

PERFORMANCE AUDIT REPORT

Jewish Home of Eastern Pennsylvania

Costs reimbursed by the
Pennsylvania Department of Human
Services

October 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General

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Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

EUGENE A. DePASQUALE
AUDITOR GENERAL

October 1, 2020

Ms. Mary Rose Applegate
Chief Operating Officer
Jewish Home of Eastern Pennsylvania
1101 Vine Street
Scranton, PA 18510

Dear Ms. Applegate:

This report contains the results of the Department of the Auditor General's performance audit of the Jewish Home of Eastern Pennsylvania (JHEP) with regard to costs that were reimbursed by the Pennsylvania Department of Human Services (DHS). This audit was conducted under the authority of Sections 402 and 403 of The Fiscal Code (Code), 72 P.S. §§ 402 and 403, and in accordance with the 2019-2020 Budget Implementation provision of Article XVII-J, Subarticle B, Section 1715-J of the Code, 72 P.S. § 1715-J. The audit was not conducted, nor required to be conducted, in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

The performance audit covered the period July 1, 2017 through June 30, 2018, with updates through the report date. Our audit objective was to determine whether services for which the costs were reimbursed by DHS were rendered. We planned and performed audit procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that the evidence obtained provides a reasonable basis to support our results and conclusion.

We selected and reviewed 60 claims that were reimbursed by DHS and found that documentation maintained by JHEP supported that services were rendered in accordance with applicable laws, associated regulations, and policies without exception. Accordingly, we issued no findings or recommendations and management indicated agreement with our audit results.

Ms. Mary Rose Applegate

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In closing, I want to thank JHEP for its cooperation and assistance during this audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale
Auditor General

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Background

The Jewish Home of Eastern Pennsylvania (JHEP) is a non-profit organization located in Scranton, Pennsylvania. Originally incorporated in 1916 as the Jewish Home of the Friendless, its charter lists the thirty-four women whose determination to provide residence for orphaned children under age six, the elderly, and the frail, spawned five branches in other northeastern PA towns by 1921. In April of that year, its fundraising efforts enabled the purchase of its first property, housing four adults and seven children. Over the next 23 years, the organization cared for 124 children, requiring a move to a larger building. However, amid the rise of better alternatives for the care of orphaned children, its orphanage program ended. Elderly care continues and in 1956 the organization changed its name to Jewish Home for the Aged. Eight years later, the organization opened its current facility and adopted its current name. The original four-story building was expanded to six stories in 1976.¹

JHEP supports more than 150 residents.² It currently provides an array of services to its residents such as: Alzheimer's and dementia care for those residents with both short and long-term memory impairments, rehabilitative services with a therapy department, staffed with licensed physical, occupational, and speech therapists, and social services offered by professionals to provide guidance for residents who need them.³ Additionally, JHEP provides long-term skilled nursing care services to its residents.

JHEP is governed by a 15-member board of directors and led by a 5-member administrative body of executive officers. The JHEP's administrative body is headed by a chief executive officer who is responsible for the day-to-day management of the facility. The board is responsible for JHEP's business policy and has adopted the following mission for the facility:

The mission of the Jewish Home is to provide high quality care, dignified and compassionate services to all residents in need of long-term care, as well as to older adults through a broad range of housing and support services that reflect the spiritual, social, and cultural values of their tradition.⁴

JHEP welcomes residents of all faiths, and stresses that, "We want everyone - residents, loved ones - to feel like a part of our family. Come see why 'home' is right there in our name."⁵

¹ https://www.lackawannapagenweb.com/PW_Costello/TIMELINE-TheJewisHomeRevisedAug2015.pdf (accessed August 15, 2020).

² This information was derived from documents provided by the Jewish Home of Eastern Pennsylvania, namely the daily census reports.

³ <https://jhep.org/services-page/alzheimers-care/>; <https://jhep.org/services-page/rehabilitative-care/>; <https://jhep.org/about/social-services/> (accessed May 20, 2020).

⁴ <https://jhep.org/about/our-mission/> (accessed May 18, 2020).

⁵ <https://jhep.org/about/> (accessed May 18, 2020).

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As explained in the *Audit Procedures and Results* section of this report, our audit focused on Medical Assistance (MA) reimbursements for long-term care (LTC) services provided at the JHEP facility.

Long-Term Care Services

JHEP provides LTC services for residents of its skilled-nursing facility unit who need on-going care and assistance with daily living and activities. JHEP's staff include 135 Registered Nurses (RN), Licensed Practical Nurses (LPN), and state-certified nursing assistants with RNs and LPNs, on duty 24 hours a day providing LTC services.⁶ In addition to the services described above, JHEP is a 173-bed facility with staff who create individualized care plans for its residents and provide: daily social activities, a seasonal menu of homemade meals, rooms with individual heating and air conditioning controls, access to a 24-hour call button, daily linen and laundry services, on-site dental and podiatric care, a grooming facility, internet access, and on-campus transportation to medical appointments and meetings.⁷

MA is a source for people who need assistance to pay for LTC at a nursing facility. A person must be financially and medically eligible to qualify for MA. Financial eligibility is determined by the Pennsylvania Department of Human Services' (DHS) County Assistance Offices (CAO). A county's Area Agency on Aging's (AAA) determines medical eligibility through its review of a medical evaluation completed by the individual's doctor. The AAA reports its results and decision to the CAO. Upon meeting both criteria for MA eligibility, DHS will pay JHEP an established per diem reimbursement rate for LTC nursing facility services, referred to as "room and board", and exceptional durable medical equipment, as defined by DHS, for those who have a medically-determined need.⁸

The MA LTC reimbursement rate includes the cost of routine services including, but not limited to, the following:

- Regular room, dietary services, social services.
- General LTC services to meet daily living and health needs.
- Hair care services.
- Laundry services.
- Non-emergency medical transportation services.

⁶ <https://jhep.org/services-page/medical-care/> (accessed May 20, 2020).

⁷ Jewish Home of Eastern Pennsylvania *Daily Census Reports*; <https://jhep.org/services-page> (accessed May 20, 2020).

⁸ See 55 Pa. Code § 1187.2. This section of the Pennsylvania Code pertaining to DHS' regulations generally defines "DME--Durable medical equipment" as follows, in part: "(i) Movable property that: (A) Can withstand repeated use. (B) Is primarily and customarily used to serve a medical purpose. (C) Generally is not useful to an individual in the absence of illness or injury. (ii) Any item of DME is an item of movable property...."

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- Location and accessibility assistance for medical services which the facility does not provide, such as dental care. Personal care items including a patient gown, shampoo, skin lotion, comb, brush, toothpaste, and toothbrush.⁹

MA coverage of nursing facility services is available only when provided at a nursing home licensed and certified by DHS as an MA-registered Nursing Facility. A participating facility must provide, or arrange for, nursing or related services and specialized rehabilitative services to attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident.¹⁰

Funding

JHEP receives a portion of its MA LTC services funding through both the federal U.S. Department of Health and Human Services and DHS' Office of Long-Term Living. JHEP submits claims to DHS on a fee-for-service basis through DHS' PROMIS^e™ system in accordance with federal and state regulations.¹¹ During the fiscal year ended June 30, 2018, DHS approved JHEP MA claims totaling nearly \$5.8 million for reimbursement of LTC nursing facility services provided to MA-enrolled residents at its facility.¹²

⁹ *Long-Term Care Handbook*, Chapter 438.3 Services included in the LTC Facility Medical Assistance (MA) Rate at www.services.dpw.state.pa.us (accessed July 31, 2019).

¹⁰ <https://www.medicaid.gov/medicaid/long-term-services-supports/institutional-long-term-care/nursing-facilities/index.html> (accessed May 26, 2020).

¹¹ PROMIS^e™ is the Provider Reimbursement and Operations Management Information System in an electronic format. It is DHS' claims processing and management information system that incorporates the claims processing and information activities of the following DHS program areas: Office of Medical Assistance Programs; Office of Developmental Programs; Office of Mental Health and Substance Abuse Services; Office of Long-Term-Living; Special Pharmaceutical Benefits Program; and Healthy Beginnings Plus.

¹² The DHS data file listed 1,741 MA claims and totaled \$5,779,761, for nursing facility services only, no claims for exceptional durable medical equipment were included. This amount agreed with the DHS listing of active MA Providers used to select JHEP for this audit.

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Audit Procedures and Results – Determine whether services for which the costs were reimbursed by the Department of Human Services were rendered.

Jewish Home of Eastern Pennsylvania (JHEP) is a registered Medical Assistance (MA) services provider with the Pennsylvania Department of Human Services (DHS). In order to perform our testing, we obtained a file from DHS' Office of Long-Term Living listing the individual reimbursement claims approved for JHEP during the fiscal year ended June 30, 2018.¹³ This file consisted of 1,741 claims in which JHEP received nearly \$5.8 million of MA reimbursements for Long-Term Care (LTC) Nursing Facility services.¹⁴ JHEP receives reimbursements on a fee-for-service basis.

Jewish Home of Eastern Pennsylvania LTC Services MA Reimbursements	
(For the Fiscal Year Ended June 30, 2018)	
Service	Amount
JHEP - Nursing Facility Services	\$5,779,760

Source: Produced by Department of the Auditor General staff from information provided by the Department of Human Services.

To achieve the audit objective, we developed procedures based on our review of applicable laws and regulations, DHS and JHEP policies, inquiries of management, and evaluations of management controls. We randomly selected and tested 60 individual JHEP claims that DHS approved for reimbursements totaling \$212,145.

As part of our procedures, we:

- Verified that the data from the DHS file associated with each MA claim agreed to the claim information in PROMIS^e™ and traced it to source documents.¹⁵

¹³ To satisfy our audit requirements pursuant to the 2019-2020 Budget Implementation provision of the state Fiscal Code, 72 P.S. § 1715-J, we selected the Long-Term Care services provided for MA-enrolled residents of JHEP and other MA providers from the DHS listing of active Medical Assistance providers. JHEP received \$5,779,760 during the fiscal year ended June 30, 2018.

¹⁴ Nursing facility services covers MA-enrolled residents' room and board.

¹⁵ PROMIS^e™ is the Provider Reimbursement and Operations Management Information System in an electronic format. It is DHS' claims processing and management information system that incorporates the claims processing and information activities of the following DHS program areas: Office of Medical Assistance Programs; Office of Developmental Programs; Office of Mental Health and Substance Abuse Services; Office of Long-Term-Living; Special Pharmaceutical Benefits Program; and Healthy Beginnings Plus.

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- Reviewed the documents JHEP maintained to support each claim in order to verify the service was provided and properly authorized as required by DHS policy.¹⁶
- Viewed JHEP Resident Agreements to ensure the MA-enrolled individuals' residencies were valid and resident census reports to confirm the number of days JHEP submitted for reimbursement.
- Obtained DHS PA-162 Forms that confirmed the individuals' MA eligibility.
- Verified the accuracy of the claim amounts in terms of the DHS reimbursement rate and number of days included during the service period.

In conclusion, based on the results of our audit procedures above, we ***determined that each of the 60 MA claims JHEP submitted and DHS approved during the audit period were supported by sufficient documentation*** to indicate that services were rendered.

¹⁶ 55 Pa. Code § 1181.82.

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Appendix A

Objective, Scope, and Methodology

The Department of the Auditor General conducted this performance audit of the Jewish Home of Eastern Pennsylvania (JHEP) under the authority of Sections 402 and 403 of The Fiscal Code (Code), and in accordance with the 2019-2020 Budget Implementation provision of Article XVII-J, Subarticle B, Section 1715-J of the Code.¹⁷ This audit was limited to the objective identified below and was not conducted, nor required to be conducted, in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We planned and performed this audit to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that the evidence obtained provides a reasonable basis to support our results and conclusion.

Objective

Our audit objective was to determine whether services for which the costs were reimbursed by the Pennsylvania Department of Human Services (DHS) were rendered.

Scope

The audit objective covered the period July 1, 2017 through June 30, 2018, with updates through the report date.

Methodology

Claims selected for testing within this audit were based on random selection procedures and auditor's professional judgment. The results of our testing, therefore, cannot be projected to, and are not representative of, the corresponding population.

To address the audit objective, we performed the following procedures:

- Obtained a data file from the Department of the Auditor General's Bureau of Information Technology Audits (BITA) summarizing Medical Assistance (MA) claims that received DHS approval by MA provider and federal account code for the period July 1, 2017, through June 30, 2018. This data file was created by BITA utilizing monthly data files obtained from DHS and evaluated as part of the Commonwealth's annual Single Audit performed by the Department of the Auditor General. See further details in the *Data Reliability* section below. We utilized this file to judgmentally select MA providers to

¹⁷ 72 P.S. §§ 402, 403, and 1715-J.

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audit, including JHEP, pursuant to Article XVII-J, Subarticle B, Section 1715-J of the Code to ensure coverage of MA programs and geographic location throughout the Commonwealth.

- Reviewed the following laws, regulations, policies, and procedures applicable to JHEP as a provider of Long-Term Care (LTC) Nursing Facility services for MA-enrolled individuals to determine statutory, regulatory, and policy requirements related to our audit objective:
 - *Grants to States for Medical Assistance Programs*, Title XIX of the Social Security Act of 1935, as amended (42 U.S.C. § 1396 *et seq.*).¹⁸
 - *Public Assistance Manual*, Part II, Title 55 of the Pennsylvania Code (55 Pa. Code § 100 *et seq.*).¹⁹
 - *Medical Assistance Manual*, Part III, Title 55 of the Pennsylvania Code (55 Pa. Code § 1101 *et seq.*).²⁰
 - *JHEP Processing Medicaid Invoices* policy and procedure, June 2008.
- Interviewed JHEP’s management to gain an understanding of the organization’s LTC nursing facility operations associated with our population of claims that DHS approved for reimbursement to JHEP during the audit period.
- Obtained JHEP’s written procedures that its nursing facility follows to document the LTC services provided, in order to develop audit procedures that test management controls designed to ensure the accuracy of the service descriptions that support JHEP’s MA reimbursement claims submitted to DHS and compliance with applicable laws and regulations.
- Met with DHS staff from the Office of Long-Term Living (OLTL) to gain an understanding of the LTC Nursing Facilities Services program and the services eligible for reimbursement. We also discussed how claims are submitted for services provided for MA-enrolled individuals using the PROMISE™ system, which verifies the individuals’ MA eligibility before a claim is approved for reimbursement.

¹⁸ https://www.ssa.gov/OP_Home/ssact/title19/1900.htm (accessed May 29, 2020).

¹⁹ <http://www.pacodeandbulletin.gov/Display/pacode?file=/secure/pacode/data/055/partIIIitoc.html&d=> (accessed May 29, 2020).

²⁰ <http://www.pacodeandbulletin.gov/Display/pacode?file=/secure/pacode/data/055/chapter5221/s5221.1.html&d=reduce> (accessed May 29, 2020).

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- Obtained a data file from DHS OLTL containing all JHEP MA claims that DHS approved for reimbursement during the period July 1, 2017 through June 30, 2018, which included 1,741 claims totaling \$5,779,760.
- Randomly selected 60 nursing facility LTC service claims from the DHS OLTL data file and ensured no duplicate individuals were represented. Any duplicates found were replaced using alternates in order to maximize the number of individuals covered by our review. We also replaced selected claims that had a zero, or a negative amount in the paid amount data field, which indicates the claim was adjusted and is not the final claim paid.
- Developed and performed the following procedures to test the selected claims for compliance with laws and policies and to ensure management controls were operating effectively based on our understanding of JHEP’s procedures and review of example documentation:
 - Confirmed the MA-enrolled resident had DHS approval to receive MA for LTC services during the service period associated with each selected claim.
 - Reviewed the JHEP resident’s admissions agreement for each selected claim to ensure the MA recipient had consented to JHEP providing their LTC needs.
 - Reviewed JHEP’s census reports covering the service period for each selected claim to verify the daily presence of the residents.
 - Confirmed the number of service days DHS approved for reimbursement for each selected claim by agreeing it to the census reports.
 - Recalculated the claim amounts by multiplying the number of service days by the applicable DHS-established reimbursement rate.²¹
 - Verified the data associated with each MA claim selected for testing from the DHS OLTL file agreed with the claim’s source documents in accordance with DHS OLTL policy.

Data Reliability

We performed an assessment of the sufficiency and appropriateness of computer-processed information that we used to support our results and conclusion. The assessment includes considerations regarding the completeness and accuracy of the data for the intended purposes.

²¹ DHS OLTL letters, *NF Quarterly Rate Calculation*, dated December 29, 2017 and March 8, 2018.

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- To assess the completeness and accuracy of the data file of DHS-approved MA claims summarized by MA provider and federal account code for the period July 1, 2017 through June 30, 2018, BITA reconciled the data file to DHS data provided and evaluated as part of the Commonwealth's Single Audit for the fiscal year ended June 30, 2018 conducted by the Department of the Auditor General jointly with a certified public accounting firm.²² Based on the procedures performed, we concluded the data to be sufficiently reliable for the purposes of selecting MA providers to audit, including JHEP.
- To assess the completeness and accuracy of the data file received from DHS OLTL containing individual JHEP claims approved by DHS during the period July 1, 2017 through June 30, 2018, we reconciled the total of this file to the data file created by BITA utilizing monthly files of DHS-approved claims obtained from DHS and evaluated as part of the Commonwealth's Single Audit (described in the bullet above). Additionally, we randomly selected 60 claims from the DHS OLTL data file and agreed the data to source documents maintained by JHEP as described in the *Methodology* section above. We therefore concluded the DHS OLTL data file was sufficiently reliable for the purposes of this engagement.

²² <https://www.budget.pa.gov/PublicationsAndReports/Documents/SingleAuditReports/june-30-2018-single-audit-report.pdf> (accessed May 29, 2020).

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Appendix B

Distribution List

This report was distributed to the following Commonwealth officials:

The Honorable Tom Wolf
Governor

Ms. Mary Rose Applegate
Chief Operating Officer
Jewish Home of Eastern Pennsylvania

Mr. Dan Drahus
Accountant
Jewish Home of Eastern Pennsylvania

Mr. Joseph Rossi
Accountant
Robert Rossi & Co.

The Honorable Teresa D. Miller
Secretary
Department of Human Services

Ms. Tina Long
Director, Bureau of Financial Operations
Department of Human Services

Mr. Alexander Matolyak, CPA
Director, Division of Audit and Review
Department of Human Services

The Honorable Tom Murt
Majority Chair
House Human Services Committee

The Honorable Angel Cruz
Democratic Chair
House Human Services Committee

The Honorable Michelle Brooks
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Senate Health and Human Services
Committee

The Honorable Arthur Haywood
Democratic Chair
Senate Health and Human Services
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The Honorable Pat Browne
Majority Chair
Senate Appropriations Committee

The Honorable Jen Swails
Secretary of the Budget
Office of the Budget

The Honorable Joseph M. Torsella
State Treasurer
Pennsylvania Treasury Department

The Honorable Josh Shapiro
Attorney General
Office of the Attorney General

The Honorable Michael Newsome
Secretary of Administration
Office of Administration

Mr. William Canfield
Director
Bureau of Audits
Office of Comptroller Operations

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Ms. Mary Spila

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