Supportive Home Care Employment Services Expenditures' Accountability Could Be Enhanced

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Milwaukee County Office of the Comptroller
Audit Services Division

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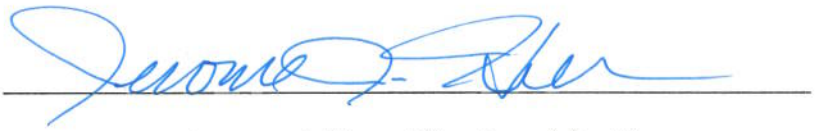
Milwaukee County Comptroller



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January 25, 2016

To the Honorable Chairman
of the Board of Supervisors
of the County of Milwaukee

We have completed an audit, *Supportive Home Care Employment Services Expenditures' Accountability Could Be Enhanced.*

In the attached report, we discuss Milwaukee County Department of Family Care's (DFC) oversight of the two primary supportive home care employment services (SHCES) agencies contracted to provide supportive home care services to individuals enrolled in the Managed Care Organization administered by DFC under the State's Family Care Program. Included in the report is our consolidation of the two SHCES agencies' unaudited revenue and expense statements for 2014.

Department of Family Care's response is included as **Exhibit 3.** A response was also provided by one of the Supportive Home Care Employment Services vendors, New Health Services, Inc. Their response is attached as **Exhibit 4.** We appreciate the cooperation extended by management and staff of the Department of Family Care and that of Supportive Homecare Options, Inc. and New Health Services, Inc., during the course of this audit.

Please refer this report to the Committee on Finance, Personnel and Audit.

Jerome J. Heer
Director of Audits

JJH/PAG/cah

Attachment

cc: Scott B. Manske, CPA, Milwaukee County Comptroller
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Supportive Home Care Employment Services Expenditures' Accountability Could Be Enhanced

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Summary

Family Care is a Medicaid long-term care program, developed, overseen, and funded by the State of Wisconsin Department of Health Services for frail elders and individuals with physical, intellectual, and developmental disabilities who meet the program's financial and functional requirements. The program has two main organizational components: Resource Centers and Managed Care Organizations (MCOs). Resource Centers are designed to be the single entry point where information and advice is provided about resources available in a community and to perform eligibility screenings for Family Care participation. MCOs manage and deliver the Family Care benefit under a managed care model, in which individualized care is arranged for members for a fixed capitated (per member, per month) rate, regardless of the actual cost of care for each individual member.

The Milwaukee County Department of Family Care (DFC), which recently changed its business name to My Choice Family Care, operates the County's MCO under contract with the State Department of Health Services and under a permit issued by the Wisconsin Office of the Commissioner of Insurance. As a Family Care MCO, DFC manages a network of providers who have signed contracts with the MCO in order to provide authorized services in the Family Care benefit package to the MCO's members. Of the services provided, supportive home care as a whole accounts for $53.6 million or nearly 20% of DFC's provider expenditures. Over half of the $53.6 million spending is provided to Supportive Home Care Employment Services (SHCES) agencies.

SHCES agencies hire and train individuals, most often a relative of the MCO member, to provide supportive care services to DFC's Family Care members in members' homes. The SHCES agencies also provide all of the administrative support associated with the employment and subsequent provision of services. DFC currently contracts with three SHCES agencies to provide supportive home care employment services to their members: New Health Services (NHS), Supportive Home Care Options, Inc. (SHO), and Temps Plus Temporary Services, Inc.

The County Board adopted a resolution requesting that the Audit Services Division conduct an audit of the three supportive home care employment services agencies under contract with DFC to provide supportive home services to DFC's members in order to determine how monies received from DFC are used by the agencies. Given the relatively limited number of members served by Temps Plus Temporary Services, Inc. compared to the other two agencies, we decided to focus on the two larger agencies.

Since Allowable Cost policies do not apply to the Family Care Program, limited spending restrictions are outlined in DFC's contracts with both the State and with their contracted vendors.

In general, SHCES workers perform various duties under the general categories of homemaking, attendant, and companion services in members' homes. DFC's contract with the SHCES agencies includes a detailed description of the services to be rendered and requires that all supportive home care services are to be pre-authorized.

Specific worker rates are not detailed in the contracts we were provided. We followed up with DFC for rate information, and DFC referred us to the contracted SHCES agencies for the information, which is detailed in Tables 5 and 6 in Section 1. The agencies' hourly pay rates were increased in 2015 to comply with Chapter 111 of the Milwaukee County Code of General Ordinances, detailing the County's minimum wage policy. SHCES providers submit billings to DFC's Third Party Administrator for reimbursement of the gross salary of the direct care workers, associated employer payroll taxes, and fringe benefits. The administrative costs associated with running the program are compensated on a pre-negotiated per-member fee. The contract does not specify any restrictions on how the management fee can be spent.

The State of Wisconsin uses an Allowable Cost Policy Manual to provide a framework for determining allowable costs when administrating contracts with recipients of the Department's grant funds. Generally, in order for costs to be allowable for reimbursement by programs they must "be necessary and reasonable for proper and efficient program administration" and "only costs that are directly attributable to specific work under a grant or to the normal administration of the grant are allowable for reimbursement." When we began our work on this audit, we anticipated that the program expenditures would be governed by the State's Allowable Cost Policies; however, as stated in DFC's contract with the State to operate as a Family Care MCO and reaffirmed by State Officials, the State's Allowable Cost Policy does not apply to contracted services provided under Family Care.

DFC's contract with the Wisconsin Department of Health Services does specify other contract requirements for providers engaged by the MCO to provide services in the Family Care Benefit package. The State Department of Health Services can also come in at any time to review, approve, approve with modification, impose conditions or limitations or deny any and all subcontracts MCOs enter into.

As a final safeguard, DFC's contract with its providers states that "Audits are required of all Providers unless specifically waived by MCDFC." DFC requested and was granted an audit waiver for contracted providers for 2012-2015. DFC's internal checks and balances include rolling quarterly payment reviews of SHCES vendor payments, but the SHCES' revenue and expense statements we reviewed were unaudited.

Unaudited revenue and expense statements present some detail on SHCES program expenses.

The revenue and expense statements we reviewed were unaudited and therefore do not have the degree of reliability in keeping with Generally Accepted Accounting Principles. As a result, we sought to consolidate the statements provided to us by the two agencies, and offer observations of the detailed expenditures we reviewed. The 2014 consolidated statements show total program income/revenue of $13.8 million for SHO and $16.4 million for NHS, which results in a net income/surplus of $ 66,182 for SHO and a net operating income/surplus of $502,645 for NHS for their operation of the SHCES program.

In earlier audits, we raised concerns with the potential for self-referral conflict of interest given that many of the organizations who served in care/case management roles in DFC's provider network also provided other services either directly or through an affiliate business. Both SHO and NHS have affiliate agencies that serve as care/case management roles for DFC. According to the Director, Department of Family Care, case management software used by DFC has a built in control to prevent self-referral.

Audited financial statements would provide more clarity and instill increased confidence in the reliability of data portraying how SHCES funding was spent.

Medicaid programs, like Family Care, are Federal and State government partnerships, and both levels of government share responsibility for ensuring the programs are effective and sustainable. In recent years, the United States General Accountability Office (GAO) has reviewed issues affecting Medicaid programs, including program integrity. As written in a report issued by GAO in 2015, *GAO has recommended steps to improve program integrity, such as by improving Medicaid managed care oversight.*

Like some of the other Medicaid program MCOs under review by GAO, we believe that an opportunity exists for DFC to strengthen its monitoring of Family Care providers' spending. The unaudited provider statements we reviewed show collective accounting differences of $461,614 between the revenue amounts reported by the providers and the amount both providers were paid by DFC in 2014.

We think requiring audited financial statements from SHCES vendors that receive over $1 million in payments from DFC for providing services would help the Department. Specifically, audited financial statements would help DFC understand whether the management fee being paid under the supportive home care employment services contracts is reasonable, and to be alerted to any instance in which there is a serious financial concern that a vendor may not be able to continue its operations.

DFC's response to our audit is attached as Exhibit 3.

A response was also provided by one of the SHCES vendors, NHS, Inc. Their response is attached as Exhibit 4.

Background

Family Care is a Medicaid long-term care program, developed, overseen, and funded by the State of Wisconsin Department of Health Services for frail elders and individuals with physical, intellectual and developmental disabilities who meet the program's financial and functional requirements. Family Care strives to foster independence and the quality of life while recognizing the need for interdependence and support. This is achieved through the delivery of long-term care services available in the Family Care benefit package to members who live in their own homes, nursing facilities, or other group living situations.

The program has two main organizational components: Resource Centers and Managed Care Organizations (MCOs), detailed below. MCOs are also sometimes referred to as a "Care Management Organizations," including in relevant statutory references. For the purposes of this audit, we will use the term "MCO" to be consistent with the language used in the State contract with managed care organizations providing the Family Care benefit.

- Resource Centers are designed to be the single entry point where information and advice is provided about resources available in a community and to perform eligibility screenings for Family Care participation.
- MCOs manage and deliver the Family Care benefit under a managed care model, in which individualized care is arranged for members for a fixed capitated (per member, per month) rate, regardless of the actual cost of care for each individual member. MCOs develop and manage a comprehensive benefit network of long-term care services, either through contracts with providers, or by direct services with MCO employees.

In Milwaukee County, resource centers are run by both the Department on Aging and the Disability Services Division.

The Department of Family Care (DFC), which recently changed its business name to My Choice Family Care, operates the County's MCO under contract with the State Department of Health Services and under a permit issued by the Wisconsin Office of the Commissioner of Insurance. Two other private organizations operate Family Care MCOs in Milwaukee County. DFC's 2014 and 2015 budgets, including full time equivalent (FTE) positions, are shown in Tables 1 and 2. As outlined above, Family Care's operations are funded through capitated rate payments from the State. Lease of the County's care management information system, MIDAS, and member share account for a small portion of departmental revenue. There is no tax levy in DFC's budget.

Table 1
Department of Family Care
2014 & 2015 Budget Summary *

	2014 (Actual)	2015 (Budget)
Total Revenues*	**$ 285,395,706**	**$ 281,482,178**
Personnel Costs	$ 6,289,214	$ 7,803,335
Operating Costs	281,284,381	273,701,977
Capital Outlay	29,180	7,000
Interdept. Charges	1,459,367	3,275,144
Total Expenditures	**$ 289,062,142**	**$ 284,787,456**
Reserves *inflow/(outflow)*	**$ (3,666,436)**	**$ (3,305,278)**
Full-time Positions (FTE)	75	73

***** Format and presentation modified to enhance clarity.

Source: 2016 Recommended Budget

Table 2

Department of Family Care
2014 & 2015 Budget Summary
Presented by Strategic Program Area *

Strategic Program Area:	Milwaukee	Racine Kenosha	Walworth, Waukesha Washington, Ozaukee Sheboygan	Total
2014 (Actual)				
Revenues	$ 277,479,980	$ 6,226,914	$ 1,688,811	$ 285,395,706
Expenditures **	$ 282,027,139	$ 5,349,416	$ 1,685,587	$ 289,062,142
Reserves *inflow/(outflow)*	$ (4,547,159)	$ 877,498	$ 3,224	$ (3,666,436)
Full-time Positions (FTE)**	75	0	0	75
2015 (Budget)				
Revenues	$ 270,801,569	$ 7,824,046	$ 2,856,563	$ 281,482,178
Expenditures **	$ 276,637,630	$ 6,136,894	$ 2,012,932	$ 284,787,456
Reserves *inflow/(outflow)*	$ (5,836,061)	$ 1,687,152	$ 843,631	$ (3,305,278)
Full-time Positions (FTE)**	73	0	0	73

* Format and presentation modified to enhance clarity.
****** Per DFC management, a breakdown of administrative expenditures (personnel costs, operating costs and interdepartment charges) and FTE positions is unavailable by strategic program area.

Source: 2015 Adopted and 2016 Recommended Budgets and discussion with Office of Performance, Strategy and Budget analyst

Tables 1 and 2 include DFC's FTEs. The Director of the Department of Family Care is appointed by the County Executive, and is a Milwaukee County employee. Some members of the department's senior leadership are contracted employees. The department's organizational chart is included in Exhibit 2.

As a Family Care MCO, DFC manages a network of providers who have signed contracts with the MCO in order to provide authorized services in the Family Care benefit package to the MCO's members. Acute and primary care services, including physicians, hospital stays and medications, are not currently included in the Family Care benefit package. Services provided through the Family Care benefit package are included in the following list.

Long-term care services provided through DFC:

- Adaptive Aids (general and vehicle)
- Adult Day Care
- Alcohol and other Drug Abuse Services (except those provided by a physician or on an inpatient basis)
- Assessment and Case Planning
- Case Management
- Communication Aids/Interpreter Services
- Community Support
- Counseling and Therapeutic Resources
- Daily Living Skills Training
- Day Services and Treatment
- Durable Medical Equipment and Medical Supplies (except for hearing aids and prosthetics)
- Home Health
- Meals delivered to Member's home
- Mental Health Services (except those provided by a physician or on an inpatient basis)
- Nursing Facility
- Nursing Services (except for in-patient hospital stays)
- Occupational Therapy (in all settings except for inpatient hospital)
- Personal Care
- Personal Emergency Response System Services
- Physical Therapy (in all settings except for inpatient hospital)
- Prevocational Services
- Residential Services: Intermediate Care Facility for People with Mental Retardation (ICF/MR), Residential Care Apartment Complex (RCAC), Community Based Residential Facility (CBRF), and Adult Family Home (AFH)
- Respite Care (provided in non-institutional and institutional settings for caregivers of Members)
- Specialized Medical Supplies
- Speech and Language Pathology Services (in all settings except for inpatient hospital)
- Supported Employment
- Supportive Home Care
- Transportation: all Medicaid covered transportation services (except ambulance)

According to both DFC's provider handbook and its provider contracts, providers must obtain prior authorization from the member's care manager for all services to be rendered or the MCO may not cover the cost of the service.

Table 3 displays the amount spent by DFC for each service area in 2014.

Table 3
Amount spent by DFC MCO by Service Category
(Milwaukee County Strategic Program Area)

2014

Service Category	Amount Paid by DFC MCO
Residential Care	$82,546,139
Home Care	$53,597,692
Institutional	$46,296,210
Case Management	$27,433,242
Room and Board Costs	$16,103,406
Adult Day Activities	$14,695,444
Transportation	$7,323,271
Adaptive Equipment	$5,704,801
Vocational	$4,482,503
Habilitation/health	$4,190,285
Home Health Care	$1,989,733
Respite Care	$490,587
Housing	$171,444
Other	$124,757
Cost Share and Refunds	$28,912
All Categories	**$265,179,426**

Source: Department of Family Care

According to DFC, supportive home care as a whole accounts for $53.6 million (see Table 3), or nearly 20% of DFC's provider expenditures. Over half of that spending is provided to Supportive Home Care Employment Services (SHCES) agencies who hire and train individuals, most often a relative of the MCO member, to provide supportive care services to DFC's Family Care members in

members' homes. The SHCES agencies also provide all of the administrative support associated with the employment and subsequent provision of services.

Family Care Program History

In 1999, Wisconsin enacted legislation to redesign the State's long-term care system, which led to the development of the Family Care program. Prior to that, long-term care was provided through a complex entanglement of programs and funding sources. In Milwaukee County, a number of individuals remained on waiting lists for years until funding for services became available.

The Family Care benefit was rolled out as a pilot program in five Wisconsin counties. Milwaukee County was among the five counties, but at the time, Milwaukee County's program only served frail elders (other counties enrolled both frail elders and individuals with disabilities). In 2009, Family Care expanded in Milwaukee County to also serve people, age 18-59, with physical, intellectual, and developmental disabilities.

The Milwaukee County MCO was originally run as part of the County's Department on Aging, but in 2010, the Milwaukee County Board of Supervisors approved the separation of the MCO into its own department, a change that went into effect on July 1, 2010. This change was effectuated to avoid any conflict of interest with the County's Resource Centers, one of which is run by the Department on Aging. In 2012, the DFC MCO expanded outside of the boundaries of Milwaukee County and began offering the Family Care package to qualifying individuals in Kenosha and Racine Counties. DFC further expanded in 2013 to Ozaukee, Sheboygan, Walworth, Washington, and Waukesha Counties.

Act 55, the State's 2015-2017 Biennial Budget, enacted changes to the Family Care program, seeking to combine long-term care with acute/primary medical services. As a result, MCOs would be replaced by Integrated Health Agencies (IHAs). In order to become an IHA, an entity must obtain a Health Maintenance Organization (HMO) license from the Wisconsin Office of the Commissioner of Insurance. It's unclear when and how the anticipated program changes will materialize. According to DFC, the State Department of Health Services plans to submit their waiver request to the Federal Centers for Medicaid and Medicare Services (CMS), which would need to be approved prior to implementing program changes, in September 2016. In the meantime, DFC is developing a business plan in order to position itself to sustain operations through program changes.

Audit Overview

The County Board adopted a resolution requesting that the Audit Services Division conduct an audit of the three supportive home care employment services agencies under contract with DFC to provide supportive home services to DFC's members in order to determine how monies received from DFC are used by the agencies.

DFC currently contracts with three SHCES agencies to provide supportive home care employment services to their members: New Health Services (NHS), Supportive Home Care Options (SHO), Inc., and Temps Plus Temporary Services, Inc. Table 4 lists the number of DFC members in the Milwaukee County Strategic Program area who were served by workers employed by each agency in 2014.

Table 4
DFC Members Served by Each SHCES Agency
(Milwaukee County Strategic Program Area)
2014

Agency	**# of Members Served**
NHS	1,560
SHO	1,218
Temps Plus	54
Total	**2,832**

Source: Department of Family Care

Given the relatively limited number of members serviced by Temps Plus Temporary Services, Inc. compared to the other two agencies, we decided to focus on the two larger agencies. Our findings and conclusions relative to New Health Services and Supportive Homecare Options, Inc. are detailed in the following sections of the report.

Section 1: Since Allowable Cost policies do not apply to the Family Care Program, limited spending restrictions are outlined in DFC's contracts with both the State and with their contracted vendors.

As noted in the Background Section, Milwaukee County DFC contracts with the State to serve as a Managed Care Organization (MCO) for the delivery of the Family Care Benefit in Milwaukee County. In carrying out this responsibility, DFC contracts with over 1,100 provider organizations for a wide variety of services and products.

DFC administers over half of their supportive home care funds through contracts with Supportive Home Care Employment Services (SHCES) agencies. The SHCES contractors employ workers to provide the supportive home care services in members' homes. DFC currently contracts with three agencies: New Health Services (NHS), Supportive Homecare Options, Inc. (SHO), and Temps Plus Temporary Services. Because the vast majority of DFC's members are served by NHS and SHO, our review focused on those two agencies.

SHCES workers perform homemaking, attendant and companion services duties in members' homes.

In general, the workers perform various duties under the general categories of homemaking, attendant, and companion services in members' homes. DFC's contract with its SHCES agencies includes the following detailed description of the Supportive Home Care (SHC) services rendered:

> ***SHC-Homemaking***
> *Routine housecleaning and housekeeping activities performed for a Member consisting of tasks that take place on a daily, weekly or other regular basis, including: dusting, vacuuming, light organization, cleaning kitchen and bathroom, cleaning adaptive equipment, washing dishes, laundry, meal preparation and shopping for food or similar activities that do not involve hands-on care of the Member.*

Observation of the Member to assure safety, oversight direction of the Member to complete activities of daily living, instrumental activities of daily living, or companionship for the Member (excluding hands-on care).

SHC-Attendant Care
Hands-on assistance with activities of daily living such as dressing/undressing, bathing, feeding, toileting, assistance with ambulation (including the use of a walker, cane, etc.) and simple transfers, care of hair and care of teeth or dentures.

SHC-Companion
Accompanying a Member to medical appointments.

DFC's provider contract requires that all supportive home care services are pre-authorized.

DFC's provider contract requires that all supportive home care services are to be pre-authorized. The Family Care member's interdisciplinary team, which includes the member, determines member needs. An assessment outlining the supportive home care services, including the number of authorized service units, is forwarded to the provider. Service units can increase and decrease as members' needs change.

According to DFC's provider contract, *Supportive Home Care Services will be paid at rates established for the Provider for each direct care worker and may vary from worker to worker based on years of employment, continuity of care, geographical location, and/or difficulty of assignment.* Specific worker rates are not detailed in the contracts we were provided. We followed up with DFC to request the range of worker rates for 2014 and 2015. DFC referred us to the SHCES agencies. The pay rate ranges the agencies provided to us are shown in Tables 5 and 6.

Table 5

Hourly Pay Rates for Supportive Home Care Workers
2013-2015
SHO Inc.

Year	Lives with Client	Travels to Client
January 2013	$9.27*	$9.40*
November 2013	$10.27*	$10.40*
October 2014	$10.77*	$10.90*
January 2015	$11.47	$11.60
March 2015	$11.66	$11.79

*Employees who live with clients and travel to clients receive a $0.10 increase after working 1 year.

Notes:
Effective 11/3/2013, the MCO issued a $1.00 per hour across the board pay increase to all SHCES field employees retroactive to 12/30/2012. The resulting back pay was distributed on 11/29/2013 via a separate pay run, and the effective pay rates increased by one dollar.

In 2013, there was also a "Daily Rate" paid to employees whose clients required continuous care. This rate was determined on a client by client basis by the MCO.

Source: SHO, Inc.

Table 6

Hourly Pay Rates for Supportive Home Care Workers
2013-2015
NHS Inc.

Year	Lives with Client	Travels to Client	Maximum Wage/Emergency Rate
January 2013	$9.15*	$9.40*	$10.50
November 2013	$10.15*	$10.40*	$11.50
October 2014	$10.77*	$10.90*	$12.00
January 2015	$11.47	$11.60	$12.60
March 2015	$11.66	$11.79	$12.79

*Employees who live with clients and travel to clients receive a $0.10 increase after working 1 year.

Source: NHS, Inc.

Chapter 111 of the Milwaukee County Code of General Ordinances requires that agreements over $20,000 with agencies providing supportive home care to persons with disabilities or the frail elderly under exclusive contract with Milwaukee County pay the County's minimum wage. The minimum wage rate is set at

equal to 100% of the poverty income level set forth annually by the U.S. Department of Health and Human Services (DHHS) for a family of four divided by 2,080 hours. The minimum wage rate is updated annually on the last business day of February. The rate was set at $11.47 in 2014 and $11.66 in 2015, and went into effect for new contracts entered into as of May 28, 2014.

SHCES agencies were to implement the minimum wage ordinance in January 2015.

The SHCES agencies were to implement the minimum wage ordinance requirements when they entered into their new service contracts in January 2015. As shown in Tables 5 and 6, hourly pay rates were increased starting in 2015 to comply with Chapter 111 of the Milwaukee County Code of General Ordinances, detailing the County's minimum wage policy. According to the ordinance, minimum wage requirements *may be modified or waived as agreement between the employer and a bona fide union, where the parties to such collective bargaining agreement expressly specify their intent in the agreement.*

Providers submit billings to DFC's Third Party Administrator within 120 days of the date of service and are reimbursed for the gross salary of the direct care worker and associated employer payroll taxes. The contract specifies that the payroll taxes included are: FICA, Worker's Compensation insurance, Unemployment Compensation insurance, and any other payroll expense required by law and agreed to by DFC. Providers are also paid a per member monthly management fee. The amounts paid to the contractors we reviewed in 2014 are shown in Table 7.

Table 7

Amounts Paid to Two Largest SHCES Agencies under Contract with DFC in 2014

Agency	Amount Paid in 2014
NHS	$16,288,299
SHO	$13,472,833
Total	$29,761,132

Source: Department of Family Care

In addition, $504,950 was paid to Temps Plus, the agency we did not review, for total Supportive Home Care Employment Services spending of over $30 million by DFC in 2014.

The remainder of this Section will focus on outlining the guidance and restrictions governing how Family Care funding, including funding provided to SHCES agencies, can be spent. In Section 2, we will lay out how SHCES agencies spent funding provided by DFC in 2014.

The State's Allowable Cost Policy does not apply to contracted services provided, including Supportive Home Care, under the Family Care program.

The State's Allowable Cost Manual provides guidance for determining allowable costs for Wisconsin DHS programs.

The State's Allowable Cost Policy Manual, originally developed in the former State Department of Health and Social Services (whose applicable programs now fall under the Departments of Health Services, Workforce Development and Corrections), is now used by the Department of Health Services in administering contracts with recipients of the Department's grant funds.

The Allowable Cost Policy Manual (Manual) provides a framework for determining allowable costs within DHS programs, based on principles set forth at both the State and Federal levels. Generally, in order for costs to be allowable for reimbursement by programs they must "be necessary and reasonable for proper and efficient program administration." As stated in the Manual, "A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost." The Manual also provides that the following should be considered in determining the reasonability of a given cost:

- Whether the cost is ordinary and necessary to the operation of the agency or performance of the award;
- The restraints or requirements imposed by such factors as sound business practices, arms-length bargaining, laws and regulations, and terms and conditions of the program;

- The market prices for comparable goods and services;
- Whether individuals involved acted with prudence considering their responsibilities to the agency, the public at large and the granting agency; and
- Whether costs were incurred in accordance with the agency's established procurement policy.

Additionally, as stated in the introduction to the Allowable Cost Manual, "**Only costs that are directly attributable to specific work** under a grant or to the normal administration of the grant are allowable for reimbursement. Costs that result in personal benefit are not allowable" *[emphasis added].* Specific criteria is laid out, as well as definitions of allowable direct costs, allocated costs, and indirect costs.

The manual also provides guidance in regard to the allowance of selected items of cost in areas such as space costs, collection expense and bad debt losses, compensation expense, entertainment, fines and penalties, gifts, and legal expenses. In summary, the manual is a roadmap to what can and cannot be charged to DHS-funded programs.

We anticipated Family Care program expenditures would be governed by the State's Allowable Cost Policies.

When we began our work on this audit, we anticipated that program expenditures would be governed by the State's Allowable Cost Policies. However, as excerpted below from Article VIII N 4, DFC's contract with DHS to operate as an MCO for the Family Care Program contains language stating that the Allowable Cost Policy is not applicable.

> *In subcontracting with and paying providers, the MCO is <u>not</u> subject to Wis. Stat. §§ 46.036(3) and (5m) which refer to allowable costs (see s.46.284(5)(a). [emphasis added]*

As a result, the allowable cost policies we originally thought would apply to DFC, and therefore to their contracts with SHCES

subcontractors, do not actually apply. In order to confirm that our understanding of the contract language was correct, we reached out to State officials within DHS Legal Counsel. They confirmed, in writing that "MCOs are not required to evaluate a provider's actual costs during the negotiation process or apply the allowable cost policy, although actual costs and profits may be taken into consideration during the negotiation process…" They further explained that the allowable cost policy provision does not apply because Family Care is a capitated Medicaid program, and that the criterion that the MCO must follow are all outlined in the MCO contract with Wisconsin DHS.

State officials confirmed that the allowable cost policy does not apply to Family Care because it's a capitated Medicaid program.

Given this, we focused our audit on the nature of SHCES expenditures, and not whether they were allowable. We also looked at DFC oversight of SHCES expenses in the absence of allowable cost provisions.

DFC's contract with the Wisconsin Department of Health Services specifies contract requirements for providers engaged by the MCO to provide services in the Family Care Benefit package, including supportive home care.

In order to serve as a Managed Care Organization for the program, DFC signs an annual contract with the State of Wisconsin Department of Health Services Division of Long Term Care. The MCOs operations are also governed by Chapter 648, and Wisconsin Administrative Code – Chapter DHS 10 Family Care. The State program is ultimately approved by the Federal Centers for Medicare and Medicaid Services.

The State contract contains specific sections pertaining to the MCO's efforts to subcontract with vendors to provide services, and includes language outlining specific provisions which must be contained in such subcontracts. The following categories are included in the list of required subcontract provisions:

- Parties of the Subcontract
- Purpose of the Program
- Services

- Compensation
- Term and Termination
- Legal Liability
- Quality Management Programs
- Utilization Data
- Restrictive Measures
- Critical Incidents
- Non-Discrimination
- Insurance and Indemnification
- Notices
- Access to Premises
- Certification and Licensure
- Sanctions/Criminal Investigations
- Records
- Member Records
- Confidentiality
- Access to Services
- Authorization for Providing Services
- Billing Members/Hold Harmless
- Provider Appeals
- Member Appeals and Grievances
- Prohibited Practice

The State Department of Health Services can come in any time to review MCOs' provider contracts.

The MCO must have all contracts in writing, and in overseeing subcontracted services, the MCO is ultimately held responsible for any functions or responsibilities that it delegates. Further, the State Department of Health Services can come in at any time to review, approve, approve with modification, impose conditions or limitations or deny any and all subcontracts MCOs enter into. Because the State is responsible for reviewing and monitoring DFCs subcontracts with vendors, we did not seek to measure whether DFC's Supportive Home Care Employment Services Contracts were compliant with State contract requirements. We did, however, request copies of any audits performed by the State Department of Health Services from DFC and were told that none had been performed during our review period. DFC's internal checks and balances include rolling quarterly reviews of SHCES vendor payments. According to DFC, since the volume of claims would make rebilling cost-prohibitive, any over-and-under payments found through this review are rectified through future rate changes.

Pre-set administrative allocations are specified in the MCOs provider contracts on a per-member basis.

In testimony before the Milwaukee County Board of Supervisors, DFC expressed that they contract with more than 1,100 vendors in order to provide the products and services available in the Family Care Benefit package. Our observations indicate that DFC uses a shared contract template for multiple services, and adds exhibits outlining additional provisions specific to the particular service.

DFC's contract exhibits specifying provisions for its SHCES vendors are structured with two payment components. As mentioned earlier in the sections, vendors are reimbursed for all direct worker pay, required payroll taxes, and fringe benefits. The administrative costs associated with running the program are compensated on a pre-negotiated per-member fee. For 2014, the contract laid out the following administrative fee structure:

- *For each Member receiving more than 10 hours of Supportive Home Care and/or Supportive Home Care Attendant Care services per month Provider shall be compensated with a management fee of $92.00 per month,*
- *For each Member receiving less than 10 hours of Supportive Home Care and/or Supportive Care Attendant Care services per month provider shall be compensated with a management fee of $25.00 per month.*

DFC's contract with SHCES providers does not specify restrictions on how their management fee can be spent.

The contract does not specify any restrictions on how the management fee can be spent. The contract does contain provider requirements, including pre-authorization requirements, clean claim billing requirements, and record-keeping requirements. In addition, DFC's provider contract template does include language, which can be interpreted as an attempt to safeguard the use of the funding provided under the contract. Among the "safeguards" is language, excerpted below, requiring written notification to the MCO of any related party transactions. The contract requires:

> *…written disclosure of any financial interest, employment relationship, or professional services/consultant*

relationship which any of Provider's employees, officers, board Members, stockholders, or Members of their immediate family may have with respect to any supplier to Provider of goods and services under this Contract.

As a final safeguard, the contract states that "Audits are required of all Providers unless specifically waived by MCDFC." This requirement is in line with Wisconsin Statute 46.036, which states that all care and services purchased by a County department are subject to standards established by the Department of Health Services (DHS). That statute further provides that unless waived by the department, each provider shall provide a certified financial and compliance report if the care and services purchased exceed $25,000.

DFC requested audit waivers from the State for contracted providers for the years 2012-2015.

During our correspondence with State officials regarding program oversight, the State of Wisconsin informed us that DFC filed requests that required provider audits be waived. According to State officials, DFC's original request for the audit waiver was filed in 2010 for the 2011 service year. In November 2012, DFC requested an audit waiver for contracted providers for the years 2012-2015. That request was approved by the State in 2012. According to DFC, audit waivers are requested in order to remain competitive with the other MCOs operating in the County.

As a result, the revenue and expense statements we reviewed, which we will discuss in the following Section, are unaudited.

Section 2: Unaudited revenue and expense statements present some detail on SHCES program expenses.

During the audit, we obtained the 2014 unaudited revenue and expense statements for Supportive Homecare Options, Inc. (for-profit) and New Health Services, Inc. (non-profit). In reviewing the statements from both providers, judgmental (non-statistical) samples of transactions were selected from several larger expense categories. These samples were reviewed to ensure the transactions were supported by source documentation.

Because a judgmental sampling methodology was used for selecting sample items, it should not be assumed that matters found during our review are systematic throughout the statements.

The unaudited revenue and expense statements we reviewed do not have the reliability that audited financials have.

The revenue and expense statements we reviewed were unaudited, and therefore do not have the degree of reliability in keeping with Generally Accepted Accounting Principles. As a result, rather than offering conclusions, we sought to consolidate the statements provided to us by the two agencies, and offer observations of the detailed expenditures we reviewed. Each agency can categorize expenses differently and expenses in any given year may also reflect different business cycles (e.g. while SHO negotiated labor contracts in 2014, NHS entered labor contract negotiations in 2015).

Table 8 contains our side-by-side consolidated summary of the agencies' revenue and expense statements for 2014. Summaries of some of the expenses we reviewed, including explanations we received for particular expenditures follow the presentation of revenue and expense statements.

Table 8
Supportive Home Care Employment Services Agencies
Auditor Consolidation of Providers' Unaudited Revenue and Expense Statements
January through December 2014

	SHO Inc.	NHS Inc.
Income/Revenue:		
Payroll SHC Income / Wages	$12,405,229	$14,545,907
Emp Mgt Income / Admin Fees	$1,300,306	$1,725,867
Training Income	$127,459	$117,978
Other Income	$919	$4,066
Total Income/Revenue	**$13,833,913**	**$16,393,818**
Payroll Expense:		
Wages	$10,272,374	$11,776,998
Vacation Payout	$0	$226,631
FICA/SUTA/FUTA	$1,357,237	$1,624,266
Workers Compensation	$171,872	$298,106
Total Payroll Expenses	$11,801,483	$13,926,001
Other Large Expense Category:		
Payroll Reimbursement / Exec Direct Service Salaries	$1,050,843	$731,834
Payroll Processing Fees	$95,141	$514,474
Rent / Occupancy	$120,000	$51,988
Legal Fees	$143,033	$4,113
IT Mgmt and HIPPA Compliance	$128,250	$0
General / Administrative	$120,000	$243,587
Bad Debt	$2,408	$88,586
Total - Other Large Expense Category	**$1,659,675**	**$1,634,582**
Total - Consolidation - Small Expense Categories	**$306,573**	**$330,590**
Sum of Payroll Expenses *Plus* Large Expense Categories *Plus* Consolidated Small Expenses:	**$13,767,731**	**$15,891,173**
Net Operating Income / Surplus	**$66,182**	**$502,645**
Non-Operating Activity: Unrestricted Contribution - Affiliate	-	$1,234,153
Increase in Net Assets	**$66,182**	**$1,736,798**

Source: Auditor Consolidation of SHO Inc. and NHS Inc. 2014 Revenue and Expense Statements (unaudited)

Supportive Home Care Options, Inc. (SHO)

SHO is a for profit entity, which reports to a Board of Directors. The Executive Director of SHO also owns affiliate health care businesses, including ANEW Health Care Services and Quality Healthcare Options, Inc. (QHO). Both affiliates are listed as Family Care service providers in DFC's 2014 Provider Directory. ANEW provides: care management, consumer education and training, home health care, housing counseling, nursing services, personal care, relocation services, skilled nursing services, and supportive home care. QHO provides financial management services.

Bad Debt

- SHO reports a limited amount of bad debt in the amount of $2,408 for 2014. According to the Executive Director, this is a carryover from past years and is attributed to employee loans that were never paid back to the company. The employees who were granted the loans have since left the company so the balance was expensed as bad debt in 2014.

Legal Fees

- SHO was billed 476.78 hours of legal time at an average rate of $300 per hour. According to the Executive Director, and substantiated by invoices, these fees were paid primarily for labor contract and related issues.

Related Parties Transactions

- The Executive Director owns both SHO and the leasing company that leases occupancy to SHO, making the Executive Director both the landlord and tenant. In 2014, SHO paid the Executive Director's leasing company $120,000 for leased space. We researched the going lease rates for commercial space around the vicinity of SHO's offices and determined that the rate per square foot charged to SHO was within the market rate for the area.

- According to SHO's revenue and expense statements, $128,250 was spent on IT Mgmt and HIPPA Compliance in 2014. We confirmed that $120,000 in IT Mgmt and HIPPA Compliance spending was paid to the firm Crystal Clear Solutions, LLC for information technology and HIPPA compliance services. Crystal Clear Solutions, LLC is owned by the Executive Director's spouse.

  As stated in Section 2, DFC's contract requires written disclosure of any professional services/consultant relationship with any family member of a provider's officer. We reached out to DFC to see whether they had received written disclosure of this expenditure; DFC responded that no written disclosure has been provided from the agency.

New Health Service, Inc. (NHS)

NHS is a non-profit 501(c)(3) entity. NHS is an affiliate of the Milwaukee Center for Independence (MCFI). MCFI is listed as a Family Care service provider in DFC's 2014 Provider Directory. MCFI provides: adult day care, care management, daily living skills, daycare for people with disabilities, supported employment, financial management services, housing counseling, relocation services, supportive home care, occupational therapy, and physical therapy. Independent Care Inc. (iCare), another private Family Care CMO that operates in Milwaukee County, is also a joint venture between Humana Wisconsin Health Organization and MCFI.

Bad Debt

- NHS shows a net balance of $88,586 for bad debt expense in 2014. According to NHS' Controller, NHS accrues 1% of its billings as allowance for doubtful accounts/bad debt expense and an adjustment is made at the end of the year based on outstanding balances and collection history. During our review we noted several transaction postings and adjustments to bad debt, which according to the fiscal management, were made based on historical estimates utilized under its accounting methodology in this area.

Payroll Processing Fees

- MCFI, of which NHS is an affiliate, processes payroll for NHS workers. The formula used to determine payroll expenses for NHS is not the same as the formula used by MCFI for its other clients. MCFI bills other clients on a "per member per month" (PMPM) basis whereas NHS is billed on a timecard basis and by the number of paper checks issued. MCFI's Controller indicated that MCFI is moving toward billing NHS on a PMPM basis. According to the Controller, based on NHS's current payroll processing costs and the monthly average number of members, NHS' PMPM fee would be a slightly lower rate than that of MCFI's other clients.

General/Administrative

- According to NHS' Controller, throughout the year, General/Administrative (G/A) costs are allocated to programs based on a budgeted percent of labor content. At year-end, the program allocations are adjusted to match total G/A costs incurred in the period. MCFI adds up all the G/A cost for all of their departments (this becomes the G/A pooled costs) and then the portion that is determined to be NHS' is allocated to NHS. The Controller said they ensure each cost center program receives its appropriate

share of G/A determined from pooled costs. In 2014, NHS was assigned 3.4% of total G/A costs or $243,587.

- During audit fieldwork, we were unsuccessful in obtaining source documents showing the individual amounts that make up the MCFI pooled costs in order to confirm whether NHS double-counted any portion of "executive salary." Executive Salary was previously expensed elsewhere as a direct charge on the 2014 financial statement. We were also unable to determine whether any portion of MCFI top-level executives' compensation was allocated to NHS from the MCFI pooled G/A costs. Based on 2013 tax filings, MCFI's total compensation for the seven highest paid employees was $1,598,098. According to MCFI management, in 2014 approximately 50% of these individuals were included in G&A and the remainder were directly related to programming activities operated by MCFI outside of New Health Services. However, information received from MCFI shortly before issuance of this audit report suggests there hasn't been any double counting of executive salary and that executive compensation was allocated to NHS as part of G/A costs.

Non-Operating Activity

- We noted that $1,234,153 is shown as "Unrestricted Contribution – Affiliate" on the detailed financial statement provided by MCFI. According to MCFI financial management, this reflects the allocation of a surplus to New Health Services, Inc., following its restructuring. It was further explained that the contribution amount represents a surplus accumulated over a period in excess of 15 years.

Earlier concerns we had regarding opportunities for self-referral appear to have been resolved with added internal controls.

The Family Care program is predicated on member choice. In an earlier 2006 audit (and, again in a 2006 follow-up memo to that report), we examined DFC's oversight of its provider payments. We raised concerns with the potential for self-referral conflict of interest given that many of the organizations who served in care/case management roles in DFC's provider network also provided other services either directly or through an affiliate business.

DFC case management software has an internal control feature to prevent self-referral by case management agencies.

As laid out earlier in this section, both SHCES agencies we reviewed in this audit are affiliates of agencies that provide case management services to DFC members. We were initially concerned about the possibility that agencies in their case management roles could steer clients to their affiliate supportive home care agencies. However, the Director of the Department of Family Care informed us that the case management software used by DFC has a built in control to prevent self-referral. Essentially, any member in need of supportive home care, who is using case management services offered by either ANEW or MCFI will automatically be directed to the non-affiliated SHCES agency.

If no conflict exists (i.e. neither ANEW nor MCFI are providing case management services to the member), members are assigned to the respective SHCES agencies on an alternating basis so that referrals are fairly distributed. The case management software also tracks and implements this assignment process.

Section 3: Audited financial statements would provide more clarity and instill increased confidence in the reliability of data portraying how SHCES funding was spent.

In recent reviews of Medicaid programs, the United States General Accountability Office (GAO) has identified some recommendations to improve program integrity and accountability.

Since Medicaid programs, like Family Care, are Federal and State government partnerships, both levels of government share responsibility for ensuring programs are effective and sustainable.

GAO has looked at issues facing Medicaid programs, including program integrity.

As such, the United States Government Accountability Office (GAO) has looked at issues facing Medicaid programs, including program integrity. Among the issues GAO reviewed were:

- Identifying and preventing improper payments in fee-for-service and managed care;
- Setting appropriate rates for managed care organizations; and
- Ensuring only eligible individuals and providers participate in Medicaid.

As written in a report issued by GAO in 2015 (GAO-15-746T) which summarized their work on key Medicaid issues:

> *GAO has recommended steps to improve program integrity, such as by improving Medicaid managed care oversight. CMS [Centers for Medicare and Medicaid Services] has taken some steps, but the lack of a comprehensive program integrity strategy for managed care leaves a growing portion of Medicaid funds at risk. GAO believes that further actions, such as requiring states to conduct audits of payments to and by managed care organizations, are crucial.*

Family Care is a Medicaid managed care program.

In another report (GAO 14-341 *Medicaid Program Integrity*), GAO points out that states are generally responsible for day-to-day

program operations and are afforded wide latitude in how they structure and administer their programs. State and Federal officials GAO interviewed for their report shared that while they do closely examine Medicaid payments, overall program integrity efforts have been more focused on fee-for-service programs than Medicaid managed care.

As stated in that report,

> *MCOs have responsibility for identifying improper payments to providers within their plans; however, state officials suggested that MCOs might not have an incentive to identify and recover improper payments. Officials from two of the seven state PI [program integrity] units we spoke with told us they believed MCOs were not consistently reporting improper payments to the state to avoid appearing vulnerable to fraud and abuse. Further, officials from three PI units described a potential conflict of interest because when MCOs report improper payment recoveries, future capitation rates could be reduced because of any improper payments identified.*

An opportunity exists for DFC to strengthen its monitoring of providers' spending.

We present this information to provide some perspective regarding what is going on with Medicaid managed care programs nation-wide. Like some of the other Medicaid program MCOs under review by GAO, we believe that an opportunity exists for DFC to strengthen its monitoring of Family Care providers' spending.

Unaudited internal financial statements affect our ability to fully understand cost variances between DFC and its providers.

During our audit, we obtained 2014 unaudited income and expense statements from both SHCES providers. The statements provided, which were presented in the previous section (see Table 8), show combined revenues of $30,222,746, excluding "other income" amounts totaling $1,239,138. However, according to DFC (see Table 7), the two SHCES providers were paid $29,761,132 in 2014, collective accounting differences of $461,614 between the amounts reported by both providers and the amounts paid by DFC. It should be recognized the providers'

statements were not audited by independent certified public accountants and there is no assurance the figures are presented in accordance with Generally Accepted Accounting Principles. Consequently, we are unable to assess the extent the figures can be relied on.

According to the American Institute of Certified Public Accountants,

> *A financial statement audit provides management, including those charged with governance, and other financial statement users with an independent CPA's opinion about whether the financial statements present fairly the entity's financial positon, changes in net assets, and cash flows in conformity with generally accepted accounting principles (GAAP). In order for auditors to express their opinion, they must perform certain procedures in accordance with generally accepted auditing standards (GAAS). Among other requirements, GAAS requires auditors to plan and perform their audit to obtain reasonable assurance (which is a high, but not absolute, level of assurance) that the financial statements are free of material misstatement, whether caused by error or fraud. The auditor, therefore, provides a second set of eyes in the event that management has inadvertently (or intentionally) omitted or misstated important financial statement information. Additionally, the audit process tends to strengthen management's discipline towards improving internal control over financial reporting.*

To monitor whether or not the management fee being paid under the supportive home care employment services contracts is reasonable, and to be alerted to any instance in which there is a serious concern that a vendor may not be able to continue its operations, we recommend that MCDFC:

1. *Obtain audited financial statements from any SHCES vendors that receive over $1 million in payments for providing services to the program.*

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Exhibit 1

Audit Scope

Resolution File No. 14-278 requested the Milwaukee County Audit Services Division to perform an audit of supportive home care employment services organizations to determine how monies received by the organizations from Family Care are being used. The objectives of this audit were to review restrictions that exist in the Milwaukee County Department of Family Care Managed Care Organization (MCO) contracts with the two primary supportive home care employment services organizations and how funds are utilized by these organizations.

We conducted this performance 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.

We limited our review to the areas specified in this Scope Section. During the course of the audit, we:

- Reviewed County Board and Board committee minutes to identify issues, concerns, recommendations, and County Board Resolutions relating to the auditee or audit objectives.
- Reviewed Adopted Budget information relating to the auditee and related audit objectives for 2013, 2014 and 2015.
- Obtained and reviewed applicable reports, correspondence, etc., relating to the audit objectives.
- Reviewed applicable County Ordinances, State Statutes and Administrative Code, and Federal regulations and rules sections to ensure compliance with federal, state, and local laws.
- Reviewed applicable prior Milwaukee County audit reports, CAFR reports, and Single Audit management letters to identify issues germane to the auditee and audit objectives.
- Conducted Internet research to identify studies and audits, and other relevant information that provide useful background information concerning the auditee and its operations.
- Obtained organizational charts showing the auditees' operations.

- Performed risk assessment of potential areas that could be involved in potential fraud, waste and abuse that fall within the parameters of our audit scope and objectives.

- Consulted with fraud auditor to discuss possible approaches for determining the extent, if any, of potential fraud applicable to the scope of the audit.

- Obtained and reviewed current signed contracts with the two primary supportive home care employment services.

- Interviewed staff in the MCDFC and auditees to obtain an understanding of the process used to disburse funds and incur expenditures, for the two primary supportive home care employment services organizations.

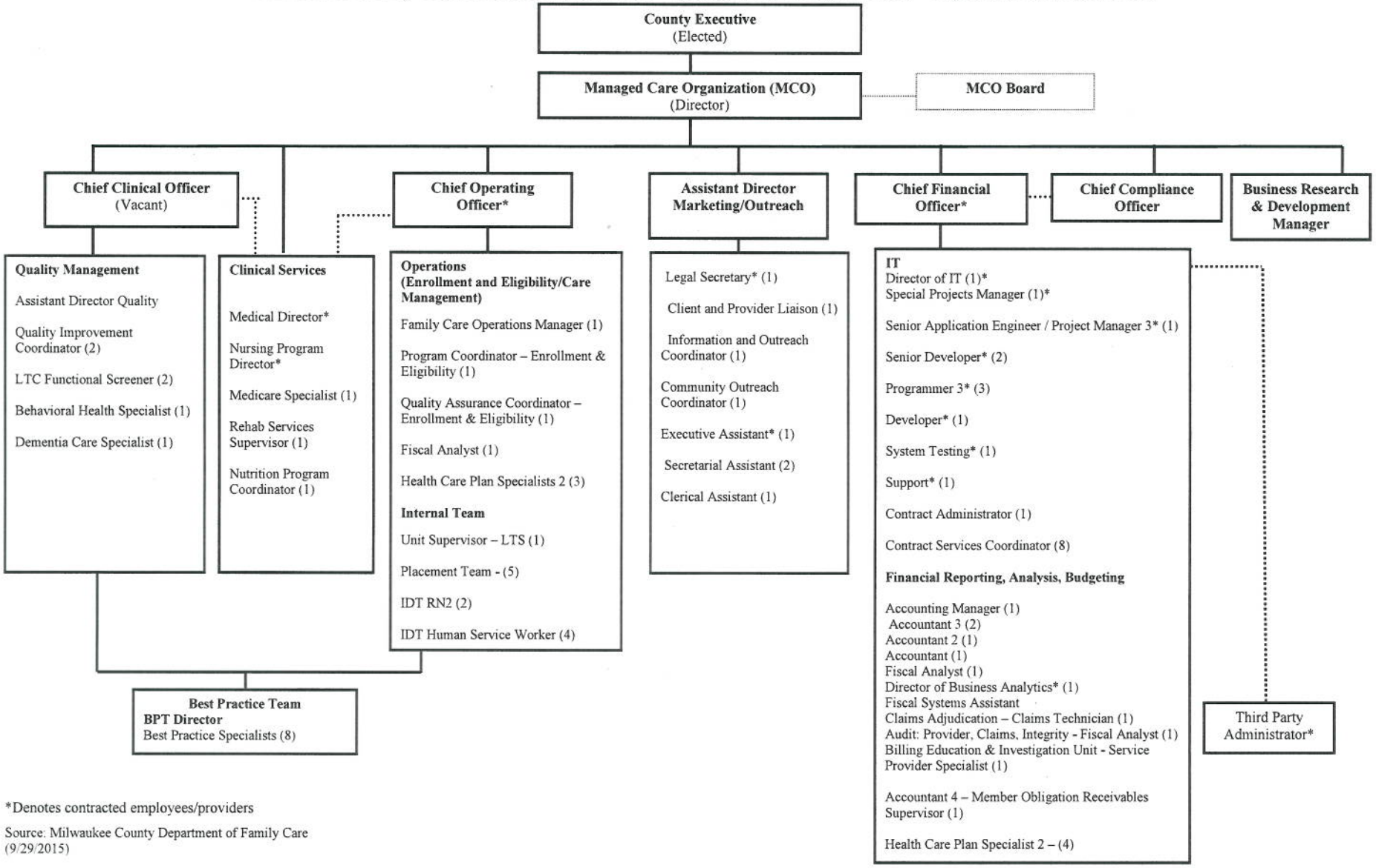
- Contacted State of Wisconsin officials responsible for administering the Family Care Program to obtain information related to contract issues, waivers, and allowable cost policies.

- Obtained and reviewed auditees' unaudited revenue and expense statements relating to funds obtained through the MCO contracts and selected sample transactions to verify expenditures are supported with source document.

- Obtained reconciliation worksheets of auditees' billings and payments from the Milwaukee County Department of Family Care for 2014 to determine whether or not payments to auditees are being reviewed and monitored.

Exhibit 2

Milwaukee County Department of Family Care - Managed Care Organization - Organizational Chart 2015



*Denotes contracted employees/providers

Source: Milwaukee County Department of Family Care (9/29/2015)

Exhibit 3

MyChoice Family Care

Committed to Your Independence

MARIA LEDGER, Director
Maria.Ledger@milwaukeecountywi.gov

Phone: (414) 287-7600
FAX: (414) 287-7704
TTY: (414) 287-7601
Toll Free: (877) 489-3814

January 19, 2016

Scott B. Manske, CPA
Milwaukee County Comptroller

Jerry Heer,
Director of Audits
Office of the Comptroller

Gentlemen:

My Choice Family Care (MCFC) appreciates the audit report provided by the Audit Services Division of the Office of the Comptroller.

As noted in the report, all MCOs in Wisconsin adhere to the State Department of Health Services contracts. As DHS does not require any MCO to obtain audited financial statements of their providers, other MCOs do not do so.

MCFC will fully investigate the following:

1. The projected expense to the contracted providers of requiring audited financials of Supportive Home Care Employment Services Providers (SHCES) who receive over $1million dollars in payments. Should we establish this requirement, the expense will be passed back to MCFC so it is critical that we have that information in hand before proceeding.
2. The personal/administrative expense to MCFC for reviewing and analyzing the submitted annual financials.
3. The effects this requirement will have on our provider network and our 2,800 members served by the SHCEs.

Concurrently, we will determine if there are any further measures which could be undertaken internally to monitor whether the management fee paid to the SHCES is reasonable and if there are any serious concerns that a vendor may not be able to continue its operations.

Jim Hodson and Maria Ledger will take the lead on this initiative. We anticipate our due diligence will be completed no later than third quarter. Thank you again for your efforts.

Sincerely,

Maria Ledger, Director
My Choice Family Care

Cc: Jim Hodson, CFO, My Choice Family Care

NHS
New Health Services

January 22, 2016

Milwaukee County Office of the Comptroller
Audit Services Division
633 W. Wisconsin Avenue, Suite 904
Milwaukee, WI 53203

Dear Mr. Heer,

We concur with the Milwaukee County Department of Audit's recommendation. The integrity in both management and service delivery is vital to the success of a community based home care program. New Health Services is audited each year by Grant Thornton LLP and has been audited each year since the program's genesis in 2009. New Health Services appreciates the opportunity to serve more than 1,400 frail elders in Milwaukee County through the Supportive Home Care and Employment Services Program. We are proud to be part of this innovative service delivery model, which is both a high quality and cost effective solution allowing frail elders to remain living independently with dignity in their own homes. We look forward to the continued opportunity to serve the residents of Milwaukee County in this vital program.

Regards,

Robert Wedel
Chief Financial Officer