



DEPARTMENT OF HEALTH AND HUMAN SERVICES

## OFFICE OF INSPECTOR GENERAL



OFFICE OF AUDIT SERVICES, REGION VI  
1100 COMMERCE STREET, ROOM 632  
DALLAS, TX 75242

June 13, 2012

Report Number: A-06-09-00107

Mr. Don Gregory  
Medicaid Director  
Louisiana Department of Health and Hospitals  
P.O. Box 91030  
Baton Rouge, LA 70821-9030

Dear Mr. Gregory:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Louisiana Medicaid Personal Care Services Provided by American Pride Caregivers, LLC*. We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at (214) 767-8414, or contact Paul Garcia, Audit Manager, at (512) 339-3071 or through email at [Paul.Garcia@oig.hhs.gov](mailto:Paul.Garcia@oig.hhs.gov). Please refer to report number A-06-09-00107 in all correspondence.

Sincerely,

/Patricia Wheeler/  
Regional Inspector General  
for Audit Services

Enclosure

**Direct Reply to HHS Action Official:**

Ms. Jackie Garner  
Consortium Administrator  
Consortium for Medicaid and Children's Health Operations  
Centers for Medicare & Medicaid Services  
233 North Michigan Avenue, Suite 600  
Chicago, IL 60601

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF LOUISIANA MEDICAID  
PERSONAL CARE SERVICES PROVIDED  
BY AMERICAN PRIDE CAREGIVERS,  
LLC**



Daniel R. Levinson  
Inspector General

June 2012  
A-06-09-00107

# ***Office of Inspector General***

<http://oig.hhs.gov>

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The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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## **EXECUTIVE SUMMARY**

### **BACKGROUND**

Pursuant to Title XIX of the Social Security Act, the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements. In Louisiana, the Department of Health and Hospitals, Bureau of Health Services Financing (the State agency), is responsible for administering the Medicaid program.

Pursuant to 42 CFR § 440.167, personal care services may be provided to individuals who are not inpatients at a hospital or residents of a nursing facility, an intermediate care facility for individuals with intellectual disabilities, or an institution for mental disease. The services must be (1) authorized by a physician or, at the State agency's option, otherwise authorized in accordance with a service plan approved by the State agency; (2) provided by an attendant who is qualified to provide such services and who is not a member of the individual's family; and (3) furnished in a home or, at the State agency's option, at another location. Examples of personal care services include, but are not limited to, cleaning, shopping, grooming, and bathing.

The State agency reported to CMS personal care services expenditures of approximately \$472 million (\$348 million Federal share) during the period October 1, 2006, through March 31, 2009. Of that amount, American Pride Caregivers, LLC (American Pride), a personal care services provider in Melville, Louisiana, received \$4,961,211 (\$3,646,917 Federal share).

### **Objective**

Our objective was to determine whether the State agency ensured that American Pride's claims for Federal reimbursement of Medicaid personal care services complied with Federal and State requirements.

### **SUMMARY OF FINDINGS**

The State agency did not always ensure that American Pride's claims for Federal Reimbursement of Medicaid personal care services complied with Federal and State requirements. Of the 100 sampled claims, 14 claims complied with requirements. However, the remaining 86 claims did not comply with requirements.

- Services included in 16 claims were provided by employees who did not meet the State agency's minimum training requirements as of the date the service was provided (15 claims) or did not meet the minimum education and experience requirements (1 claim). As a result, American Pride received an overpayment of \$2,324 (\$1,675 Federal share) for these claims.

- Services included in 70 claims were provided by employees who did not complete the training requirements in the time period required by the State agency's regulations. However, these employees obtained the required minimum hours of training before the dates of service. As such, we did not include these claims in our estimate of overpayments.

These deficiencies occurred because (1) American Pride did not follow all of the State agency's employee qualification requirements and (2) the State agency did not effectively monitor its personal care services providers for compliance with the State agency's requirements.

Based on our sample, we estimated that American Pride received at least \$119,318 (Federal share) of unallowable reimbursement for personal care services during the period October 1, 2006, through March 31, 2009.

## **RECOMMENDATIONS**

We recommend that the State agency:

- refund to the Federal Government the estimated \$119,318 Federal share paid to American Pride for unallowable personal care services,
- ensure that personal care services providers implement controls to ensure that their employees meet all of the State agency's applicable employee training requirements, and
- ensure that its personal care services providers understand employee training requirements and that it improves its monitoring of personal care services providers to identify issues of noncompliance with training requirements.

## **AMERICAN PRIDE COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

In its written comments on our draft report, American Pride did not comment on the validity of our findings, nor did it provide any additional information that would lead us to change our findings or recommendations. American Pride's comments are included in their entirety as Appendix D.

## **STATE AGENCY COMMENTS**

In its written comments on our draft report, the State agency concurred with our recommendations. The State agency said that it has implemented corrective actions, including a revision of its training requirements.

The State agency's comments are included in their entirety as Appendix E.

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# INTRODUCTION

## BACKGROUND

Pursuant to Title XIX of the Social Security Act (the Act), the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements. In Louisiana, the Department of Health and Hospitals, Bureau of Health Services Financing (the State agency), is responsible for administering the Medicaid program.

### Louisiana's Personal Care Services Program

Louisiana's personal care services program<sup>1</sup> provides limited assistance to recipients whose personal care needs would otherwise require that they be placed in a nursing facility rather than remain in their homes. Personal care services must be authorized in advance and provided in accordance with an approved plan of care and supporting documentation. The State agency contracts with a third-party assessor to perform an in-home assessment for each recipient to determine the types and amounts of care needed and develop a personal care services plan. Examples of personal care services include, but are not limited to, cleaning, shopping, grooming, and bathing.

### Federal and State Requirements

Pursuant to section 1905(a)(24) of the Act and implementing Federal regulations (42 CFR § 440.167), personal care services may be provided to individuals who are not inpatients at a hospital or residents of a nursing facility, an intermediate care facility for individuals with intellectual disabilities,<sup>2</sup> or an institution for mental disease. The services must be (1) authorized for an individual by a physician or, at the State agency's option, otherwise authorized in accordance with a service plan approved by the State agency; (2) provided by an attendant who is qualified to provide such services and who is not a member of the individual's family; and (3) furnished in a home or, at the State agency's option, at another location.

Louisiana Medical Assistance Program State Plan, Att. 4.19-B, item 26, Standards of Payment, states that providers shall comply with standards for participation established by the State agency.

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<sup>1</sup> The State Medicaid plan contains two personal care services programs: one for the early periodic screening, diagnosis, and treatment population, and one for long-term personal care services. Our report refers only to long-term personal care services.

<sup>2</sup> Changes in terminology are based on Rosa's Law (P.L. No. 111-256). For more information, see CMS Final Rule, 77 Fed. Reg. 29002, 29021, and 29028 (May 16, 2012).

Louisiana Administrative Code (LAC) Title 50, part XV,<sup>3</sup> sections 12909(A)(1)(b) and (B)(4), require personal care services providers participating in the Medicaid program to comply with Medicaid provider enrollment requirements. In addition, a Medicaid-enrolled agency must ensure that the direct care staff is qualified to provide personal care services and ensure that all employees satisfactorily complete an orientation and training program in the first 30 days of employment.

LAC Title 50, part XV, section 12911(F), requires that personal care services employees (1) receive a minimum of 8 hours of orientation within 1 week of employment, (2) receive training in cardiopulmonary resuscitation (CPR) and basic first aid within 1 week of employment, (3) receive a minimum of 16 hours of training within 30 days of employment, and (4) satisfactorily complete a minimum of 20 hours of annual training related to providing personal care services.

LAC Title 50, part XV, sections 12911(A) and (B)(2), require that personal care services agencies participating in the Medicaid program ensure that all staff providing direct care to recipients meet the qualifications for furnishing personal care services. All personal care services employees must have one of the following minimum education and experience qualifications: (1) a high school diploma or general equivalency diploma (GED); (2) a trade school diploma in the area of human services; or (3) documented, verifiable experience providing personal care services to the elderly and/or persons with disabilities.

## **Personal Care Services Expenditures**

Pursuant to section 1905(b) of the Act, the Federal Government pays its share of a State's medical assistance expenditures under Medicaid based on the Federal medical assistance percentage (FMAP), which varies depending on the State's relative per capita income. From October 1, 2006, to March 31, 2009, Louisiana's FMAP ranged from 69.69 percent to 80.01 percent. The State agency reported to CMS personal care services expenditures of about \$472 million (\$348 million Federal share) during the period October 1, 2006, through March 31, 2009. Of that amount, American Pride Caregivers, LLC (American Pride),<sup>4</sup> a personal care services provider in Melville, Louisiana, received \$4,961,211 (\$3,646,917 Federal share).

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

Our objective was to determine whether the State agency ensured that American Pride's claims for Federal reimbursement of Medicaid personal care services complied with Federal and State requirements.

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<sup>3</sup> The State agency established all of the LAC provisions cited in this report.

<sup>4</sup> During our audit work, Southern Home Care Service, Inc., an entity fully owned by Res-Care, Inc., purchased substantially all of American Pride's operating assets (including all rights to American Pride's company name), effective February 14, 2010. Southern Home Care Service, Inc., now operates as American Pride Caregivers of St. Landry Parish.

## Scope

This audit covered the \$4,961,211 the State agency paid to American Pride for 46,309 claim lines (hereafter referred to as “claims”) paid for the period October 1, 2006, through March 31, 2009. We limited our review of internal controls to the State agency’s oversight of personal care services providers and American Pride’s procedures for maintaining documentation related to employees and recipients.

We conducted our fieldwork at the State agency office and the third-party assessor’s office, both of which are in Baton Rouge, Louisiana, and at American Pride’s office in Melville, Louisiana.

## Methodology

To accomplish our objective, we:

- reviewed Federal and State requirements for the Medicaid personal care services program;
- interviewed State agency and third-party assessor officials to gain an understanding of the personal care services program;
- obtained from the Medicaid Management Information System fiscal agent claims data for personal care services that were paid from October 1, 2006, through March 31, 2009, and reconciled the totals to the amounts claimed during the same period on the Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program;
- selected American Pride to review based on payments for personal care services claims it received totaling \$4,961,211 for the audit period;
- selected a random sample of 100 American Pride claims (Appendix A);
- met with American Pride officials to gain an understanding of American Pride’s policies and procedures and of documentation in American Pride’s recipient and employee personnel files;
- identified the employee(s) included in each sampled claim and obtained documentation American Pride maintained in the identified employee(s) personnel files;
- evaluated the documentation obtained for each sample claim to determine whether it complied with Federal and State Medicaid requirements;
- discussed the results of our audit with officials from the State agency and American Pride; and
- estimated the unallowable Federal Medicaid reimbursement paid for the 46,309 claims (Appendix B).

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 objective.

## **FINDINGS AND RECOMMENDATIONS**

The State agency did not always ensure that American Pride's claims for Federal Reimbursement of Medicaid personal care services complied with Federal and State requirements. Of the 100 sampled claims, 14 claims complied with requirements. However, the remaining 86 claims did not comply with requirements.

- Services included in 16 claims were provided by employees who did not meet the State agency's minimum training requirements as of the date the service was provided (15 claims) or did not meet the minimum education and experience requirements (1 claim). As a result, American Pride received an overpayment of \$2,324 (\$1,675 Federal share) for these claims.
- Services included in 70 claims were provided by employees who did not complete the training requirements in the time period required by the State agency's regulations. However, these employees obtained the required minimum hours of training before the dates of service. As such, we did not include these claims in our estimate of overpayments.

See Appendix C for details on the deficiencies identified by sample claim.

These deficiencies occurred because (1) American Pride did not follow all of the State agency's employee qualification requirements and (2) the State agency did not effectively monitor its personal care services providers for compliance with the State agency's requirements.

Based on our sample, we estimated that American Pride received at least \$119,318 (Federal share) of unallowable reimbursement for personal care services during the period October 1, 2006, through March 31, 2009.

## **EMPLOYEE QUALIFICATION DEFICIENCIES**

### **State Requirements**

LAC Title 50, part XV, section 12909(B)(4), requires that a Medicaid-enrolled agency ensure that employees are qualified to provide personal care services and ensure that employees satisfactorily complete an orientation and training program in the first 30 days of employment.

LAC Title 50, part XV, sections 12911(F)(1),(3), and (4), require that personal care services employees complete a minimum of 8 hours of orientation within 1 week of employment, complete a minimum of 16 hours of training within 30 days of employment, and satisfactorily

complete a minimum of 20 hours of annual training related to providing personal care services. In addition, LAC Title 50, part XV, section 12911(F)(2), requires that new personal care services employees receive training in CPR and basic first aid within 1 week of employment.

LAC Title 50, part XV, sections 12911(A) and (B)(2), require that personal care services agencies participating in the Medicaid program ensure that all employees providing personal care services meet the appropriate qualifications. All personal care services workers must have one of the following minimum education and experience qualifications: (1) a high school diploma or GED; (2) a trade school diploma in the area of human services; or (3) documented, verifiable experience providing personal care services to the elderly and/or persons with disabilities.

### **Requirements Not Met by the Claimed Dates of Service**

Of the 86 claims that did not comply with requirements, 16 were provided by employees who did not meet the minimum training or education and experience requirements. Of these 16 claims, services included in 15 were provided by employees who did not obtain 16 hours of initial training or did not receive CPR and basic first aid by the claimed dates of service. Some claims had multiple deficiencies. Specifically, for these 15 claims, the employees did not obtain:

- the minimum number of initial training hours (10 claims),
- CPR certification (9 claims), and
- first aid certification (8 claims).

For 1 of the 16 claims, American Pride could not provide evidence that the employee had met the minimum education and experience qualifications.

### **Requirements Not Met in the Required Time Period**

Of the 86 claims that did not comply with requirements, services included in 70 claims were provided by employees who did not complete training within the time period required by the State agency. Some of these employee claims had multiple deficiencies. Specifically, the employees did not obtain:

- the minimum number of initial training hours within 30 days of employment (57 claims),
- CPR certification within 1 week of employment (50 claims),
- first aid certification within 1 week of employment (41 claims), and
- the minimum number of orientation hours within 1 week of employment (1 claim).

## **CAUSES OF DEFICIENCIES**

These deficiencies occurred because (1) American Pride did not follow all of the State agency's employee qualification requirements and (2) the State agency did not effectively monitor its personal care services providers for compliance with State agency requirements.

## **EFFECT OF DEFICIENCIES THAT RESULTED IN OVERPAYMENTS**

Based on our sample, we estimated that American Pride received at least \$119,318 (Federal share) of unallowable reimbursement for personal care services (Appendix B).

## **RECOMMENDATIONS**

We recommend that the State agency:

- refund to the Federal Government the estimated \$119,318 Federal share paid to American Pride for unallowable personal care services,
- ensure that personal care services providers implement controls to ensure that their employees meet all of the State agency's applicable employee training requirements, and
- ensure that its personal care services providers understand employee training requirements and that it improves its monitoring of personal care services providers to identify issues of noncompliance with training requirements.

## **AMERICAN PRIDE COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

In its written comments on our draft report, American Pride did not comment on the validity of our findings. Rather, American Pride stated that it did not understand the formula we used to determine the projected overpayment amount and believes that the removal of certain reported deficiencies could cause the overpayment amount to increase. American Pride added that this potential scenario discourages further reply and prohibits a proper defense to our findings. American Pride's comments are included in their entirety as Appendix D.

American Pride did not provide any additional information that would lead us to change our findings or recommendations.

## **STATE AGENCY COMMENTS**

In its written comments on our draft report, the State agency concurred with our recommendations. The State agency said that it has implemented corrective actions, including a revision of its training requirements.

The State agency's comments are included in their entirety as Appendix E.

## **OTHER MATTER**

We judgmentally selected 31 employees' timesheets and training records (separate from our statistical sample) to review for time conflicts. We found that 11 employees claimed on their timesheets that they were working with recipients while, according to their individual training records, they were completing the required training classes. The time conflicts ranged from one occurrence for one employee to seven occurrences for another employee. In addition, the overlap in time ranged from 30 minutes for one employee to 3 hours and 45 minutes for another employee.

## **APPENDIX A: SAMPLE DESIGN AND METHODOLOGY**

### **POPULATION**

The population consisted of Medicaid claim lines submitted by the Louisiana Department of Health and Hospitals for personal care services provided by American Pride Caregivers, LLC (American Pride), and paid during the period October 1, 2006, through March 31, 2009.

### **SAMPLING FRAME**

The sampling frame consisted of 46,309 personal care services claim lines totaling \$4,961,211 for the period October 1, 2006, through March 31, 2009.

### **SAMPLE UNIT**

The sample unit was a personal care services claim line for which the State reimbursed American Pride.

### **SAMPLE DESIGN**

We used a simple random sample.

### **SAMPLE SIZE**

We selected a sample of 100 claim lines.

### **SOURCE OF RANDOM NUMBERS**

We used Office of Inspector General, Office of Audit Services, statistical software to generate the random numbers.

### **METHOD OF SELECTING SAMPLE ITEMS**

We consecutively numbered the sample units in the sampling frame from 1 to 46,309. After generating 100 random numbers, we selected the corresponding frame items.

### **ESTIMATION METHODOLOGY**

We used Office of Inspector General, Office of Audit Services, statistical software to estimate the total value of overpayments.

**APPENDIX B: SAMPLE RESULTS AND ESTIMATES**

**Sample Results**

<b>Sampling Frame Size</b>	<b>Value of Frame (Federal Share)</b>	<b>Sample Size</b>	<b>Value of Sample (Federal Share)</b>	<b>No. of Sampled Claim Lines With Deficiencies</b>	<b>Value of Sampled Deficient Claim Lines (Federal Share)</b>
46,309	\$3,646,917	100	\$6,775	16	\$1,675

**Estimated Overpayments**  
*(Limits Calculated for a 90-Percent Confidence Interval)*  
**(Federal Share)**

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Point estimate	\$775,606
Lower limit	\$119,318
Upper limit	\$1,431,895

### APPENDIX C: REASONS FOR DEFICIENT CLAIM LINES

Requirements Not Met by the Claimed Dates of Service	
<b>1</b>	Minimum number of initial training hours (16 hours)
<b>2</b>	Cardiopulmonary Resuscitation (CPR) certification
<b>3</b>	First aid certification
<b>4</b>	Minimum education and experience qualifications
Requirements Not Met in the Required Time Period	
<b>5</b>	Orientation hours (8 hours)
<b>6</b>	Initial training hours (16 hours)
<b>7</b>	CPR certification
<b>8</b>	First aid certification

No.	1	2	3	4	5	6	7	8	No. of Deficiencies	Sample Item No. <sup>1</sup>
1						X			1	1
2						X			1	3
3		X	X						2	4
4						X	X		2	5
5						X	X	X	3	7
6							X	X	2	8
7						X			1	10
8						X	X	X	3	11
9						X			1	12
10						X	X	X	3	14
11							X	X	2	15
12						X			1	17
13							X	X	2	19
14						X	X		2	20
15		X							1	21
16	X								1	22
17						X			1	23
18						X	X	X	3	24
19						X	X	X	3	25
20						X	X		2	26
21						X			1	27
22						X	X		2	29
23	X								1	30

<sup>1</sup> We include the "Sample Item No." column as a cross-reference to the specific sample item.

<b>No.</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>No. of Deficiencies</b>	<b>Sample Item No.<sup>1</sup></b>
24						X			1	31
25						X	X	X	3	32
26	X								1	34
27		X	X						2	35
28						X	X	X	3	36
29						X	X	X	3	37
30						X	X	X	3	38
31						X	X	X	3	39
32							X	X	2	40
33				X					1	41
34							X	X	2	42
35							X	X	2	43
36						X	X		2	46
37						X	X	X	3	47
38							X	X	2	49
39	X								1	50
40					X	X	X	X	4	51
41		X	X						2	52
42						X	X	X	3	53
43						X	X	X	3	54
44						X			1	56
45							X	X	2	57
46						X	X	X	3	58
47						X	X	X	3	59
48						X	X	X	3	60
49						X	X	X	3	61
50						X	X		2	62
51						X	X	X	3	63
52						X			1	64
53						X			1	65
54							X	X	2	66
55						X	X		2	67
56						X	X	X	3	68
57						X			1	69
58	X	X	X						3	70
59						X			1	71
60						X	X	X	3	72
61							X	X	2	73
62						X	X	X	3	74
63	X								1	75
64						X			1	76
65							X		1	77

<b>No.</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>No. of Deficiencies</b>	<b>Sample Item No.<sup>1</sup></b>
66						X	X		2	78
67						X			1	79
68						X	X	X	3	80
69	X	X	X						3	81
70							X	X	2	82
71						X			1	83
72	X	X	X						3	84
73						X	X	X	3	85
74						X	X	X	3	86
75						X			1	87
76		X	X						2	88
77						X		X	2	89
78	X								1	90
79							X	X	2	91
80						X			1	92
81	X	X	X						3	93
82						X	X	X	3	94
83						X			1	95
84						X	X	X	3	96
85						X	X	X	3	99
86						X	X		2	100
<b>Total</b>	<b>10</b>	<b>9</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>57</b>	<b>50</b>	<b>41</b>	<b>177</b>	

**APPENDIX D: AMERICAN PRIDE COMMENTS**

American Pride Caregivers, LLC  
P. O. Box 481  
Melville, LA 71353

January 5, 2012

Report Number: A-06-09-00107

Department of Health & Human Services  
Office of Inspector General  
Office of Audit 100 Commerce Street  
Dallas, TX 75242

ATTENTION: Patricia Wheeler  
Paul Garcia

Gentlemen:

SUBJECT: Report Number: A-06-09-00107

I have briefly reviewed the above report concerning the audit on American Pride Caregivers, LLC beginning in August 2009. Two years and four months have lapsed since the audit began. American Pride Caregivers, LLC has cooperated willingly and promptly on all requests for documentation of records and information concerning the programs and claims being audited. Requests continued until a few months ago.

American Pride Caregivers, LLC was sold May 7, 2010 to Rescare, dba American Pride Caregivers of St. Landry Parish. Your agency was informed of the probable sale at the time the audit began. Assets were sold to Rescare; however, in the sale contract, which was approved by Licensing, no liabilities are the responsibility of Rescare or any of its subsidiaries.

American Pride Caregivers, LLC was formed and licensed as a Limited Liability Corporation.

In American Pride's conversations and in a meeting in New Orleans on February 11, 2011 with audit personnel, there appear to be several procedures in auditing that I have difficulty understanding; mainly the formula that is used to determine the suggested refund that has not been provided. It is my understanding that eliminating some of the deficiencies may cause the refund amount to go higher than the \$119,318 and that this cannot be determined until all figures are plugged into the formula you use. This scenario discourages further reply and prohibits a proper defense to matters that remain questionable.

Because of these misunderstandings in the audit, I feel that I should allow you to send this on to Louisiana State Department of Health Services Financing to review. By choosing this route, I am not admitting that the audit findings in the letter of December 8, 2011 are correct or incorrect; merely that I do not understand it well enough to answer.

I also reserve the right to answer items in this audit to your agency and/or to the State of Louisiana in the future if either determine refund of monies is due from American Pride Caregivers, LLC (no longer licensed or in business to provide services under personal care or waiver programs) or myself personally.

In my opinion this audit has taken an extremely long time. I am 67 years old and my health is not good. I have been researching records since August 2009. I would appreciate it if this could be finalized as soon as possible.

Respectfully,

Peggy Lorio

## APPENDIX E: STATE AGENCY COMMENTS

**Bobby Jindal**  
GOVERNOR



**Bruce D. Greenstein**  
SECRETARY

**State of Louisiana**  
Department of Health and Hospitals  
Bureau of Health Services Financing

April 20, 2012

Ms. Patricia Wheeler  
Regional Inspector General  
Department of Health & Human Services  
Office of Inspector General  
Office of Audit Services, Region VI  
1100 Commerce Street, Room 632  
Dallas, TX 75242

Audit: **A-06-09-00107**

Dear Ms. Wheeler:

In response to the draft audit report entitled "Review of Louisiana Medicaid Personal Care Services Provided by American Pride Caregivers, LLC", the Louisiana Department of Health and Hospitals (DHH) has reviewed the report and we concur with your offices recommendations.

As a result of your review, we have implemented the following corrective actions:

- DHH implemented a new licensing rule for all Home and Community based providers in July 2011, which consolidated all of the training requirements. Now, all of the home and community based services have the same training requirements. DHH repealed the Direct Service Worker Registry Rule and the Waiver Standards of Participation Rule to avoid conflict and provider confusion with the training requirements.
- DHH's current rules do not allow an employee to claim time worked with a recipient while they attend training. American Pride is closed, so we cannot educate them on this area, but we will educate all of our current providers on this topic.
- DHH also contracted with a CPA Firm to conduct audits on Long Term Personal Care Service Providers (LT-PCS), Elderly and Disabled Adult (EDA) Waiver Providers, and New Opportunity (NOW) Waiver Providers. The auditors found issues with compliance with DHH's old training requirements as well and this brought the issue to the for-front of providers' attention.

In relation to this audit, we would like to thank your staff for their courtesy and we look forward to working with your office in the future.

If you have any questions or need any additional information about this matter, please contact Kim Sullivan, Director Program Integrity at 225-219-4150 or by e-mail at [kimberly.sullivan@la.gov](mailto:kimberly.sullivan@la.gov).

Sincerely,

A handwritten signature in purple ink, appearing to read "Don Gregory".

Don Gregory  
Medicaid Director

c: Jerry Phillips, Undersecretary