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INDEPENDENT STATE AUDITOR'S REPORT ON
CERTAIN ACTIVITIES OF
CAPEWAY ADULT DAY HEALTH CENTER
JULY 1, 2007 TO JUNE 30, 2008

OFFICIAL AUDIT
REPORT
NOVEMBER 25, 2008

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Capeway Adult Day Health Center, Inc. (Capeway) was incorporated in December 1996 as a for-profit corporation for the purpose of operating an adult day health facility for functionally impaired adults. Capeway was approved for operation by the Division of Medical Assistance (currently known as MassHealth) and must operate in accordance with 130 Code of Massachusetts Regulations (CMR) 404, which specifies the requirements for providers of adult day health services. During our audit period, Capeway employed approximately 32 full-time and part-time staff, and served more than 150 adults from the Greater New Bedford area.

Capeway's clients have various illnesses, physical ailments and social limitations. To aid its clients, Capeway provides nursing services and health oversight, assists with activities of daily living (ADL), provides nutritional and dietary support, and offers physical therapy and counseling. Capeway employs registered nurses (RNs) and licensed practical nurses (LPNs) to attend to members' health care needs; social workers to provide individual and group counseling for members and their families; and other direct care staff to attend to members' ADL requirements. Capeway contracts with United Hand and Rehabilitative Services for rehabilitative services that physicians prescribed for Capeway's clients. Finally, Capeway offers a wide variety of recreational and therapeutic programs for clients including arts and crafts, daily exercise sessions, educational games, community outings, daily walks, and gardening. During our audit period, Capeway received \$2,140,457 from MassHealth for adult day health services it provided to eligible adults.

The scope of our audit was to determine whether Capeway submitted allowable claims for adult day health services during the period July 1, 2007 to June 30, 2008. Our audit was conducted in accordance with generally accepted government auditing standards for performance audits issued by the Comptroller General of the United States and, accordingly, included such procedures and tests as we considered necessary to meet these standards. Our audit procedures consisted of reviewing Capeway's claims for adult day health services to ensure that claims were supported with required documentation; services were provided as claimed; claims were for eligible recipients; and claims were complete, accurate, and in compliance with applicable laws, rules, and regulations. We also reviewed Capeway's internal controls over its claims and billing procedures to determine their adequacy.

Based on our review, we have concluded that, except for the issues addressed in the Audit Results section of this report, Capeway submitted claims for adult day care services that complied with applicable laws, rules, and regulations during the 12-month period ended June 30, 2008.

AUDIT RESULTS

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1. REQUIRED NURSING COVERAGE NOT PROVIDED

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Our review of Capeway's personnel and payroll records identified that it provided appropriate nursing coverage during weekdays, but was understaffed on weekends. Specifically, based upon MassHealth's Adult Day Health program regulations, Capeway was required to provide 16 hours of nursing coverage on weekends to meet the medical needs of its approximately 60 clients. However, Capeway employed only one nurse for eight hours on weekends. Consequently, Capeway cannot assure the Commonwealth that it provided adequate nursing coverage for its clients during the audit period. In its response, Capeway stated it takes full responsibility for not having a second nurse on Saturdays. Moreover, Capeway stated when its Program Director noticed the need for the second nurse back in April of this year, Capeway immediately initiated action to hire the second Saturday nurse.

2. REQUIRED PRE-EMPLOYMENT CORI CHECKS NOT PERFORMED

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Capeway did not perform Criminal Offender Record Information (CORI) checks prior to hiring new employees in accordance with MassHealth's Adult Day Health program regulations. Our test of 15 personnel files found that Capeway hired four employees without first performing the state mandated pre-employment check. Capeway's Executive Director explained that this was an administrative oversight on the agency's part. In addition, once the Executive Director was informed of the problem, he immediately requested CORI checks on the four employees in question. Moreover, the Executive Director performed a CORI check on himself since one had not been performed prior to his employment with the agency. The results of these CORI checks, which Capeway received on August 4, 2008, indicated that none of the five employees had prior criminal records. In its response, Capeway stated **this was simply an oversight and that it has initiated periodic reviews of all employee files to ensure that CORI checks have been performed.**

INTRODUCTION

Background

Capeway Adult Day Health Center, Inc. (Capeway) was incorporated in December 1996 as a for-profit corporation for the purpose of operating an adult day health facility for functionally impaired adults. Capeway was approved for operation by the Division of Medical Assistance (currently known as MassHealth) and must operate in accordance with 130 Code of Massachusetts Regulations (CMR) 404, which specifies the requirements for providers of adult day health services. During our audit period, Capeway employed approximately 32 full-time and part-time staff, and served more than 150 adults from the Greater New Bedford area.

Capeway's clients have various medical illnesses, physical ailments and social limitations. To aid its clients, Capeway provides nursing services and health oversight, assists with activities of daily living (ADL), provides nutritional and dietary support, and offers physical therapy and counseling. Capeway employs registered nurses (RNs) and licensed practical nurses (LPNs) to attend to members' health care needs; social workers to provide individual and group counseling for members and their families; and other direct care staff to attend to members' ADL requirements. Capeway contracts with United Hand and Rehabilitative Services for rehabilitative services that physicians prescribed for Capeway's clients. Finally, Capeway offers a wide variety of recreational and therapeutic programs for clients including arts and crafts, daily exercise sessions, educational games, community outings, daily walks, and gardening.

During our audit period, Capeway received \$2,140,457 from MassHealth for adult day health services it provided to eligible adults.

Audit Scope, Objectives, and Methodology

The scope of our audit was to determine whether Capeway submitted allowable claims for adult day health services during the period July 1, 2007 to June 30, 2008. Our audit was conducted in accordance with generally accepted government auditing standards for performance audits issued by the Comptroller General of the United States and, accordingly, included such procedures and tests as we considered necessary to meet these standards.

Our objectives consisted of the following:

1. To review and examine Medicaid claims filed by Capeway for adult day health services to determine whether:
 - The claims were properly supported with required documentation;
 - The services were provided as claimed;
 - The claims were for eligible Medicaid recipients; and
 - The claims were complete, accurate and in compliance with applicable laws, rules and regulations.
2. To review Capeway's internal controls over its claims and billing procedures to determine their adequacy.

In order to achieve our objectives we held discussions with Capeway officials, reviewed organization charts, policies and procedures, internal controls over billing procedures, and all applicable laws, rules, and regulations. We also examined Capeway's cost reports and related financial statements, members' records, and other pertinent financial records to determine whether records were in compliance with applicable laws, rules, and regulations.

Our audit was not made for the purposes of forming an opinion on Capeway's financial statements. We also did not assess the quality and appropriateness of all program services provided by Capeway. Rather, our report was intended to report findings and conclusions on the extent of Capeway's compliance with applicable laws, regulations, and to identify services, processes, methods, and internal controls that could be made more efficient and effective.

Based on our review, we have concluded that, except for the issues addressed in the Audit Results section of this report, during the 12-month period ended June 30, 2008, Capeway submitted proper and accurate claims for the adult day health services it was providing to Medicaid recipients and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

1. REQUIRED NURSING COVERAGE NOT PROVIDED

Our review of Capeway's personnel and payroll records for fiscal year 2008 disclosed that Capeway did not provide on-site nursing coverage for its Saturday clients in accordance with MassHealth's Adult Day Health program regulations from July 1, 2007 to June 21, 2008. Specifically, 130 Code of Massachusetts Regulations (CMR) 404.406: Adult Day Health Program Requirements; Section (D)(1), Nursing Services and Health Oversight, states, in part:

The adult day health centers must provide nursing coverage on site for a minimum of eight hours a day, four hours of which must be provided by a registered nurse. The balance of the coverage may be provided by a licensed practical nurse. When the average daily census reaches 35 members or more, the adult day health center must provide nursing coverage on site for a minimum of 12 hours, four hours of which must be provided by a registered nurse. When the average daily census reaches 50 members or more, the adult day health center must provide nursing coverage on site for a minimum of 16 hours a day, eight hours of which must be provided by a registered nurse. . .

During the audit period, Capeway provided adult day health services on weekdays and Saturdays. Capeway's weekday census was approximately 100 clients per day, whereas it served approximately 60 clients each Saturday. Consequently, based upon 130 CMR 404.406, Capeway was required to provide 16 hours of nursing coverage on both weekdays and Saturdays.

Our review of Capeway's personnel and payroll records identified that it provided appropriate nursing coverage (i.e. 16 hours) on weekdays during the audit period. However, Capeway was understaffed on Saturdays because it employed only one RN for eight hours on these days. Consequently, Capeway cannot assure the Commonwealth that it consistently provided adequate nursing coverage for clients during the audit period.

Capeway's Executive Director stated that he was fully aware of the agency's nursing shortage during the audit period. Moreover, to comply with MassHealth's nursing requirements, the Executive Director said he tried to hire an additional registered nurse for Saturdays, but was unsuccessful until June 21, 2008.

Recommendation

Capeway should continue to monitor its staffing levels to ensure that nursing coverage is provided in accordance with MassHealth regulations.

Auditee's Response

First, Capeway takes full responsibility for not having a second nurse on Saturdays. However to Capeway's defense, since 1996 there have been numerous changes to Adult Day Program regulations. These changes come to us in the form of emails. Unfortunately we receive regulatory changes along with all other MassHealth providers including physicians, dentists, long term care facilities, etc. There are at least 44 different providers. This creates confusion since most emails with regulatory changes are not pertinent to Adult Day Health. Capeway and other Adult Day Programs have requested at Medicaid Management Information System (MMIS) seminars that emails with important changes to regulations should be provider specific. This would help in minimizing confusion and potential oversights. One does not necessarily pay particular attention to emails that are not pertinent the majority of the time. When our Program Director noticed the need for the second nurse back in April of this year, we immediately initiated action to hire the second Saturday nurse.

2. REQUIRED PRE-EMPLOYMENT CORI CHECKS NOT PERFORMED

Capeway did not perform Criminal Offender Record Information (CORI) checks prior to hiring new employees in accordance with MassHealth's Adult Day Health program regulations. Specifically, 130 CMR 404.408 Adult Day Health Personnel Requirements; Section (B) Pre-employment Requirements, states, in part:

Before hiring staff and approving volunteers, adult day health providers must check the candidate's references and job history and ensure that the candidate has had a Criminal Offender Records Information (CORI) check.

During the audit, we tested 15 personnel files to ensure that Capeway performed pre-employment CORI checks as required by state regulations. Contrary to 130 CMR 404.408, Capeway hired four of these employees without first performing the required pre-employment check. Capeway's Executive Director explained that this was an administrative oversight on the agency's part. In addition, once the Executive Director was informed of the problem, he immediately requested CORI checks on the four employees in question. Moreover, the Executive Director performed a CORI check on himself since one had not been performed prior to his employment with the agency. The results of these CORI checks, which Capeway received on August 4, 2008, indicated that none of the five employees had prior criminal records.

Recommendation

Capeway needs to strengthen its internal controls to ensure that a pre-employment CORI check is performed on all individuals seeking employment with the agency. In addition, to ensure complete compliance with 130 CMR 404.408, Capeway needs to review all personnel files to identify any additional CORI checks it needs to perform.

Auditee's Response

This was simply an oversight and Capeway has initiated periodical reviews of all employee files to ensure that CORI checks have been performed.