursement	500	6	(500)	0	-	-	-			0
Consulting	6,123			6,123	-	1,873	4,250			4,250
Audit	15,250			15,250	-	-	15,250			15,250
Legal fees	20,137			20,137	-	-	20,137			20,137
Staff travel	17,259			17,259	6,944	2,002	8,313			8,313
Staff training	17,335	7	(17,335)	0	-	4,066	(4,066)	R5	4,066	0
Memberships/subs.	17,378			17,378	57	40	17,281			17,281
Background checks	355			355	-	84	271			271
Medical supplies	135	8	(135)	0	135	-	(135)	R5	135	0
Office supplies	11,087			11,087	19	1,035	10,033			10,033
Cert. & training supplies	948			948	-	948	-			0
Printing and brochures	6,953	9	(6,953)	0	-	501	(501)	R5	501	0
Food, dietary supplies	4,868	10	(4,868)	0	17	406	(423)	R5	423	0
Computer supplies	6,485			6,485	-	-	6,485			6,485
Rental expense	160,293	11	(40,482)	119,811	102,232	20,945	(3,366)	R6	40,482	37,116
Utilities	7,108			7,108	2,592	1,171	3,345			3,345
Cleaning services	12,663			12,663	12,545	118	-			0
Building R & M	6,701			6,701	3,184	884	2,633			2,633
Service contracts	60,252	12	(60,252)	0	3,363	8,565	(11,928)	R7	60,252	48,324
Snow plowing	507			507	507	-	-			0
Equipment purchase	23,553			23,553	2,958	3,177	17,418			17,418
Equipment R & M	7,279			7,279	6,818	-	461			461
Equipment rental	7,701			7,701	-	144	7,557			7,557
Telephone	15,771			15,771	3,308	2,502	9,961			9,961
Advertising	7,576	13	(7,576)	0	-	-	-			0
Staff advertising	3,815			3,815	-	-	3,815			3,815
Postage	6,514			6,514	-	-	6,514			6,514
Insurance	4,465			4,465	663	663	3,139			3,139
Transportation	636			636	-	-	636			636
Depreciation-vehicles	8,698	14	(8,698)	0	5,543	3,136	(8,679)	R5	8,679	0
Depreciation-Bldg	1,589			1,589	1,589	-	-			0
Depreciation-Office F & C	19,881			19,881	6,967	-	12,914			12,914
Depreciation-LH imp.	5,974			5,974	3,033	1,975	966			966
Interest	13,431			13,431	-	-	13,431			13,431
Auction purchase expense	6,298	15	(6,928)	(630)	-	-	(630)	R8	630	0
Board expense	1,376	16	(1,376)	0	-	-	-			0
Corporate special events	3,775	17	(3,775)	0	-	-	-			0
Bank service/NSF charge	2,998			2,998	-	-	2,998			2,998
Miscellaneous	441			441	-	10	431			431
	<u>1,405,083</u>		<u>(408,716)</u>	<u>996,367</u>	<u>249,689</u>	<u>168,696</u>	<u>577,982</u>		<u>266,328</u>	<u>844,310</u>

Revised Section 24 percentage based on direct program cost	11.09%
Section 24 Revised allowable allocated administrative costs	93,634
Section 24 reported allocated G&A costs minus the original audit adjustment: \$122,248 - \$24,977	97,271
G&A Adjustment per this REVISION	<u>(3,637)</u>

Revised Calculation of G&A Allocation %:			
Section 24: Per Sch A, line 64	1,073,004		
Less: allocated occupancy (Sch A, line 37)	(17,478)		
Less: allocated training (part of Sch A, line 52)	(34,780)	Total expenses per financials	9,508,757
Less: allocated administration (Sch A, line 63)	<u>(122,248)</u>	Less: shared costs	<u>(1,405,083)</u>
Direct Section 24 program costs	<u>898,498</u>	Total Direct Costs for All Programs	<u>8,103,674</u>
			alloc %
			11.09%

Woodfords Family Services
 REVISED Schedule of Staff Training
 For the period 07/01/2009 to 03/31/2010

Sch A Line #	Cost Report Line Item	(1) Per Trial Bal.	Adj. #	(2) Cost Rpt. Adj.	(3) Per Cost Report	Adj. #	(4) Audit Adj.	(5) Per Audit	Rev Adj. #	(6) Revision Adj.	(7) Per Revision
	Acct #15-0631-00 Staff Training	36,626									
	Acct #15-0634-00 Dues & Subscript.	186									
52	Staff Training	<u>36,812</u>		0	36,812	b	(39,954)	(3,142)	Rb	31,801	28,659

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 WP 16-6.

Disallowed training costs restored per the REVISION:

Training Wages & P/R taxes	17,127	(built into the charges for various trainings)
Documentation	1,390	Allowed by DHHS Program Director
Family Dynamics and Cultural Diversity	541	Allowed by DHHS Program Director
Quality Improvement Overview	738	Allowed by DHHS Program Director
Safety Care	12,005	Allowed by DHHS Program Director
Training costs allowed per REVISION	<u>31,801</u>	

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.