

**Audit of HIV Emergency Relief
Project Grant – Ryan White
Part A Client Eligibility**

**Report by the
Office of County Comptroller**

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TABLE OF CONTENTS

| | |
|---|----|
| Transmittal Letter | 1 |
| Executive Summary | 2 |
| Action Plan..... | 5 |
| Introduction | 7 |
| Background..... | 8 |
| Scope, Objectives, and Methodology | 10 |
| Overall Evaluation | 12 |
| Recommendations for Improvement..... | 13 |
| 1. The Grant Office Should Explore Implementing a More Efficient Client Eligibility System for Subgrantees | 14 |
| 2. Written Notification of Eligibility Should Be Provided to Individuals Receiving Services Funded by the Grant..... | 17 |
| 3. CAREWare Data Reporting Should Be Improved | 19 |
| 4. The Review of Invoiced Costs for Compliance with Grant Contracted Services and Rates Should Be Improved | 22 |
| 5. Follow Up and Resolution of Exceptions Noted in Annual Fiscal Monitoring Reports Should Be Made | 26 |

May 29, 2014

Teresa Jacobs, County Mayor
And
Board of County Commissioners

We have conducted an audit of the HIV Emergency Relief Project Grant – Ryan White Part A Client Eligibility (hereinafter referred to as Grant) for the grant year ended February 29, 2012. The audit was limited to a review of client eligibility and fee-for-service charges to the grant. The period audited was March 1, 2011 through February 29, 2012 including certain related subsequent events.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Responses to our Recommendations for Improvement were received from the Director of Family Services Department and are incorporated herein.

We appreciate the cooperation of the personnel of the Family Services Department and the various subgrantee offices during the course of the audit.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
Linda Weinberg, Deputy County Administrator
Lonnie Bell, Director, Family Services Department
Warren Lakhan, Administrator, Family Services Department

EXECUTIVE SUMMARY

Executive Summary

We have conducted an audit of the HIV Emergency Relief Project Grant – Ryan White Part A Client Eligibility (The Grant) for the grant year ended February 29, 2012. The audit was limited to a review of client eligibility and fee-for-service charges to the Grant. The period audited was March 1, 2011 through February 29, 2012 including certain related subsequent events.

The objectives of our audit were to determine whether:

- The Grantee Office and subgrantees complied with significant elements of the Grant requirements related to client eligibility and the Grant administration processes; and,
- The amounts billed to the Grant were for allowable services provided to eligible clients.

Based on the results of our testing, the Orange County Grant's Office and the subgrantees complied with the significant requirements of the Grant related to client eligibility and the Grant administration processes. Further, Grant funds paid for allowable services to eligible clients except for a few instances noted within the report. Opportunities for improvement are described herein.

During our review, we also noted the following:

- The process of verifying, certifying, and recertifying eligibility for program services is not efficient and certain documentation errors resulted because of these inefficiencies.
- Subgrantees did not document when or if written notification of eligibility was provided to the individual receiving services in 56 of 221 clients tested.
- Records related to Grant programs are contained in several computerized data sources at each subgrantee; however, the Grant Office does not attempt to reconcile the data to the Grant's CAREWare Data System used as a repository of demographic and service performance reporting to the U.S. Health Resources and Services Administration, HIV/AIDS Bureau.
- Our review of fee-for-service transactions processed by the Grant Office and paid with Grant funds identified various services billed, units of service computed, and fee rates paid that do not comply with the subgrantee contracts.
- We noted that the Grant Office did not establish a set follow-up procedure to ensure resolution and correction of exceptions noted by their review teams

during routine site visits. In addition, procedures employed by the Grant Office did not require sub-grantees to return funds received for services provided to clients with incomplete eligibility documentation or clients deemed to be ineligible during their review.

Recommendations for Improvements were developed and discussed with Management. Management concurred with all of the Recommendations for Improvement and steps to implement the recommendations are underway or planned. Responses to each of the Recommendations for Improvement are included herein.

ACTION PLAN

**HIV EMERGENCY RELIEF PROJECT GRANT – RYAN WHITE PART A CLIENT ELIGIBILITY REVIEW
ACTION PLAN**

| NO. | RECOMMENDATIONS | MANAGEMENT RESPONSE | | | IMPLEMENTATION STATUS | |
|-----|--|---------------------|------------------|---------------|-----------------------|---------|
| | | CONCUR | PARTIALLY CONCUR | DO NOT CONCUR | UNDERWAY | PLANNED |
| 1. | We recommend the Grant Office explore the feasibility of utilizing and implementing a centralized eligibility system for subgrantees. The system should include procedures for use and periodic testing of the sufficiency of the documentation. | ✓ | | | ✓ | |
| 2. | We recommend the Grant Office implement monitoring procedures to ensure that subgrantees prepare written statements of initial certification and subsequent recertification of client eligibility. This process should include documentation of the notification being provided to the client. | ✓ | | | ✓ | |
| 3. | We recommend the Grant Office develop procedures to reconcile data contained in CAREWare system with other data sources. | ✓ | | | ✓ | |
| 4. | We recommend the County enhances the procedures for review of payment requests and implements a process to detect possible exceptions prior to the payment of invoices or the submission to the third party claims administrator for payment. | ✓ | | | ✓ | |
| 5. | We recommend the Grant Office establish procedures requiring resolution of exceptions noted in on-site reviews as well as follow up procedures to require repayment of funds spent on questionable and/or unallowable services. | ✓ | | | ✓ | |

INTRODUCTION

Background

Orange County is the grant administrator (Grant Office) for the U.S. Health Resources and Services Administration, HIV/AIDS Bureau (HRSA/HAB), HIV Emergency Relief Project Grant – Ryan White Part A (the Grant) for a geographic eligible metropolitan area (EMA) defined as Orange, Lake, Osceola and Seminole Counties combined. The primary purpose of the Grant is to fund, as the “payer of last resort,” services needed by low-income residents of the four county area that are infected with the human immunodeficiency virus (HIV) or the progression of the virus to the diagnosis of acquired immunodeficiency syndrome (AIDS).

Services funded through the Grant include the establishment and operations of a Planning Council which determines and oversees the types and amounts of services provided through the Grant and the subgrantees. Service providers (subgrantees) include public and private organizations. These service providers either directly, or through sub-contracting, provide the following services as needed to clients:

- Outpatient Ambulatory Medical Care
- Medical Case Management
- Oral Health Care
- Outpatient Mental Health Counseling
- Psychosocial Counseling
- Outpatient Substance Abuse Counseling
- Food and Nutritional Supplement Assistance
- Medical Transportation
- Pharmaceutical
- Health Insurance Premiums and Cost Sharing Assistance

The subgrantees for the grant year ended February 29, 2012 were:

- Orange County Health Department
- Lake County Health Department
- Osceola County Health Department
- Seminole County Health Department
- The Center for Drug Free Living, Inc. (aka CENTAUR)

- The Center for Multicultural Wellness and Prevention, Inc.
- Hope and Help Center of Central Florida, Inc.
- Howard Phillips Center for Children & Families, a division of Orlando Health, Inc.
- Miracle of Love, Inc.
- Nehemiah Educational and Economic Development, Inc.
- The Place of Comfort, Inc.
- The Turning Point of Central Florida, Inc.
- Bioscrip Pharmacy, Inc. (subsequently purchased by Walgreens, Inc.)

The HRSA/HAB provided a freeware database called CAREWare which Grant recipients were required to utilize to collect service and client demographics for performance measurement reporting. During the audit period, CAREWare administration was transferred from a third-party contractor to the Orange County Information System Services. Subsequent to the audited grant year, the County entered into an agreement with the State of Florida to migrate the data on the Grant CAREWare to the State's CAREWare. CAREWare is neither considered nor used as a primary financial/billing software. CAREWare is not considered a primary electronic health record software system. It is used solely for the purpose of collecting data for the HRSA/HAB.

Each year, the subgrantees are required to submit audited financial statements to the Grant Office. The Grant Office also conducts on-site monitoring reviews of the subgrantees records and performance reports. The Grant Office contracts with an independent certified public accounting firm to perform agreed-upon procedures related to fiscal monitoring of each subgrantee's compliance with certain terms of the individual contracts. A separate fiscal monitoring report is then issued for each individual subgrantee. The Grant is included in Orange County's Consolidated Annual Financial Report and subject to the Federal single-audit requirements of Federal OMB Circular A133, Compliance Supplement. The County's external auditors last reviewed the Grant as a major program in the

Scope, Objectives, and Methodology

single audits issued for the fiscal years ending September 30, 2011 and 2012.

We conducted an audit of the HIV Emergency Relief Project Grant – Ryan White Part A (the Grant) client eligibility for the grant year ended February 29, 2012. The audit scope was limited to a review of client eligibility and fee-for-service charges paid with Grant funds to determine compliance with Grant requirements. Our audit did not include determining client eligibility and services performed by the subgrantee: Bioscrip Pharmacy, Inc. The period audited was March 1, 2011 through February 29, 2012 and includes consideration of certain related subsequent events through the date of this report.

The objectives of our audit were to determine whether:

- The Grantee Office and subgrantees complied with significant elements of the Grant requirements related to client eligibility and the Grant administration processes; and,
- The amounts billed to the Grant were for allowable services provided to eligible clients.

We conducted interviews of the Grant's Office Staff as well as with key employees at the 12 subgrantees included in our audit. For each subgrantee, we reviewed the following reports issued during and/or for the period of this audit:

- Annual Audited Financial Statements
- Fiscal monitoring reports
- Monitoring reports prepared by Grant's Office Staff
- Annual Assessment of Administrative Mechanism

We obtained and reviewed the HRSA/HAB Division of Service Systems Universal Monitoring Standards Part A & B (April, 2011), Section B: Eligibility Determination / Screening responsibilities for Grantee and Subgrantees. These Monitoring Standards together with the Grant Agreement

executed between Orange County and the Federal HRSA/HAB Office comprise the “Grant requirements.”

To evaluate the Grant requirements related to the Grant Office’s administration of the Grant program, we reviewed procedures, internal reports, correspondence, and contracts with third parties. We reviewed training meetings’ agendas and rosters to determine if the Grant Office provided appropriate training to subgrantees on eligibility and standards of care.

We created a historical eligibility and services transaction file utilizing standard CAREWare queries. Those results identified 5,324 unique reference numbers (URNs) used to provide a client/patient coded identifier. We then selected a sample of 221 clients from that population for the 12 subgrantees reviewed to examine adequacy of support for the various providers’ determination of eligibility.

The Grant award, together with the requirements established by the EMA Planning Council’s System Wide Standards of Care provides the criteria upon which an individual’s eligibility is determined. Subgrantees use the following criteria to determine an individual’s eligibility. All criteria must be met for an individual to be determined eligible:

- 1) An individual must establish their identity by providing valid photo identification;
- 2) Provide proof of HIV/AIDS diagnosis, including copies of confirming positive tests such as Western Blot or Immunofluorescence Assay (IFA) or Nucleic Acid Testing (Aptima);
- 3) Provide proof of residency within the geographic jurisdiction of the Eligible Metropolitan Area (EMA);
- 4) Provide proof of income of no more than 400 percent of the Federal Poverty Level;
- 5) Provide proof of the lack of other financial resources to cover needed services, such as the client having

no or underinsured health plan, be ineligible for Medicaid coverage, and/or Medicare coverage.

During the Grant period audited, each subgrantee was to retain on site evidence of their client's eligibility in meeting each of the five criteria listed above. Each subgrantee's contract requires financial documentation to be retained for a minimum of five years after the Grant end, and that client health records be maintained as required by Federal Law.

We did not conduct extensive tests to determine the completeness of CAREWare. However, to test amounts billed to the Grant, we used CAREWare to determine if eligible services were provided to eligible clients. We selected a sample of service transactions recorded in CAREWare that were associated with the 221 clients included in our tests of eligibility. We examined supporting documentation retained by the subgrantees to determine adequacy and accuracy of evidence supporting the transactions. From those transactions recorded in CAREWare, we then traced a sample back to the actual payment of the services with Grant funds.

Overall Evaluation

Based on the results of our testing, the Orange County Grant's Office and the subgrantees complied with the significant requirements of the Grant related to client eligibility and the Grant administration processes. Further, Grant funds paid for allowable services to eligible clients except for a few instances noted within the report. Opportunities for improvement are described herein.

RECOMMENDATIONS FOR IMPROVEMENT

RECOMMENDATIONS FOR IMPROVEMENT



1. The Grant Office Should Explore Implementing a More Efficient Client Eligibility System for Subgrantees

The process of verifying, certifying, and recertifying eligibility for program services is not efficient and certain documentation errors appear to have resulted because of these inefficiencies. The County issued contracts to each subgrantee setting forth the eligibility documentation and acceptable evidence to obtain to support each client's eligibility for services funded through the Grant. All eligibility criteria must be met and documented in order to participate in the Ryan White Part A program. The five criteria identified in the Methodology section of this Report are summarized in the table below with the results of our review of the 221 clients selected for audit:

| Subgrantee | Number of Clients with Insufficient evidence to verify eligibility in File | | | | |
|---|--|-----------|------------|----------------------|----------------------|
| | Identity | Residency | HIV Status | Income Determination | Payor of Last Resort |
| The Center for Drug Free Living, Inc. | 0 | 1 | 0 | 2 | 2 |
| The Center for Multicultural Wellness and Prevention, Inc. | 0 | 0 | 0 | 1 | 1 |
| Hope and Help Center of Central Florida, Inc. | 0 | 1 | 2 | 1 | 0 |
| Howard Phillips Center for Children & Families a division of Orlando Health, Inc. | 0 | 1 | 0 | 0 | 0 |
| Lake County Health Department | 0 | 0 | 0 | 0 | 0 |
| Miracle of Love, Inc. | 0 | 0 | 0 | 0 | 0 |
| Nehemiah Educational and Economic Development, Inc. | 3 | 4 | 5 | 3 | 3 |
| Orange County Health Department | 4 | 0 | 0 | 0 | 0 |
| Osceola County Health Department | 0 | 0 | 0 | 0 | 1 |
| The Place of Comfort, Inc. | 0 | 0 | 0 | 0 | 0 |
| Seminole County Health Department | 0 | 0 | 0 | 0 | 2 |
| The Turning Point of Central Florida, Inc. | 0 | 0 | 0 | 0 | 0 |
| Total Number of Exceptions | 7 | 7 | 7 | 7 | 9 |

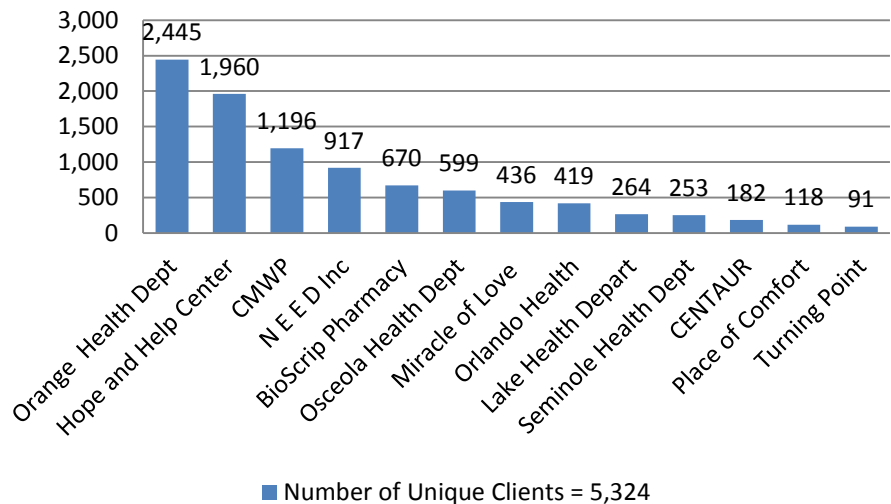
During the audit period, the caseload of Ryan White Part A Clients varied between providers. Some clients utilized five or more subgrantees, while others only used the services of

RECOMMENDATIONS FOR IMPROVEMENT



one subgrantee. The chart below displays the client population (for clients that used Ryan White Part A) of each subgrantee.

Number of Clients in CAREWare by Subgrantee



As the above chart shows, almost half the total grant population sought services from more than one subgrantee. This further demonstrates that approximately 47,750 eligibility documents (5 criteria X 5,324 clients X the average number of subgrantees used by the clients) would need to be obtained, maintained, and distributed among the 13 providers. Those 47,750 documents would subsequently need to evidence review and updating every six months to support semiannual recertification of eligibility as required by the Grant.

Included in the counts of clients with insufficient evidence to verify eligibility was one client whose entire file could not be located by the subgrantee, and at another subgrantee a second client who was approved services despite evidence in the file that the client did not reside within the EMA.

The Grant encompasses a complex network of providers and resources to provide healthcare, mental healthcare,

pharmaceuticals, outpatient substance abuse services, medical case management, peer mentoring, food and nutritional supplements, medical transportation, and health insurance premium and insurance cost sharing assistance services within the geographical jurisdiction of the EMA's four counties. As such, it can be inherently difficult to navigate the various resources and programs that may be available for even experienced caseworkers. Clients are required to provide eligibility documentation and basic application documentation at each service point. Although as a whole the percentage of errors is small, this repetitive verification by each service provider is susceptible to errors like those noted above. Further, the inefficiencies caused may increase administrative cost thereby impacting funding available for services.

A centralized process that obtains, verifies, and maintains all eligibility and recertification of eligibility documentation that was accessible to each subgrantee should be explored, and if feasible, implemented for the program. The process needs to include each subgrantee evidencing the date that the central file is accessed to review the client's eligibility status. Requiring each subgrantee to re-perform the verification task of obtaining evidence uses valuable resources (both time and money) that might be better used to provide services.

Subsequent to the audited grant year, the Grant Office has teamed with the State of Florida to utilize the State's CAREWare Database System that allows for the scanning of eligibility documentation and access to the electronically stored documentation by each subgrantee. While this process could help the eligibility verification, additional policies and procedures would need to be developed.

We Recommend the Grant Office explore the feasibility of utilizing and implementing a centralized eligibility system for subgrantees. The system should include procedures for use and periodic testing of the sufficiency of the documentation.

Management's Response:

Concur. Ninety-six percent (212/221) of the records were in full compliance and the majority of the nine exceptions were related to a single provider.

As annotated in the body of this report subsequent to the audited grant year, the Grant Office teamed with the State of Florida Department of Health's Division of Disease Control and Health Protection to implement and utilize a centralized eligibility system. This system provided a single electronic repository for eligibility documentation enabling remote access by subgrantees.

This initiative resulted in significant efficiencies and elimination of repetition and redundancies noted in this report in light of the geographically dispersed service provider networks, spanning four counties, which comprise the Eligible Metropolitan Area (EMA), served.

Subsequent to this review the EMA also moved to a Case Management Driven system which centralized the screening and eligibility function for consumer referral to services by case managers.

The aforementioned system and process includes procedures for use as well as periodic testing of the sufficiency of the eligibility documentation.

2. Written Notification of Eligibility Should Be Provided to Individuals Receiving Services Funded by the Grant

Subgrantees did not document when or if written notification of eligibility was provided to the individual receiving services in 56 of 221 individuals tested. In one instance, the subgrantee was not aware of the requirement to prepare the written notification until the latter part of the Grant year. In certain other instances, subgrantees' clients are received as referrals from another subgrantee and the receiving

subgrantees failed to request or receive the written notification document.

Due to the many different types of services provided through the Grant, a client may be eligible for only certain services, but not all. For instance, a HIV client covered by Medicaid for medical services, should have written notification of which other specific services (such as dental, mental health counseling, etc.) can be funded by the Ryan White Part A grant that is not covered by Medicaid or Ryan White Part B. A written notification assists clients with evidence of which specific services the individual is eligible to receive through the Grant.

The Grant requirements also provide that eligibility be re-certified every six months after initial determination. In our test of CAREWare transactions for the 221 clients reviewed, we noted that approximately 18 percent (24 of 130) of the applicable clients' files lacked evidence of written notification of subsequent six-month recertification of eligibility.

The Grant Office acknowledges that the client-based demographics allow for sudden changes in circumstances, whether it is relocation of residence, obtaining or losing a job and associated benefits, or changes in financial support. This acknowledgement should serve to reinforce subgrantees' need to routinely address and inquire of changes in clients' economic and residence circumstances.

As discussed in the previous Recommendation for Improvement, without a centralized system of documenting a client's eligibility, additional resources are required for the administrative tasks of determining the client's current eligibility status.

We Recommend the Grant Office implement monitoring procedures to ensure that subgrantees prepare written statements of initial certification and subsequent recertification of client eligibility. This process should include documentation of the notification being provided to the client.

Management's Response:

Concur. Based on the information provided it appears that the protocol was not being fully incorporated across all service providers, in particular, service providers without eligibility determination or case management staff during the period of the audit.

Subsequent to this audit period, the Grant Office instituted a Case Management Driven system, which introduced protocol for ensuring that subgrantees provide written statements of initial certification and subsequent six-month recertification of client eligibility.

This written statement is the form of a Notice of Eligibility (NOE). The Grant Office also introduced monitoring procedures to ensure that subgrantees distribute the NOE to consumers as well as to retain a copy for the client record. The NOE is signed by both the subgrantee and the client and is currently being uploaded into the centralized eligibility system, which provides a central repository for all supporting eligibility documentation.

3. CAREWare Data Reporting Should Be Improved

Records related to Grant programs are contained in several computerized data sources at each subgrantee; however, the Grant Office does not attempt to reconcile the data. CAREWare contains both demographic as well as medical/service records and financial transaction records. The County's financial payment systems contain records of all payments made with Grant funds. In addition, each subgrantee has separate financial systems that are not interfaced with CAREWare or the County's financial software. Our review of CAREWare data related to fee-for-service transactions found numerous errors in the recording of the transactions in CAREWare by the subgrantees. We noted the following in our sample of 221 clients and the related sampled population of 1,862 fee-for-service transactions:

RECOMMENDATIONS FOR IMPROVEMENT



- A) Seventeen percent (322 of 1,862) of the recorded CAREWare service transactions sampled were not supported by appropriate evidence as follows:
- 1) Adequate documentation that the service was performed was not found in the clients' files for 105 transactions. Possible causes for these exceptions included:
 - a) Duplicate entries where a second record was input at a different time.
 - b) Laboratory services (test) for clients were recorded in CAREWare when ordered. However, at times the outside lab was unable to run the tests and reported this back to the subgrantee. There was no attempt to annotate or remove the incorrect entries.
 - c) Processing fees related to case management were allowable and charged by one subgrantee. However, the subgrantee retained no subsidiary evidence of whom or when the files were processed as required in the contract.
 - d) We identified 13 CAREWare transactions that were paid although the client's files contained no supporting evidence that the service had been rendered and payment due.
 - 2) Supporting source documents in the client file recorded different dates of service, different number of service units provided, or different contracted service rates than those recorded in CAREWare for 217 transactions.
- B) While reviewing clients' files at the various subgrantees, we noted documentation in the files for

RECOMMENDATIONS FOR IMPROVEMENT



13 services provided to clients from two subgrantees that were not recorded in CAREWare. Twelve of these services may have been eligible for reimbursement; however, the subgrantee did not provide proof of billing to the Grant.

- C) “Specialty Care” medical service transactions were not recorded in CAREWare during the Grant year. Specialty Care occurs when a client is referred to and receives services from a private healthcare provider for procedures not available through the County Health Departments within the EMA. The County Health Department receives the private physicians’ charges for service and includes those with their submission of claims to be paid with Grant funds. A notice of referral may be included in a sub-module of the CAREWare system, but the specific services received were not. This makes the reporting of services rendered in the HRSA/HAB required reports inaccurate and incomplete.
- D) We noted laboratory CPT codes recorded in CAREWare that were different than the services performed and billed to the Grant. For example, a common lab test identified in CAREWare as CPT: 86812-1601 HLA-B27 was often not the actual test performed and billed, but rather the client received lab test CPT: 81381 HLA-B5701. As also noted in C) above this causes the CAREWare system to have inaccurate and incomplete records.

CAREWare is designed to record all services received by a client through Ryan White Part A funding and client demographics for use in performance measurement reporting. As such, all services provided should be recorded in the system. CAREWare data is also used to provide client demographic reports with the type and quantity of service provided in quarterly utilization reports prepared by the County. The EMA Planning Council uses the Utilization Reports as part of the needs and uses assessment to identify trends and metrics in determining the needs of HIV/AIDS clients in the EMA. Further, without a systematic

method and procedure to review and compare data (reconcile) entered into CAREWare with other financial and electronic health record systems, the accuracy and completeness of CAREWare data cannot be assured.

The CAREWare Database system records services provided and certain cost data but it is not used to report funding spent as part of the grant reporting requirements with HRSA/HAB. However, CAREWare's accuracy helps ensure decision makers receive complete assessments of program services provided.

We Recommend the Grant Office develop procedures to reconcile data contained in CAREWare system with other data sources.

Management's Response:

Concur. Challenges have been faced with the integration of the existing client database, CAREWare, with other data sources including financial, laboratory and other electronic health records systems.

The Grants Office has contracted with the State of Florida Department of Health's Information Technology Section to develop protocol and procedures to reconcile data contained in CAREWare with other data sources as mentioned above.

4. The Review of Invoiced Costs for Compliance with Grant Contracted Services and Rates Should Be Improved

Our review of fee-for-service transactions paid with Grant funds identified various services billed, units of service computed, and fee rates paid that do not comply with the subgrantee contracts. Specifically, we noted the following:

- A) Payments of certain CPT (Current Procedural Terminology) codes utilized and billed by two of the four county health department subgrantees were not allowable services for funding through Ryan White

Part A. For example, two county health departments provided invoiced charges for “CPT: 93720 – Plethysmography, total body, with interpretation and report / Outpatient / Ambulatory Medical Care” or “CPT: 93720 – WICY BIA/ Outpatient / Ambulatory Medical Care”. Our further query of this service code in the CAREWare system identified 378 entries totaling \$21,667.92 charged to the Grant by these subgrantees. We also noted that the billings for the “CPT: 93720 – Plethysmography, total body, with interpretation and report / Outpatient / Ambulatory Medical Care” were supported by evidence that the client had received a Bioimpedance Analysis (BIA) from a licensed nutritionist, (but not from orders or by a medical practitioner) which is a different procedure than body composition analysis via a Plethysmography.

Both subgrantees’ staff agreed that the CPT code billed as well as the actual services documented in the files were not among those services allowable for payment under the grant. Nutritional counseling was not a service included in the EMA’s Federal Grant application for Ryan White Part A funds. Other available grant programs offer nutritional counseling. Nutritional assistance service is provided by a separate subgrantee, and the county health departments were not contracted to provide those services.

- B) We noted that two subgrantees were not billing the Grant in accordance with the executed contracts. Both subgrantees were providing Substance Abuse Group Therapy sessions. They billed one unit of service for each client participating in the group regardless of how long the group sessions lasted. Amendment No. 3, Attachment A (Substance Abuse Services), Section b. Units of Service Definition of each of the subgrantees’ contract with Orange County directs that the subgrantees’ bill the Grant one unit of service for each 30 minutes of Group Therapy session time for each attendee. Staff from both

subgrantees stated that they were told by the Grant Office to only charge one unit per client per Substance Abuse Group session no matter how long the session lasted. The subgrantees were unable to identify who at the Grant Office had informed them to bill in this manner.

The subgrantees' method of computing service units resulted in the under-billing to the Grant for Group Therapy services provided. Neither subgrantee nor the Grant Office identified the exception or took steps to resolve the errors after we brought it to their attention during the course of this audit.

- C) One subgrantee did not compute the units of service for providing individual counseling sessions in accordance with contract terms. The subgrantee billed partial units of service in tenths of a unit with a unit being 30 minutes, rather than in thirds of a unit. Section 5 of Article III of the subgrantee's contract with Orange County directs that service activities that last less than one 30-minute unit be rounded up to the next one-third unit for billing purposes. This resulted in the subgrantee under-billing the Grant for services provided.

The subgrantee also used the incorrect fee rate for Case Consultation services. They billed at a rate of \$33 per unit instead of \$10 per 30-minute unit of service as provided for in subgrantee's contract. This resulted in the subgrantee over-billing the Grant for Case Consultation services provided net of the under-billing for rounding units of service up to the next third of an hour.

Subsequent to the grant year audited, the subgrantee discovered those two billing errors for sessions that are less than one unit in length and the billing rate error for Case Consultation sessions conducted. Staff at that subgrantee made adjustments to their final billing to correct errors made during the subsequent grant year ended February 28, 2013. However, no

RECOMMENDATIONS FOR IMPROVEMENT



adjustments were made for the billing errors that occurred during the audited grant year ended February 29, 2012.

The review procedures used by the Grant Office staff did not detect any of these errors during their reviews of subgrantee invoices prior to approval for payment. Budgeted Grant funds may have been over or under spent depending on the volume of each kind of billing error during the grant year.

Due to the number of subgrantees and the varied services provided, invoices were prepared in different manners by the subgrantees, and processed and paid by the Grant Office in different ways. The Grant Office began an attempt to standardize billing requirements in the grant year audited but haven't addressed the review procedures. Invoices should be reviewed to ensure all services billed are reimbursable and compliant with the Grant contract. Although the Grant Office review may not have been able to detect instances where the service billed and the service performed did not agree, consideration should be given to conduct periodic audits to detect these billings errors should be considered.

We Recommend the County enhances the procedures for review of payment requests and implements a process to detect possible exceptions prior to the payment of invoices or the submission to the third party claims administrator for payment.

Management's Response:

Concur. Procedures for the review of payment requests as well as the process for detecting possible exceptions prior to payment of invoices or the submission to the third party claims administrator for payment need to be enhanced.

To detect possible exceptions prior to invoice payment service verification will need to be ascertained. This may be accomplished by increasing the collaboration by co-location of program and dedicated fiscal staff. This change would streamline the existing process and will enable the enhancement of review procedures.

5. Follow Up and Resolution of Exceptions Noted in Annual Fiscal Monitoring Reports Should Be Made

We noted that the Grant Office did not establish a set follow-up procedure to ensure resolution and correction of exceptions noted by their review teams during routine site visits. In addition, procedures employed by the Grant Office did not require sub-grantees to return funds received for services provided to clients with incomplete eligibility documentation or clients deemed to be ineligible during their review.

HRSA/HAB Universal Guidelines require Grant Offices to conduct and retain documentation of their on-site visits when they monitor client activities and review client files maintained by sub-grantees to ensure that clients are eligible and receiving eligible services. Federal Grant guidelines and the EMA contract require that funds only be used to provide allowable services (as described in the EMA Grant Application) to eligible clients. Orange County as the EMA Grant Administrator is ultimately responsible for any Grant expenditures made on questioned or unallowable costs.

Although onsite monitoring was completed, the Grant Office did not pursue refunds or documentation of the resolution of exceptions noted after the monitoring was conducted.

We Recommend the Grant Office establish procedures requiring resolution of exceptions noted in on-site reviews as well as follow up procedures to require repayment of funds spent on questionable and/or unallowable services.

Management's Response:

Concur. Although the Grant Office does have an existing process for the follow up on site reviews and protocol for requiring the repayment of funds spent on questionable and/or unallowable services, specific procedures would need to be developed for varying scenarios incorporating feedback from the fiscal/finance sections.