



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
**BUREAU OF FINANCIAL OPERATIONS**  
3<sup>rd</sup> Floor Bertolino Building  
Harrisburg, Pennsylvania 17105-2675

**FEB 12 2007**

JOHN H. BUNGO, CGFM, CFS  
DIRECTOR

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Mr. Daniel Eisenhauer, MH/MR Administrator  
Dauphin County Mental Health/Mental Retardation  
100 Chestnut Street  
Harrisburg, Pennsylvania 17101

Dear Mr. Eisenhauer:

Enclosed is the final report of the Dauphin County Medical Assistance Transportation Program recently completed by the Division of Audit and Review (DAR). Your response has been incorporated into the final report and labeled Appendix B.

The final report will be forwarded to the Office of Medical Assistance Programs to begin the Department's resolution process concerning the report contents. The staff from that office may be in contact with you to follow up on corrective actions actually taken to comply with the report's recommendations.

I would like to express my appreciation for the courtesy and cooperation extended to the DAR staff during the course of the fieldwork.

If you have any questions concerning this matter, please contact Richard J. Polek of the Audit Resolution Section at (717) 787-8890.

Sincerely,

John H. Bungo, CGFM, CFS

Enclosure

cc: Mr. Bechtel  
Ms. Gotwalt  
Mr. Hill  
Mr. Williams  
Ms. Lockette

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DPW's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65 P.S. §§ 67.101 et seq.). The DPW RTKL Office can be contacted by email at: [ra-dpwtkl@pa.gov](mailto:ra-dpwtkl@pa.gov).



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JOHN H. BUNGO, CGFM, CFS  
DIRECTOR

Mr. Michael P. Nardone  
Acting Deputy Secretary  
Office of Medical Assistance Programs  
515 Health and Welfare Building  
Harrisburg, Pennsylvania 17105

Dear Mr. Nardone:

In response to a request from your office, the Bureau of Financial Operations (BFO) has completed a performance audit of the Dauphin County (County) Medical Assistance Transportation Program (MATP). The mission of the BFO, accomplished through its audit and review activities, is to assist the Department of Public Welfare's (DPW) management to administer human service programs of the highest quality at the lowest cost with integrity.

The issues described in this audit report emphasize areas of program operations requiring improvement. This emphasis does not equally recognize all aspects of program activities, but concentrates on problems, deficiencies and opportunities for constructive improvement.

### **Results in Brief**

The following issues are addressed in our report:

- Program management can be improved through better planning, contracting and monitoring. Program goals, strategies and policies should be defined. Contract language does not thoroughly define vendor requirements and monitoring does not ensure vendor compliance with County and program regulations.
- County contract management did not ensure cost effective MATP service delivery. Enhancements should be made to the County MATP contracts so that they clearly define vendor expectations and facilitate effective

**Results in Brief (Continued)**

monitoring. Because County contract monitoring did not ensure that the subcontractors delivered MATP premium trips through the most appropriate transportation mode or rate the eligibility of \$85,929 of premium trips is questioned. Additionally, trips for Mental Health/Mental Retardation (MH/MR) clients were subcontracted, and then reimbursed with MATP funding resulting in questioned program costs of \$406,928.

- County monitoring did not ensure MATP subcontractors maintained appropriate records of program expenditures or trip delivery. A BFO reconciliation revealed that unsupported costs totaling \$6,452 were reimbursed with MATP funding. Other deficiencies resulted in \$75 of questioned costs. The BFO questions whether these amounts are eligible for MATP reimbursement.
- The Center for Community Building (CCB), a new MATP contractor that is responsible for operating the MATP call center, tracking complaints and determining the most efficient mode of transportation was found to be satisfactorily completing their responsibilities although some deficiencies were noted. This represents a constructive modification of County MATP operations.

**Background**

MATP is a federally mandated program. Federal regulations require that transportation is available for Medical Assistance (MA) clients to and from medical appointments. DPW fulfills this mandate by providing both emergency and non-emergency medical transportation services. Emergency medical transportation services are funded separately through the outpatient appropriation and are reimbursed as a vendor payment. Non-emergency medical transportation services are provided through MATP.

Under this program, funds are allocated to counties who provide non-emergency transportation services to MA clients that cannot meet their own transportation needs. In Fiscal Year (FY) 2004-2005 a total of 66 Commonwealth counties accepted MATP funding. These counties have considerable flexibility in selecting the administrative methods and modes of transportation provided. The models include direct provision of service by county governments, contracting with an independent transportation agency, or making payments to agencies that provide these services as part of a total human services delivery system. These services can utilize private means as well as existing public transportation systems.

**Background (Continued)**

MATP is one of several transportation programs that are county-based. Transportation services are also funded by mental health, mental retardation, and children and youth categorical programs. Additionally, the Pennsylvania Departments of Aging and Transportation provide funds for transportation services. Ride-sharing, coordination of routes, and purchasing of vehicles can contribute to a more effective use of these funds at the local level.

Within the Commonwealth, MATP provided 6.684 million one-way trips in FY 2004-2005 at a cost of \$84,187,000. The Commonwealth contributes fifty four percent of the MATP expense. The remainder is federally funded. Counties are reimbursed for all of the costs they incur to provide MATP services. As a federally mandated entitlement, the cost of this program is not subjected to any defined limits on the state or county level. This provides little incentive for county administrators to restrain program spending.

The responsibility for managing the MATP program within the Commonwealth was transferred from the Office of Social Programs to the Office of Medical Assistance Programs (OMAP) in March, 2005. MATP program monitoring is the responsibility of the Division of Enrollment Assistance. Financial Management is the responsibility of the Division of Financial Analysis. Transportation companies frequently provide MATP service through the Shared-Ride program. This service offers the community door-to-door transportation services throughout Pennsylvania and subsidizes the cost of that service for senior citizens. The Pennsylvania Department of Transportation (PADOT) approves Shared-Ride trip reimbursement rates.

The operation of county MATP programs is governed by program Instructions and Regulations (I & R) which describe general county responsibilities, fiscal requirements, safety and eligibility procedures and program management guidelines. Counties must also comply with the requirements of Title 55 of the Pennsylvania Code, Chapter 2070 regulations which define the procedures for verifying client MA eligibility.

The County eliminated their transportation department on January 1, 1998 and contracted with Capital Area Transit (CAT) for the delivery of MATP service. CAT is the only MATP transportation service provider the County has contracted with since that time. CAT maintains subcontracts with several transportation providers for MATP service delivery. The terms of these contracts are described in the body of this report. CAT provides Shared-Ride service through their Share-A-Ride (SAR) subsidiary. CAT applied for and received a rate adjustment in 2001 that increased their minimum SAR trip reimbursement from \$11 to \$15.

The County transferred the responsibility for monitoring the MATP grant from the Human Services Department to the MH/MR Department in 2003. They issued a request for proposal for an MATP third party administrator in June, 2005. This contract

**Background (Continued)**

was intended to increase program efficiency by transferring the responsibility for receiving MATP calls, scheduling trips, verifying MA eligibility and recording consumer complaints to an independent organization. The contract was awarded to the CCB who began operations under the contract terms in February 2006. BFO observations regarding CCB's current operations are described in Issue number four. The historical data representing MATP operations is shown below. Chart number one displays the total County MATP expense for the last ten fiscal years.

Chart Number One

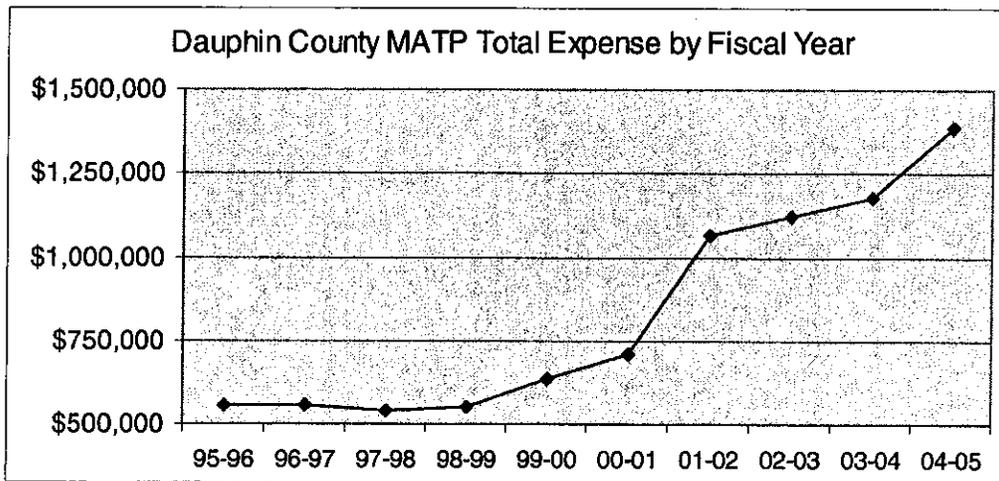
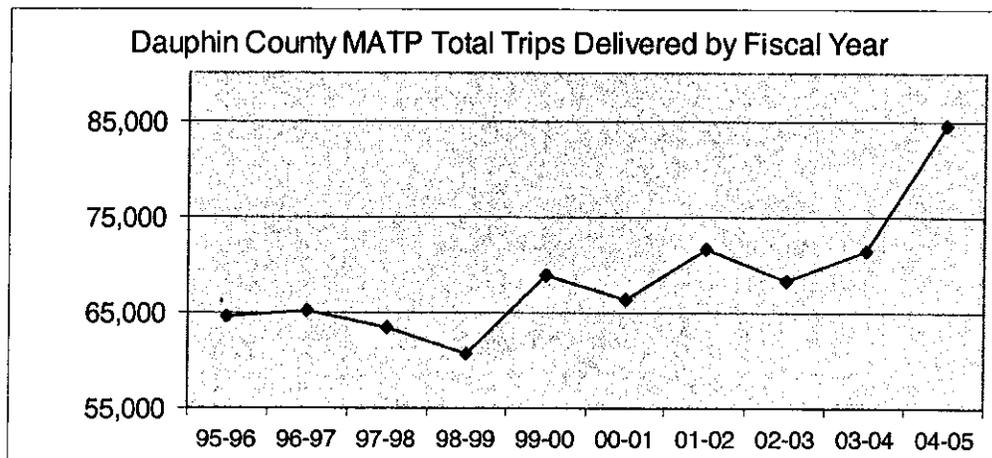


Chart Number Two displays the quantity of County MATP trips delivered.

Chart Number Two



**Objectives, Scope and Methodology**

The review objectives, developed in concurrence with the Bureau of Managed Care, were:

- Evaluate the County MATP quarterly invoices for accuracy, regulatory compliance and supporting documentation from FY 2002-2003 through the second quarter of FY 2005-2006.
- Validate the County MATP service delivery from FY 2002-2003 through the second quarter of FY 2005-2006.
- Evaluate County MATP sub-contract administration to determine if it maximizes program efficiency.
- Review current County MATP operations in order to determine ongoing program effectiveness.

In pursuing these objectives, the BFO reviewed program operations from FY 2002-2003 through the second quarter of FY 2005-2006. Fieldwork was conducted at the County MH/MR administrative office and CAT headquarters. Limited fieldwork was also carried out at CCB headquarters in order to review operations from February, 2006 through May, 2006.

The fieldwork included interviews with administrative, fiscal, program and clerical County and provider staff. OMAP and PADOT program staffs were also interviewed. The auditors reconciled County payments to program invoices, verified the MATP administrative expense methodology, reviewed contracts, invoices, independent audit reports, accounting records, payments and other financial information. The BFO also examined driver manifests, trip reports, MATP applications and MA eligibility using the PROMISE system for selected clients.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objectives described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of compliance with generally accepted accounting principles. Based on our understanding of the controls, no significant deficiencies came to our attention other than those described in Issues one through three of this report.

Fieldwork took place between April 5, 2006 and May 15, 2006 and was performed in accordance with generally accepted government auditing standards. A closing conference was held with County staff on June 2, 2006. At that time the BFO provided examples of MATP contracts containing performance based language, detailed work

**Objectives, Scope and Methodology (Continued)**

statements and other provisions. After completion of the field work, the audit staff currently assigned, were redirected to another priority that delayed the issuance of the draft report. This report, when presented in its final form, is available for public inspection.

**Results of Fieldwork****Issue No. 1: Operational Enhancements are Necessary to Increase the Effectiveness of County Program Management.**

The County historically delegated the responsibility for managing MATP operations to CAT. Program funding was directed to CAT with little direction or monitoring in an effort to reduce County administrative expense. However, the ultimate responsibility for effective and efficient grant administration still rests with the County management.

Our review indicated that the County did not adequately manage the MATP program. Insufficient oversight contributed to poor planning, contracting deficiencies, and reporting. Limited program oversight also contradicts MATP program regulations which state that counties shall:

“Manage the program to ensure cost-effective, appropriate transportation services are provided.”

The County is aware of many of these problems and has taken some corrective actions including signing a contract with a third party administrator. However, additional corrective action is necessary. The BFO identified the following programmatic and financial areas that the County should address.

**Programmatic Areas:****Program Goals**

The County has not clearly documented MATP program goals. By accepting MATP funding County administration also accept the responsibility for applying those funds in a way that achieves the program purpose. This cannot happen if the operational goals have not been determined and documented. Examples of program goals include serving a percent of the eligible County population or providing a percentage of MATP trips through mass transit service. The goals should include measurable outcomes. This allows the County to evaluate their progress in meeting the objectives through program monitoring.

### **Results of Fieldwork (Continued)**

Identifying specific program goals is the foundation of the planning process. Without this step evaluating MATP program operations through the monitoring process is impracticable. BFO discussions with County administrators indicate that some program goals have been generally identified but not formally documented.

### **Strategic Planning**

Because measurable program goals have not been formally adopted, the County has not developed or documented a strategic plan for achieving their program goals. This would describe the general approach, methods, systems and techniques the County will utilize to meet their program goals. The strategy should be designed to ensure that MATP services are delivered efficiently, economically and effectively to eligible County residents.

The County has made positive moves to effect program changes. The decision to use a third party administrator is an example of a strategic initiative designed to reduce program costs and achieve the program goal of transferring clients to fixed route transportation service. However, a more formalized, structured strategic plan would provide an integrated, consistent approach to all aspects of program management.

### **Policies and Procedures**

The County has not developed policies and procedures defining the County responsibilities for administering the MATP program. In addition, the operating policies and procedures used by subcontractors are not consistently evaluated, approved and maintained. Program policies and procedures are necessary to ensure that employees work activities are adequately defined and to assist the County in maintaining consistent operations. Adequately documented policies and procedures help ensure that the County is satisfactorily addressing the General County Responsibilities indicated in the I & R. These require the County to: inform and educate consumers about MATP service methods, schedule trips, verify eligibility, track and resolve complaints and maintain consumer confidentiality. Other areas that should be defined include the calculation of County administrative expense, quarterly invoice preparation, subcontractor monitoring, rate determination and transportation mode selection.

MATP policies and procedures could incorporate a formal description of current practices or an adoption of vendor processes. When the County uses subcontracts to fulfill program responsibilities the policies and procedures should describe the standards that will be used for vendor selection and monitoring. The absence of policies and procedures for MATP operations have resulted in instances of non-compliance and may lead to the imposition of sanctions by DPW monitoring staff.

## **Results of Fieldwork (Continued)**

### **Contracting**

The County MATP contracts could be enhanced. Contracts that contain specific descriptions of vendor responsibilities facilitate effective program operations and monitoring. Contracts also provide an excellent opportunity for managers to require that vendors comply with program policies and procedures. This can be further reinforced by utilizing performance based contracts that reward or penalize specific vendor actions. County contracts could be enhanced by addressing the following deficiencies:

- The County contract work statements do not sufficiently describe subcontractor responsibilities. For example, the third party administrator work statement was only slightly modified from the previous County contract with CAT despite the fact that the two organizations have different tasks. This could result in confusion regarding vendor responsibilities, service disruptions or legal disputes if the contract parties have different interpretations of the intent of the contract language.
- The MATP contract monitoring requirements could be enhanced. Each contract should specify how MATP staff will monitor vendor performance and what information they are required to supply to the County. The County monitoring procedures should be determined during the planning process described above and then modified to reflect the requirements of each individual vendor and contract.
- The MATP contract payment provisions are very general and in many cases do not reflect amended procedures for vendor payment. For example, the County recently improved their procedure for reimbursing CAT and began compensating their actual costs monthly. However the CAT contract has not been amended to reflect this change. When contract payment provisions are tied to the results of the monitoring process, vendors can be held accountable for the level of service they provide.

### **Staffing**

County MATP staffing resources were not applied in a coordinated manner necessary for successful program administration. During FY 2004-2005 time studies indicate that County staff committed the following percentages of their time to the MATP program: MH/MR Administrator 3.5%, Fiscal Officer 1.25%, and Program Administrator 42%. This resulted in unfocused program management that reacted to problems instead of directing their resolution. It could also indicate that the County did not commit

**Results of Fieldwork (Continued)**

sufficient resources to properly manage the program. For example, County staff never developed a thorough, mutual understanding of what constituted the various components of the purchased transportation expense on the CAT invoice. This makes it extremely difficult to effectively manage program expenses.

**Monitoring**

County staff did not request operating data from CAT necessary for effective program management. This includes client complaints, subcontracts, the quantity of trips delivered through subcontractors, no show statistics, on time delivery performance, or premium trip expense. Additionally, there were no onsite monitoring visits performed at CAT during the audit period to investigate questions or problems uncovered during invoice preparation. These monitoring deficiencies contributed to the problems identified later in this report in issues two and three.

**Financial Areas:****Invoice Preparation:**

The County MATP invoice preparation procedure did not satisfactorily safeguard program resources prior to FY 2005-2006 when the procedure was changed. Until that time the County MATP invoice was substantially completed by the CAT fiscal staff. This is a serious internal control deficiency especially when subcontractors are not adequately monitored. During that time the County supplied an electronic version of the blank DPW MATP invoice to CAT. The CAT fiscal staff inserted this data and returned it electronically to the County. The County administration expense was added and then the invoice was submitted to DPW. County staff were unable to document the source of this policy. It is our understanding that CAT was the only vendor that prepared their own program invoices.

The DPW invoice is designed to summarize County MATP expenditures as reported by all counties within the Commonwealth. Accordingly, this instrument does not capture sufficient fiscal data (in detail) that would allow for good financial analysis. Because the County accepted financial reporting utilizing the DPW invoice from CAT, it made it difficult for County staff to analyze expenses. The County should have required that CAT provide itemized data for each category of transportation. An examination of this data might have identified many of the issues described later in this report.

The MATP invoice process also led to non-financial invoice reporting deficiencies. Beginning in FY 2004-2005 counties were required to document the quantity of MATP complaints they received on the quarterly invoice. The County did not comply with this

**Results of Fieldwork (Continued)**

requirement. As a result the County could not accurately monitor the quality of the service their program funds were purchasing and did not comply with program invoice preparation procedures. Additionally, County staff were unaware of serious service disruptions experienced by MATP clients. The lack of staff coordination discussed above also contributed to this deficiency. In FY 2005-2006 the responsibility for recording and resolving MATP complaints was transferred to the third party administrator who is satisfactorily completing the task as described in issue number four.

The BFO notes that the County fiscal staff substantially altered their MATP invoice procedures beginning in FY 2005-2006. These changes have improved County MATP invoice preparation. Under the new procedure CAT submits a monthly invoice reflecting the majority of the actual MATP transportation costs. CAT's quarterly invoice which contains administrative expense and other miscellaneous purchased transportation expenses is reconciled to the monthly invoice documentation. This procedure has the dual benefit of reimbursing CAT for their actual costs and benefiting their cash flow. Additionally, the County has begun to formulate a quarterly MATP invoice that CAT will submit in place of the blank DPW invoice.

**Vendor Invoice Documentation:**

The County contract with CAT did require subcontractors to maintain and supply summary documentation supporting their invoices. However, County staff did not request supporting financial documentation from CAT for the MATP invoice prior to 2006. Satisfactorily verifying vendor invoice documentation would require supporting documentation to be periodically reviewed and sampled. The BFO review of CAT supporting invoice documentation revealed insufficient documentation of program expenses and \$6,452 in questioned costs resulting from unexplained variances. The BFO findings are further discussed in issue number three.

**MATP Cost Allocation:**

The BFO analysis of the County MATP cost allocation plan indicated that it was adequately documented and accurately calculated. However, because it only includes administrative overhead for the County Mental Health program and not the Human Services program the County may be underreporting administrative expenses. This is significant because the grant manager has the largest time commitment to the MATP program and is on the Human Services staff.

This methodology may contribute to dramatic changes in County administrative expense reimbursement. For example, between the second and third quarters of FY 2004-2005 County administrative costs declined from \$12,355 to \$1,245. Depending on

**Results of Fieldwork (Continued)**

time study results this means the current methodology could result in no administrative overhead reimbursement for fixed costs like rent and utilities even though the contract manager time study shows 100% of her time was committed to the MATP program. If the County commits the additional resources to MATP monitoring recommended in this report, they may need to alter the cost allocation methodology to receive appropriate compensation.

**Recommendations:**

1. The BFO recommends that the County develop and document the goals they intend to achieve through MATP operations. This process should include input from key program stakeholders including: clients, provider staff, social service agency staff and medical providers.

The program goals should include service delivery objectives and program monitoring goals that define vendor performance requirements and should be specific enough to enable strategy implementation progress to be evaluated. Service delivery goals could include: the percentage of MA eligible citizens receiving service, the percentage of MATP trips supplied through mass transit service, reducing the quantity of client complaints, trip costs by mode and on time trip delivery percentage. Program monitoring goals could include: subcontractor quarterly and annual program expenditures, decreasing client hold times or dropped call percentages and satisfactory subcontractor invoice and trip delivery documentation.

The goals should contain specific long and short term milestones and estimated dates for their completion. For example, the County could establish a goal of increasing the percentage of trips provided through mass transit from .2% in FY 2004-2005 by 1% per year to 3% by FY 2007-2008. Or they could try to increase the percentage of eligible MA recipients utilizing MATP by half a percent per year from the current level of 6.6% to 8.1% by FY 2008-2009. The program goals and objectives should be the basis for determining staffing and budget requirements, contract deliverables and monitoring strategies.

2. The BFO also recommends that the County determine and document their strategy for achieving the MATP program goals. The strategy should ensure that cost effective, appropriate transportation services are delivered to eligible citizens. This should include specific descriptions of the program responsibilities of the County staff associated with the MATP program, the

**Results of Fieldwork (Continued)**

third party administrator and transportation subcontractors. The strategy could include the following suggestions:

- Periodic meetings with key stakeholders to gather feedback regarding the quality of MATP service delivery quality.
  - Periodic on site monitoring and other on-going program evaluations.
  - Subcontractor fiscal oversight that ensures efficient program operations and accurate cost reporting.
  - Increasing contracting requirements to ensure subcontractor accountability including annual cost settlement.
  - A well described program evaluation and quality control process to ensure service delivery is adequately measured.
  - Expanded invoice review and cost validation.
  - Periodic reviews and adjustments of program resource requirements.
  - Program quality improvement initiatives.
  - Communications with other counties regarding program best practices.
3. The BFO also recommends that the responsibilities of County MATP staff be evaluated to determine if there are sufficient resources available to implement the program strategy. If the current staffing levels are insufficient, staff could be temporarily transferred from other programs or more program monitoring responsibility could be transferred to subcontractors including the third party administrator. DPW MATP monitoring staff could also be utilized as a resource. This evaluation is also necessary due to the new contract with CCB and the transfer of some program responsibilities to that company. The BFO notes that the county MATP administrative expense cap is flexible and may support the additional administrative oversight necessary to have prevented many of the issues raised in this report.
4. The BFO also recommends that the County develop, document and maintain operational policies and procedures for MATP to ensure effective operations and successful strategy implementation. They should ensure that this includes policies and procedures sufficient to ensure compliance with the County general responsibilities described in the program I & R. It should also describe County guidelines for contracting, invoice preparation, subcontractor monitoring and cost evaluation. The policies and procedures should be updated periodically and modified to reflect programmatic changes.

This should not require new policy development in every area. County policies and procedures could reference existing subcontractor policies. For example, much of the complaint documentation and resolution policy could

**Results of Fieldwork (Continued)**

reference CCB's internal policy. But the procedure for verifying CCB's implementation should be described in the County contract monitoring policy.

5. The BFO also recommends that County MATP administrators ensure that their contracts reflect the program goals and strategy and require compliance with County operating policies and procedures. The contract work statements should contain a specific, detailed description of the subcontractor's responsibilities. The contracts should include performance based provisions that reward excellent, efficient service delivery or penalties that discourage negative results. The performance based provisions should be considered as another method of implementing the program strategy and tied to the achievement of the County program goals described above. Each contract should describe the monitoring information to be reported to the County and what documentation the subcontractor should maintain to support service delivery. The contracts should also describe the financial reporting requirements, MATP invoice payment methodologies and an example of an invoice.
6. The BFO further recommends that County fiscal staff discontinue the practice of allowing CAT to complete the MATP invoice and any associated schedules. The County fiscal and monitoring staff should develop an invoice for each MATP vendor that supplies the information necessary for invoice completion and effective program monitoring. The invoice data should be verified during on site monitoring visits. County staff informed the BFO that this process is currently under way.
7. The BFO finally recommends that the County consider revising their MATP cost allocation plan in order to recover fixed overhead costs incurred by MH and Human Services staff.

**Issue No. 2: MATP Contract Management Should Be Enhanced To Ensure Cost Effective Service Delivery.**

Between FY 2002-2003 and the second quarter of FY 2005-2006, the County maintained a contract with CAT for MATP service delivery. During that time 97% of County MATP expenses were incurred through vendor contracts. This means ensuring program services are provided economically, efficiently and effectively requires County MATP staff to design and then implement a comprehensive and effective

**Results of Fieldwork (Continued)**

contract management plan. This is also required by the MATP program regulations which state:

“The County shall monitor the transportation providers to ensure compliance with the terms of their subcontracts and assure compliance with all transportation provider-related requirements.”

Although County contract deficiencies were generally described in issue number one, this issue addresses MATP contract language in additional detail because the BFO believes that properly executed contracts are critical to effective contract management and program success.

**Subcontract Language Should Be Enhanced To Facilitate the Evaluation and Measurement of Vendor Performance.**

The BFO reviewed the County MATP contracts maintained with CAT since July 1, 2002 and the contract with CCB which became effective February 1, 2006. The following deficiencies were identified:

- The contract work statements do not describe the specific tasks, activities, duties, and job functions that the vendor will be responsible for completing in sufficient detail. This is particularly necessary to identify the responsibilities that have been transferred from CAT to CCB. The CAT contract has not been appropriately modified to reflect the use of a third party administrator.
- The CAT contract payment provisions have not been updated to reflect the recently improved invoice payment method described in issue number one. Nor do they describe the invoice format or financial and service delivery information that should be provided to the County. This information should be used to monitor service delivery as well as prepare the DPW MATP invoice.
- The contract monitoring provisions do not describe how the County will monitor contract compliance or what information the vendor will be required to maintain in order to document service delivery and invoice preparation. The monitoring provisions should include measurable performance standards for service delivery that can be tested during on site visits.
- Record keeping provisions that ensure program costs are documented in a manner that ensures program costs can be verified by County staff. Although the County contract requires CAT to document MATP expenses and service delivery in accordance with program I & R, specific descriptions of record keeping procedures and documentation requirements would make it easier for

**Results of Fieldwork (Continued)**

County monitoring staff to verify CAT compliance. Vendor compliance with the contract record keeping provisions should be tied to performance based rewards or penalties.

- There are no provisions to describe the budgeting process or how subcontractors estimate costs.
- The contracts are not performance based. There are no rewards for meeting or exceeding contract performance requirements or penalties for poor execution. This means vendor compensation is not tied to performance and provides little incentive for vendors to provide excellent service that exceeds the minimum contract requirements.
- There are no provisions governing the criteria vendors should use to subcontract MATP service delivery to other transportation providers or the terms under which subcontractors must operate. Although the County incurs the same cost per trip whether CAT provides the trip or subcontracts it, vendors supplying MATP trips should be required to comply with the program I & R.
- There is no reference to recording, monitoring or resolving MATP complaints from consumers. This is required by the program I & R which state:

“The County is responsible for receiving and responding to all complaints regarding the delivery of medical transportation services.”

**County Contract Monitoring Failed to Identify Excessive Program Costs and Inefficient Service Delivery.**

BFO audit fieldwork identified two instances of contract monitoring deficiencies that resulted in excessive MATP program charges being submitted for Commonwealth reimbursement. In both instances County contract monitoring could have identified practices that contradict the MATP regulation requiring counties to ensure that transportation services are negotiated, delivered and billed at the lowest rate available.

**Premium Trip Cost and Delivery**

The County did not ensure that CAT provided premium trips through the most appropriate transportation mode or ensure that CAT properly negotiated premium trip delivery rates. This practice contradicts the program I & R which state:

**Results of Fieldwork (Continued)**

"The County shall determine which mode is the least expensive, most appropriate transportation service available to meet the consumer's service need."

CAT delivers MATP trips through the SAR program using a fleet of vehicles used exclusively for transportation within the local service area. Premium trips consist of MATP trips delivered outside the CAT local service area or hours of operation. Because CAT SAR vehicles are not available for these trips their delivery is subcontracted. CAT schedules the delivery of many premium trips through [REDACTED] Taxi. Premium trip expense is billed directly to the County with no mark up. This provides little incentive for CAT to closely monitor premium trip delivery. As displayed in Chart Number Three, the cost of premium trip delivery has grown dramatically:

Chart Number Three  
County Premium Trip Expense

<b>Fiscal Year</b>	<b>2002-2003</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>
Premium Trip Expense	\$14,446	\$15,542	\$49,347	\$42,065*

\*First and Second Quarters

From FY 2002-2003 through FY 2004-2005, premium trip expense increased 342%. If premium trip costs for FY 2005-06 continue at the same rate they would total almost \$85,000, an increase of 588% from FY 2002-2003.

Based on our review of selected premium trips, in many cases, the mode of transportation used was inappropriate and the rate(s) charged were excessive. The BFO provides the following examples that occurred in the first quarter of FY 2004-2005:

- \$1,606 and \$1,591 for two 226 mile round trips to Philadelphia for a family of four.
- \$1,167 for a client, an escort and an interpreter for a 218 mile round trip to Philadelphia.
- \$589 for a client and escort for a 166 mile round trip to Baltimore, MD.

Note: Similar trips occurred through our audit period.

A BFO evaluation of more cost effective transportation delivery options revealed that a round-trip train ticket to Philadelphia costs a total of \$152 for a family of four. While arranging this trip would require scheduling transportation from the clients home to the

**Results of Fieldwork (Continued)**

train station and from the station to the appointment and back, the BFO believes it would have resulted in an approximately eighty percent cost reduction. The high expense of delivering premium trips through [REDACTED] Taxi was also revealed when the BFO obtained price quotations from [REDACTED], a company related to [REDACTED] Taxi. A four-passenger stretch limousine could be rented round-trip to Philadelphia for \$1,000. A four-passenger Lincoln Town car could be rented for \$490 for the same trip. Both of these prices are lower than the price the County paid. The County reimbursed taxi companies \$85,929 for premium trips between FY 2002-2003 and the second quarter of FY 2005-2006. Due to the excessive costs, the BFO questions whether these expenses are eligible for MATP reimbursement.

The BFO review of the CAT premium trip contract with [REDACTED] Taxi indicated that it was insufficiently negotiated. Although the CAT non-premium contract rate with [REDACTED] Taxi was negotiated, the contract for premium trip delivery did not contain a rate schedule. As a result, [REDACTED] Taxi billed CAT the metered rate for each passenger per their standard operating policy. Because MATP program regulations authorize clients to be accompanied by an escort, interpreter or both, high fares can result for trips to distant appointments. To determine the expense associated with the lack of rate negotiation for additional passengers on premium trips, the BFO extended the amount of additional passenger expense from a review of 30% of the [REDACTED] Taxi invoices to the total premium trip expense for [REDACTED] Taxi in the audit period. The resulting total, \$22,376 is included in the total premium expense as shown above, and therefore already questioned for reimbursement by DPW.

Upon discussing this practice with CAT officials, they promptly contacted [REDACTED] Taxi and informed them that CAT would no longer pay the meter rate for additional passengers, and that CAT was going to identify overcharges and seek reimbursement from [REDACTED] Taxi.

**Subcontracted Delivery of MH/MR Trips**

To deliver MATP trips within their local service area CAT uses SAR vehicles and several subcontractors. One of these contracts is with [REDACTED] Taxi for local delivery; the remainder are with companies that transport MH/MR clients to MA eligible day programs at provider agencies, or MA eligible medical appointments. CAT originally transported MH/MR clients through SAR, but began subcontracting the trips at the request of the providers. The funding and reimbursement of these trips results in excessive program costs being charged to the MATP program.

MATP trips for MH/MR clients are unique because they require less administrative overhead than other subcontracted trips. The provider agencies arrange the scheduling and verify client MA eligibility. CAT reviews the invoices and enters them as completed

**Results of Fieldwork (Continued)**

trips. CAT is compensated for these trips at the PADOT approved SAR rate which ranges from \$15.00 to \$21.00 per trip depending on the trip distance.

Chart number four displays the CAT subcontractors and their contract rates for trips that occurred in the first quarter of FY 2004-2005.

Chart Number Four  
FY 2004-2005 CAT MATP Subcontractors

<b>Vendor</b>	<b>Rate</b>
[REDACTED]	\$12.25/trip
[REDACTED]	\$7.25/trip for MH clients \$6.00/trip for MR clients
[REDACTED]	\$7.50/trip
[REDACTED]	\$7.50/trip
[REDACTED]	\$7.50/trip
[REDACTED]	\$1.05/Mile
[REDACTED]	\$30.00/Revenue Hour

The County supplied information to the BFO indicating that 54,257 MH/MR trips occurred during the audit period. Because CAT paid the vendors \$7.50 per trip to deliver them and subsequently billed MATP a minimum of \$15.00 the BFO questions whether CAT's \$406,928 gross profit should be eligible for MATP reimbursement.

The BFO acknowledges that MATP transportation is integrated into the CAT SAR network. This is entirely appropriate and required by the MATP I & R which state:

"The County shall establish linkages with community programs to coordinate activities with existing programs serving the MA program population and to minimize or avoid duplicate efforts and fragmentation of services to the same consumers."

The regulations also state:

"Whenever possible, the County shall ensure transportation services are integrated with services provided by other DPW programs, programs funded by the Department of Aging, and Public Transit Services provided by the Department of Transportation. MATP is the payer of last resort."

Because the MH/MR trips are not provided through CAT SAR vehicles or managed by CAT in a significant way they can be considered to be integrated into the SAR program

**Results of Fieldwork (Continued)**

only through their funding stream. This is not the intent of the program regulations which are designed to achieve program efficiency and economy of scale from a single transportation supplier serving an area instead of multiple companies operating independently.

The BFO discussed the SAR rate increase evaluation process with the responsible official at PADOT. She indicated that CAT disclosed their intention to subcontract SAR service in the rate increase filing and subsequent annual filing certifications. PADOT is also aware that CAT subcontracts MATP trips and then bills the County at the higher approved rate. PADOT considers this practice acceptable because it compensates transportation providers for the costs of providing some trips that might cost more to provide than the approved rate. However, she was unaware that subcontracted MH/MR trips were being reported on the MATP invoice. She considered it unusual and was unaware of any other county that billed the MATP program for MH/MR trips.

In their PADOT rate increase application for FY 2002-2003, CAT estimated that they would subcontract 7,600 MATP trips to MH/MR subcontractors. The FY 2002-2003 MATP invoice disclosed that a total of 66,952 MATP trips were actually provided in the local service area. This means CAT estimated subcontracting approximately 11% of their trips to MH/MR providers. As previously discussed, CAT subcontracted a minimum of 22% of their MATP trips to MH/MR subcontractors during the first quarter of FY 2004-2005. The BFO concludes that either CAT underestimated the quantity of MH/MR trips they intended to provide on the rate increase application or the amount of MH/MR trips has subsequently increased to a level that makes the intent of the original disclosure inaccurate.

**Recommendations:**

1. Because the execution and maintenance of effective contracts is essential to the operation of a successful MATP program, the BFO recommends the County ensure that their MATP contracts contain the following components:
  - Work statements that specifically describe the tasks vendors are expected to complete. This could include defining transportation service areas, determining of the most cost effective mode of transportation, on time performance goals, complaint process requirements and scheduling methods, etc.
  - Payment provisions that describe the methods and rates used to compensate vendors. This should include descriptions of vendor service areas and associated rates, provisions for client no-shows and reduced rates for

**Results of Fieldwork (Continued)**

- delivering multiple clients to the same destination. The rate negotiation process for subcontractors should be defined. Vendors should be required to justify their rates by documenting their costs. The invoice format and associated schedules should be described and an example attached to the contract.
- Monitoring requirements that describe what performance information subcontractors are expected to submit and when it is due. The requirements should define what information the vendors need to maintain in order to satisfactorily document service delivery and invoice preparation, including driver manifests or reports documenting vendor expenses. Additionally, the requirements could identify any financial incentives tied to documented performance.
- Specific definitions of the accounting practices vendors should employ to record and report program costs. The definition should require, at a minimum, documentation that ties reported costs to the general ledger and that support is retained that satisfactorily explains and documents any adjustments to recorded costs.
- A description of the consequences of subcontractor non-compliance with program I & R and contract provisions. This policy should be referenced in vendor contracts and enforced when contract monitoring identifies violations. Subcontractors should be aware that non-compliance with this contract provision could result in cost disallowances and penalties.
- Performance based provisions that reward or penalize subcontractors based on their performance and compliance with the contract provisions. These should be identified as easily measurable goals and tied to reporting requirements.
- Budget requirements that describe the format and schedule required for budget submission. Provider rate quotations should be supported with cost of service documentation.
- Descriptions of the terms under which MATP services may be subcontracted. This should include requirements requiring County subcontract approval and monitoring authority.
- Provisions for recording, referring and satisfactorily resolving consumer complaints.

**Results of Fieldwork (Continued)**

Because the deficiencies related to premium trip and MH/MR trip delivery identified above will continue to result in excessive program costs until they are remedied the BFO recommends that the County expedite the following short term recommendations.

**Short Term Recommendations:**

1. The BFO recommends that the County require CAT to discontinue scheduling all premium trips through taxi service unless it is the only means available and begin utilizing other less expensive modes of transportation including CCB vans if necessary. This can be accomplished with the assistance of CCB staff.
2. The BFO also recommends that the County require CAT to negotiate the [REDACTED] Taxi premium trip delivery rate and amend their contract accordingly.
3. The BFO also recommends that OMAP evaluate the eligibility of premium trips delivered between FY 2002-2003 and the second quarter of FY 2005-2006 for MATP participation because they were not delivered through the most economical transportation mode and are excessive. This amount is \$85,929.
4. The BFO also recommends that the County recover from CAT the additional passenger costs that were incurred during premium trip delivery due to insufficient rate negotiations. This amount is estimated to be \$22,376. These expenses are included in our questioned costs above and depending on their resolution, may not require further action from DPW.
5. The BFO further recommends that CAT discontinue the practice of charging the County the SAR rate for MH/MR trips delivered through subcontractors and begin billing the County at the actual trip cost.
6. The BFO finally recommends that OMAP evaluate whether the difference between the amounts CAT billed the County and the expenses they incurred between FY 2002-2003 and the second quarter of FY 2005-2006 for MH/MR trips is eligible for MATP participation. This amount is estimated to be \$406,928.

Although the County can immediately begin implementing the following recommendations, full implementation will require a long term effort.

**Long Term Recommendations:**

1. The BFO recommends that the County negotiate and execute MATP subcontracts directly with a network of transportation vendors for the delivery of premium trips and the transportation of MH/MR clients. Responsibility for

**Results of Fieldwork (Continued)**

scheduling the premium trips should be transferred from CAT to CCB. The County should ensure that the contracts contain the components described in the recommendation above. Vendors should support their contract rates with cost data as part of a comprehensive rate determination process.

2. The BFO finally recommends that the County revise the invoice payment procedures for MH/MR trips after executing the transportation contracts described above. When those contracts are in place, the MATP MH/MR subcontractors should submit their invoices to CCB. CCB should verify client eligibility and then forward them directly to the County fiscal staff for review and payment according to County procedures.

**Issue No. 3: Program Monitoring Enhancements are Necessary to Ensure Subcontractors Appropriately Document Program Expenditures and Comply With Service Delivery Requirements.**

Because the County subcontracted MATP service delivery to CAT, contract monitoring is necessary to verify that program services are being efficiently delivered and program expenses are properly documented. Regarding contract monitoring, the MATP I & R state:

“The County is responsible for all services provided by subcontracted transportation providers. The County shall develop and implement a Monitoring Plan for subcontracted transportation providers. The County shall assure adequate oversight of subcontracted transportation service providers and assure that providers comply with the terms of these I & R and all applicable State and Federal laws and regulations. The County shall monitor the Transportation providers to ensure compliance with the terms of their subcontracts and assure compliance with all transportation provider-related requirements.”

The position description of the County Grant Management Coordinator responsible for MATP monitoring describes one of their essential job functions as:

“Develops grant program monitoring tools and oversees and performs program evaluations and conducts monitoring visits and other quality assurance activities to ensure program compliance.”

This audit identified several deficiencies that could have been detected and addressed through County monitoring.

**Results of Fieldwork (Continued)****BFO Verification of CAT Reported MATP Expenses:**

A BFO analysis of the supporting documentation for CAT MATP expenses reported to the County between July 1, 2002 and December 31, 2005 revealed that the records did not properly reflect the reported expenses. In many instances it was difficult to determine from CAT's records exactly what amount was submitted for reimbursement. The Fiscal Requirements section of the MATP program I & R state:

"Counties and subcontractors shall maintain books, records, documents and other evidence pertaining to costs and expenses of the allocation. These records must properly reflect the costs of labor, materials, equipment, supplies and services, and other costs and expenses of any nature for which reimbursement is claimed or payment is made under the MATP."

In order to verify that the reported expenses documented actual costs, the BFO reconciled each of the invoices in the audit period. The reconciliation was performed according to the invoice preparation procedures as described by the CAT Director of Finance because written invoice preparation policies and procedures were not maintained.

The BFO reconciliation revealed a net \$4,249 underpayment for the period (see attachment 1). There was a variance between the MATP expense calculated by the BFO according to the CAT procedures and what was submitted to the County for 13 of 14 quarters. There were 25 individual variances in the components comprising MATP expenses. The CAT Director of Finance explained 13 of them by providing satisfactory supporting documentation.

However, there were 12 variances occurring in six quarters which could not be explained (see attachment 2). Four of the unexplained variances resulted in costs being understated by \$1,290. Eight resulted in costs being overstated by \$6,452. Their values ranged from \$29 to \$4,109. The BFO questions whether the \$6,452 in unexplained, overstated variances should be reimbursed with MATP funds because they represent expenses which are inadequately documented.

The fact that there were 25 variances between what CAT reported as MATP expense and the documented expense is not necessarily a reflection of bookkeeping errors. The BFO recognizes that recorded expenses occasionally need to be adjusted for reporting purposes. What is critical is that the reported cost amounts could not be satisfactorily explained for almost half of the variances. The BFO believes that this situation was caused by the lack of two administrative controls at CAT:

**Results of Fieldwork (Continued)**

1. CAT did not maintain written procedures for MATP invoice preparation. This defines the invoice preparation process so that supporting documentation can be understood and evaluated. The BFO acknowledges that the MATP expenses were prepared by relatively inexperienced CAT fiscal staff and that turnover frustrated consistent invoice documentation. Additionally, DPW frequently altered the MATP invoice requirements and that these changes may not have been thoroughly understood by CAT staff. However, both of these circumstances only reinforce the necessity of documenting the procedures used to prepare the MATP invoice.
2. CAT did not maintain a schedule or spreadsheet that tied the general ledger costs to the reported MATP expenses. The general ledger is used to record all of the financial transactions of an organization. This crosswalk documents all adjustments to the recorded costs and would match the reported costs on the invoice. The schedule should be maintained with the quarterly invoice documentation MATP providers are required to retain. Had this procedure been utilized and correctly documented, there should have been no unexplained variances.

Instead of utilizing a crosswalk, hand written ledger cards, general ledger revenue accounts, and invoice copies are used to generate and document the MATP invoice. These amounts did not always match the general ledger expense accounts. In one instance, a beginning balance from a hand written ledger card was a component in the explanation of a variance.

Although the County subcontracted MATP operations to CAT, the County retains the responsibility for verifying program costs are adequately and sufficiently documented.

The deficiencies described above should have been observed by County staff during either the invoice preparation process or routine contract monitoring.

**BFO Verification of CAT Service Delivery and MA Eligibility:**

The General Responsibilities section of the MATP I & R places the following requirements on the County:

- "The County shall require and retain on file a signed application for MATP services."
- "The County must ensure at the time of every trip that the consumer is eligible for MA and that the trip is to an MA compensable service."

**Results of Fieldwork (Continued)**

- "Once eligibility is established, the County shall determine which mode of transportation is the least expensive, most appropriate transportation service available to meet the consumer's service need."

The County subcontracted these responsibilities to CAT through the terms of the MATP contract. As of February 1, 2006 CCB became responsible for these tasks. The BFO review of CAT service delivery documentation identified the following deficiencies:

- CAT was unable to supply documentation that contained an itemized list of individual MATP trips whose total expense matched the transportation expense on the MATP invoice for any given period. This would confirm the purchased transportation expense and allow individual trips to be evaluated for regulatory compliance and accuracy. The report should contain the client name, trip date trip charge and transportation mode. Many reports were available but none of them contained all of the necessary data to satisfactorily verify reported CAT transportation fees. This means that the largest component of the CAT MATP expense is inadequately supported.
- CAT staff stated that they schedule MATP consumer transportation exclusively through SAR service. This means that as a matter of policy they do not evaluate consumer needs to determine if other transportation modes such as fixed route or mileage reimbursement are appropriate. This practice is a breach of the I & R requirement to determine the least expensive mode of transportation cited above. CAT staff stated that this policy was designed to protect client safety. In response to a County request, CAT instituted a policy of reimbursing MATP clients for fixed route bus fare but this never attracted more than a nominal amount of clients. This ultimately led the County to adopt a third party administrator. CCB's successful efforts to transfer MATP clients to fixed route service are described in issue number four.
- The BFO reviewed the applications of 97 of the 22,252 reported MATP trips from the first quarter of FY 2004-2005 against seven attributes:
  1. Eligibility Verification System (EVS) eligibility information completion
  2. EVS information section signed by provider staff
  3. Other household member information section completed
  4. Determination of need for services section completed
  5. Eligibility status checked
  6. Date eligibility determined recorded
  7. CAT interviewer signed application

**Results of Fieldwork (Continued)**

Of the 97 sampled applications, 12 could not be located, none contained all seven attributes and nine were deficient in six or seven of the attributes. Most were deficient in three or four attributes.

- Three of 97 MATP trips in the sample described above were found to have been delivered to MA ineligible clients. This means that three ineligible clients took MATP trips and that the \$45.00 dollar expense of those trips was subsequently included on the on the first quarter FY 2004-2005 County MATP invoice. CAT verifies client MA eligibility by electronically comparing client data to the DPW PROMISE eligibility verification system retroactively every week. CAT management stated that if any consumer is found to be ineligible, they evaluate the client's eligibility under one of the other SAR funding streams CAT receives and charge the trip accordingly. Otherwise they will not bill any agency for the trip expense. The auditors also sampled 53 trips in the first quarter of FY 2005-2006. All 53 trips were MA eligible.
- A BFO review of driver manifests for one day in the first quarter of FY 2004-2005 revealed that two out of eleven trips for which the driver indicated the passenger was a no-show were billed as if the trip occurred. It is CAT's policy not to bill the County for no-show trips. Due to time limitations the BFO could not expand the sample period and conduct additional testing. Although a large sample was not tested the results could indicate that the County is being over charged for no-show trips. CAT staff transfers the driver manifest information to the CAT computer system so that the trip status is correctly indicated and appropriately billed. The CAT Program Administrator could not explain the reason for these errors. The \$30.00 expense of those trips was included on the first quarter FY 2004-2005 invoice.

**Recommendations:****Expense Verification**

1. The BFO recommends that the County ensure MATP contractors maintain adequate documentation of program expenses. This should be accomplished as part of a comprehensive County contract monitoring plan. Developing this plan requires County staff to complete the initial planning, strategy development and policies and procedures for contract monitoring described in issue number one. The policies and procedures should include descriptions of programmatic and financial monitoring methods. Contract monitoring may be accomplished through several techniques including:

**Results of Fieldwork (Continued)**

- **Formal:** A periodic on-site review that includes an inspection and verification of reported information. Vendor compliance with contract performance criteria is evaluated.
  - **Informal:** On-site interviews and tours designed to obtain a general understanding of the contractor's operations. Used to evaluate whether vendor procedures meet County and contract requirements and determine subjects for future formal monitoring visits.
  - **Ad Hoc:** Infrequent, in-depth review and analysis of a specific aspect of program or vendor operations. This might occur to investigate a complaint or suspected problem. For example County staff might perform an Ad Hoc analysis of CAT no-show billing procedures and documentation.
  - **Reporting:** A review and analysis of reports or other data submitted by program vendors. This analysis could be used to determine trends, measure performance, and assess the impact of program initiatives against performance targets.
2. The BFO also recommends that OMAP evaluate the \$6,452 in unsupported costs claimed by the County and make a determination as to their allowability for MATP reimbursement, including Federal Financial Participation.

**Service Delivery and Eligibility Verification**

1. The BFO recommends that the County immediately require CAT to develop documentation that can be used to verifying MATP purchased transportation expense. Due to the volume of data, the documentation should be supplied in an electronic media. This data should include the following information for each MATP trip: trip date, client name, trip expense and transportation mode. It should be supplied to the County on a quarterly basis. The County should verify that the quantity of trips and total expense matches the CAT invoice before authorizing payment. The County should also test a sample of individual trips to verify that the client was MA eligible, the driver manifest documents service delivery and the billing amount is correct.
2. The BFO also recommends that the County establish written expectations for documenting new client enrollment. This should include what constitutes a complete MATP application, how transportation mode is determined and what documentation should be contained in each client file. The County should notify CCB of the requirements and then monitor the results.

**Results of Fieldwork (Continued)**

3. The BFO further recommends that OMAP evaluate the \$45.00 cost of the three trips provided to ineligible clients and the \$30.00 cost of the two no-show trips reimbursed by the County and make a determination as to their allowability for MATP reimbursement.
4. BFO finally recommends that County perform additional testing of CAT driver manifests against subsequent trip billing to determine the validity of the CAT no-show documentation procedures and validate these trips are not billed to the MATP program.

**Issue No. 4: Comments Regarding CCB's Effectiveness as a Third Party Administrator.**

The BFO did not perform extensive fieldwork to evaluate CCB's current operations because they were not a County MATP subcontractor during the period July 1, 2002 to December 31, 2005. Additionally, a comprehensive financial analysis would have limited usefulness because they have been operating under the terms of their County contract for less than a year. Therefore the financial and operating data available may not accurately represent ongoing operations. However, given that the CCB contract represents a significant alteration of County MATP organization and a considerable monetary investment a general assessment of their operations was conducted during two days of fieldwork.

**Background:**

CCB was incorporated in December 1997 and operated primarily as a transportation provider for social service agencies. CCB began formal operations as the County MATP third party administrator on February 1, 2006. They operate as a program funded agency with six full time staff. Their County MATP contract budget for FY 2005-2006 is \$198,908. They performed some administrative tasks including distributing bus passes and database development between June 1, 2005 and February 1, 2006. County, CAT and CCB staff cooperated in the effort to distribute several mass mailings to MATP clients notifying them of the program changes. CCB currently has the following responsibilities:

1. Operating the call center which receives incoming MATP transportation requests.
2. Verifying MATP clients are eligible for MA services.
3. Reimbursing MATP clients for using their own vehicles to travel to MA eligible appointments.
4. Recording client complaints.

**Results of Fieldwork (Continued)**

5. Enrolling new MATP clients and evaluating the most efficient mode of transportation for each client.

Before CCB began operating the MATP call center, CAT received calls and scheduled trips on SAR vehicles. CAT SAR service for other agencies was not affected by the County decision to transfer MATP trip scheduling to CCB.

**General Comments:**

CCB is satisfactorily operating the MATP call center. Two full time staff receive telephone calls and record trip reservations. One is fluent in Spanish. The call center software records data on many aspects of operations including: the time the call was received, the client phone number, the call duration, the call hold time and the representative they spoke to. This information was not previously available and represents a significant opportunity for County staff to monitor this component of MATP service delivery.

CCB is satisfactorily verifying MATP client eligibility. The call center staff uses the PROMISE system web site to verify client eligibility while the client is still on the phone. This system is generally sound but not perfect. If clients schedule trips far in advance their MA eligibility could expire before their trip occurs. CCB is verifying eligibility for all trips on the day they occur to prevent this from occurring. While accurate this is inefficient. CCB is attempting to submit MATP trips to PROMISE electronically on the day before they occur but experienced technical difficulties that prevented them from accomplishing this at the time of our review.

CCB is satisfactorily recording and reporting MATP incidents and complaints. They are classified by category and the information is communicated to the County. From February 1, 2006 through April 30, 2006, CCB recorded 57 complaints. County staff are currently entering complaint information on the DPW invoice. However, it is unclear if complaints mistakenly registered with CAT are being satisfactorily communicated to CCB. CAT staff stated that they were but this was not verified by the BFO. We note that the increasing quantity of MATP complaints over the previous two fiscal years should be viewed as a positive development for the program and not an indication of client frustration with CCB operations. As described in issue number one, complaints were not reported in previous quarters due to CAT's stated confusion regarding the MATP invoice preparation.

CCB is successfully evaluating whether MATP clients can utilize mass transit service as the most efficient transportation mode. CCB has increased the number of fixed route bus passes issued to MATP clients in every month they operated the call center. The number of MATP trips taken by bus pass holders has also increased every month. This

**Results of Fieldwork (Continued)**

considerably increases the efficiency of County MATP operations because fixed route transportation is less expensive than SAR service. The total passes issued and trips completed are displayed in chart number five.

Chart Number Five  
CAT Fixed Route Bus Passes Issued by CCB

<b>Month and Year</b>	<b>Total Passes</b>	<b>MATP Trips</b>
December, 2006	82	388
January, 2006	97	408
February, 2006	107	524
March, 2006	136	658
Total	422	1,978

Under this program clients who make more than four MATP trips per month and can readily access fixed route service receive a fixed route CAT bus pass. This pass allows them to utilize unlimited fixed route bus service for one month. Clients receive a new pass when they return documentation to CCB that verifies they attended four or more MA appointments.

Because the bus passes costs \$40.00 and the minimum County MATP trip expense is \$15.00 per trip or \$60.00 per month the program reduces costs. It also eliminates the need for clients to schedule trips through CCB and reduces the likelihood scheduling problems and complaints will occur. The BFO estimates that transferring the clients displayed in chart number five from CAT SAR service to CAT fixed route buses resulted in a \$12,470 savings. Considering that there were an average of 16,637 trips delivered through standard service in the local zone service area (these clients are the most likely to be eligible for the bus pass program) during the first and second quarters of FY 2005-2006, this initiative represents a significant opportunity for program cost savings.

CCB is conducting a community outreach effort designed to provide MATP consumers, County Assistance Office staff and medical service providers with information about the MATP fixed route bus pass program. CCB staff stated that they receive many referrals for this program and that MATP clients are enthusiastic about participating in it because it gives them the freedom to arrange their own transportation to a job, job training, pharmacies, grocery stores and medical appointments. The County requested and received a waiver from DPW to operate this program.

## **Results of Fieldwork (Continued)**

### **Areas requiring improvement:**

CCB did not maintain adequate policies and procedures for call center operations, new client enrollment, eligibility verification, transportation mode determination and trip scheduling. Operating policies and procedures are necessary in order for County staff to determine if CCB is complying with MATP I & R.

The communication of trip data between CCB and CAT should be improved. The CCB route scheduling software program does not communicate with the CAT computer system. As a result, CCB faxes a list of MATP trips to CAT every day and CAT manually loads the trip data into its own scheduling software system. This is inefficient because it prevents CAT from scheduling MATP trips around regularly scheduled routes. CAT is currently in the process of installing new scheduling software. CCB informed the BFO that they believe they will be able to communicate trip data electronically with the new CAT software.

CCB must schedule all MATP trips through CAT because they are the only vendor the County has a contract with for MATP service delivery. Many of these trips are then subcontracted to other vendors with no input from CCB. This means that CCB is functioning as an additional layer of administration between the County and MATP clients. Additionally, it provides no incentive for CAT or any other MATP service providers to improve their customer service.

CCB is only authorized to utilize their own vehicles for MATP transportation after receiving authorization from CAT or the County. This arrangement was specified in the County MATP third party administrator RFP.

The BFO reviewed 12 MATP applications from 156 trips scheduled on a single day. They were evaluated using the same seven attributes applied to the CAT applications described in issue number three. One application was missing and none were fully completed. None contained all seven attributes; seven were deficient in seven of the attributes. Most were deficient of three or four attributes.

### **Recommendations:**

1. The BFO recommends that County staff monitor and document the financial savings that result when MATP clients are transferred to mass transit service. This information can be used to justify the expense of the third party administrator contract. County social service staff should be encouraged to utilize this program wherever possible to assist service delivery throughout the County. The County should be recognized for its efforts to transfer eligible MATP clients from standard to fixed route service as a program goal.

**Results of Fieldwork (Continued)**

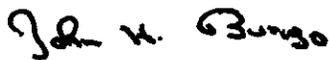
2. The BFO also recommends that CCB develop and maintain operating policies and procedures in the areas described above and for issuing fixed route bus passes.
3. The BFO also recommends that County monitoring staff ensure the CCB and CAT computer systems can effectively communicate MATP data and trip schedules.
4. The BFO further recommends that the County evaluate other program functions and areas of responsibility to determine if they can be transferred to CCB in order to fully utilize their program investment in a third party administrator. These new responsibilities should be specifically defined and included in the CCB contract.
5. The BFO finally recommends that the County revise the CCB contract so that the work statement accurately and specifically describes the activities CCB is expected to perform.

A closing conference was held with County staff on June 2, 2006 to discuss the contents of this report. An exit conference was held November 17, 2006 with County and OMAP staff. In addition, a meeting occurred December 18, 2006 with County and OMAP staff to discuss disallowance calculations in the County response. The County subsequently provided a revised written response which is attached as Appendix B. An auditor response is attached as Appendix A in order to document revisions to the draft report and clarify the BFO position in response to the County written response.

In accordance with established procedures, please provide a written response within 60 days to the Audit Resolution Section concerning actions to be taken to ensure report recommendations were implemented.

If you have any questions concerning this audit, please contact Richard Polek of the Audit Resolution Section at (717) 787-8890.

Sincerely,



John H. Bungo, CGFM, CFS  
Bureau of Financial Operations

cc: Mr. Eisenhauer  
Mr. Bechtel  
Ms. Gotwalt  
Mr. Hill  
Mr. Williams  
Ms. Lockette

**Dauphin County MATP  
Comparison of BFO Calculated MATP Expense to  
CAT Reported MATP Expense by Quarter and Fiscal Year**

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
<b>FY 2002-03</b>					
BFO Calculation	\$309,751	\$267,948	\$271,406	\$253,178	\$1,102,283
CAT Reported	<u>\$309,565</u>	<u>\$267,700</u>	<u>\$269,289</u>	<u>\$259,758</u>	<u>\$1,106,312</u>
Variance	<u>\$186</u>	<u>\$248</u>	<u>\$2,117</u>	<u>(\$6,580)</u>	<u>(\$4,029)</u>
<b>FY 2003-04</b>					
BFO Calculation	\$279,610	\$287,558	\$288,556	\$305,150	\$1,160,874
CAT Reported	<u>\$286,447</u>	<u>\$280,746</u>	<u>\$287,633</u>	<u>\$306,016</u>	<u>\$1,160,842</u>
Variance	<u>(\$6,837)</u>	<u>\$6,812</u>	<u>\$923</u>	<u>(\$866)</u>	<u>\$32</u>
<b>FY 2004-05</b>					
BFO Calculation	\$363,746	\$322,389	\$326,577	\$357,810	\$1,370,522
CAT Reported	<u>\$364,031</u>	<u>\$322,389</u>	<u>\$326,291</u>	<u>\$345,522</u>	<u>\$1,358,233</u>
Variance	<u>(\$285)</u>	<u>\$0</u>	<u>\$286</u>	<u>\$12,288</u>	<u>\$12,289</u>
<b>FY 2005-06</b>					
BFO Calculation	\$424,135	\$336,545			\$760,680
CAT Reported	<u>\$430,242</u>	<u>\$342,979</u>			<u>\$773,221</u>
Variance	<u>(\$6,107)</u>	<u>(\$6,434)</u>			<u>(\$12,541)</u>
Net Total					<u>(\$4,249)</u>

**Dauphin County MATP  
Unexplained Variances Between BFO Reconciled  
and CAT Reported MATP Expenses**

Fiscal Year	Quarter	Number of Variances		Amount of Unexplained Variances	
		Total	Unexplained	Under-Reported	Over-Reported
2002-03	1st	0	0	\$ -	\$ -
	2nd	2	2	\$ 308	\$ 144
	3rd	2	2	\$ 791	\$ 308
	4th	<u>3</u>	<u>3</u>	<u>\$ -</u>	<u>\$ 5,731</u> A
Total for 2002-03		<u>7</u>	<u>7</u>	<u>\$ 1,099</u>	<u>\$ 6,183</u>
2003-04	1st	1	0	\$ -	\$ -
	2nd	2	1	\$ -	\$ 29
	3rd	3	1	\$ -	\$ 88
	4th	<u>3</u>	<u>1</u>	<u>\$ 62</u>	<u>\$ -</u>
Total for 2003-04		<u>9</u>	<u>3</u>	<u>\$ 62</u>	<u>\$ 117</u>
2004-05	1st	1	0	\$ -	\$ -
	2nd	0	0	\$ -	\$ -
	3rd	0	0	\$ -	\$ -
	4th	<u>1</u>	<u>0</u>	<u>\$ -</u>	<u>\$ -</u>
Total for 2004-05		<u>2</u>	<u>0</u>	<u>\$ -</u>	<u>\$ -</u>
2005-06	1st	4	0	\$ -	\$ -
	2nd	<u>3</u>	<u>2</u>	<u>\$ 129</u>	<u>\$ 152</u>
Total for 2005-06		<u>7</u>	<u>2</u>	<u>\$ 129</u>	<u>\$ 152</u>
Total		<u>25</u>	<u>12</u>	<u>\$ 1,290</u>	<u>\$ 6,452</u>

A Amount comprised of three variances: \$1,524, \$98, and \$4,109

## **APPENDICES**

**APPENDIX A**  
**AUDITOR COMMENTARY**

**Dauphin County MATP**  
**Auditor Commentary**

Based on the County response to the draft report, discussion at the exit conference and subsequent follow up meetings with County staff, the following revisions were made to the draft report:

- Page #2: In the first bullet disallowed amounts were reduced as follows: from \$121,400 to \$85,929, from \$540,372 to \$406,928. This reflects changes described below.
- Page #10: In the second and third sentences of the MATP Cost Allocation section, "Mental Retardation" was changed to "Human Services."
- Page #13: In recommendation #7, MR was changed to "Human Services."
- Page #16: In the first paragraph, fourth sentence, "all" was changed to, "many." This reflects an acknowledgment that CAT did not deliver all premium trips through taxi service.
- Page #17: In the fourth full sentence, "CAT \$121,400" was changed to "taxi companies \$85,929". This reflects the BFO acknowledgement that CAT used two sources for providing premium trips.
- Page #17: In the second paragraph the following three sentences were deleted after the fifth sentence. "In the first quarter of FY 2004-2005, the cost for additional passengers was \$2,578. In the first quarter of FY 2005-2006, the additional cost was \$3,149. The BFO determined that if the weighted average of these two amounts were applied to the entire audit period it would represent \$20,638 in additional charges to the County." They were replaced by, "To determine the expense associated with the lack of rate negotiation for additional passengers on premium trips, the BFO extended the amount of additional passenger expense from a review of 30% of the [REDACTED] Taxi invoices to the total premium trip expense for [REDACTED] Taxi in the audit period." This revision was made to document a more accurate method of determining the additional cost associated with the lack of rate negotiation in the [REDACTED] Taxi premium trip contract without the use of the \$121,400 figure.
- Page #17: In the last sentence of the second paragraph, \$20,638 was changed to, "resulting total, \$22,376," to reflect the above change.
- Page #18: The first paragraph after chart number four was deleted. "In the first quarter of FY 2004-2005, CAT reported providing 22,252 trips

Appendix A

within its SAR service area. The BFO estimates that 8,047 of these, or 36% were provided by subcontractors and that at least 4,990 of the subcontracted trips were provided to MH/MR clients<sup>1</sup>. The MH/MR trips represent 62% of the subcontractor trips and 22% of all the MATP trips within the SAR service area. CAT paid MH/MR MATP vendors \$36,252, then billed the County at least \$74,850, a \$38,598 gross profit for the quarter. When this amount is extended over the fourteen quarters of the audit period it represents \$540,372. We question whether this amount above CAT's cost should be eligible for MATP reimbursement."

It was replaced by the following, "The County supplied information to the BFO indicating that 54,257 MH/MR trips occurred during the audit period. Because CAT paid the vendors \$7.50 per trip to deliver them and subsequently billed MATP a minimum of \$15.00, the BFO questions whether CAT's resulting \$406,928 gross profit should be eligible for MATP reimbursement." This change reflects a recommended disallowance based on more accurate information than was available at the time the draft report was issued.

Additionally, footnote #1 to the deleted paragraph was deleted. "The BFO was unable to verify the number of trips [REDACTED] provided and did not include their figures in the report calculations. However, we estimate that up to 1,750 trips may have occurred in the first quarter of FY 2004-2005. When considered, this would significantly increase the percentage and cost of MATP trips delivered to MH/MR clients."

- Page #21 In the last sentence of the third short term recommendation, \$121,400 was changed to \$85,929 for the reasons described above.
- Page #21 In the second sentence of the fourth short term recommendation, \$20,638 was changed to \$22,376 for the reasons described above.
- Page #22 In the last sentence of the sixth short term recommendation, \$540,372 was changed to \$406,928.

In addition to the revisions noted above, the BFO provides the following clarifying comments in response to the County audit response.

Although the final report describes serious issues resulting in recommended cost disallowances, it also acknowledges significant program improvements made by the current program administrators including the use of a third party contractor described in issue number four. Additionally, the BFO acknowledges that the issues described in the report may not have resulted from policy decisions made

by the current program administration. However, we want to re-emphasize the BFO positions on the following areas:

### **Contract Language**

The BFO made recommendations regarding program planning and contract language described in issue number one and the first half of issue number two. However, the County disagrees with many of them on the grounds that they are not directly required by the program I & R or are unnecessary because the Office of Medical Assistance Programs reviews the County annual service plan.

The BFO recommendation that County MATP contracts contain components describing vendor requirements including payment and rate provisions, monitoring requirements, specific accounting practices, performance based incentives, budgets, complaint monitoring procedures and subcontracting requirements was not intended to require compliance with program I & R. These components should be included in MATP contracts to ensure they provide a legally binding foundation for vendor monitoring and program administration. Further, although the MATP I & R do not require vendor contracts to contain these provisions other Commonwealth funded programs do. As an example, PA Code, Title 55, Chapter 4300 regulations governing County MH/MR operations requires County program purchased service contracts to contain many of these provisions. This indicates that the BFO recommendation is firmly established as a sound and prudent business practice necessary to ensure excellent service delivery and monitoring enforcement.

Although the BFO considers the County decision to define MATP policies and procedures (P & P) to be a positive step, referencing them in contracts is not a satisfactory alternative to this recommendation. This is because the County MATP vendors have different responsibilities. Therefore, each contract should contain specific and unique provisions defining the vendor requirements. Submitting the annual service plan to the Department is not an alternative to adopting this recommendation. The annual service plan is a brief summary of County MATP operations attached to the Grant Allocation Agreement. Although the Department requires some county P & P to be attached, this does not eliminate the need for the County to formulate and document MATP program goals and strategy and include the components described above in their contracts.

Regarding performance based contracts; the BFO believes that connecting financial incentives or penalties to documented vendor performance in the contract does not require withholding payment for services that were satisfactorily delivered. Under the County interpretation, they must compensate vendors for any and all services delivered regardless of their quality because MATP is a cost based program. This is a misguided and troubling approach to

contracting because it indicates that the County continues to view the MATP as a pass through program that they cannot actively manage or direct.

The BFO cannot identify any rule or regulation that prevents the County from including performance based provisions in their MATP contracts. This approach has already been successfully implemented in Philadelphia to administer the largest MATP program in the Commonwealth. Implementing performance based contracts is an ongoing DPW initiative also utilized by the Federal Government. The BFO supplied numerous examples of performance based provisions suitable for MATP operations to County MATP staff during the audit.

### **Charging MH/MR Trips Through MATP**

The BFO believes that MH/MR trips delivered by MH/MR providers should not be billed through MATP. This is because these trips could be paid for through MH/MR funding streams or billed directly to the County at a lower rate. Therefore, the additional revenue generated by these trips improperly supplements the entire CAT Shared-Ride system and violates the I & R requirement that MATP act as the payor of last resort. The BFO believes that this billing method subjects Commonwealth MATP operations to a Federal audit exception.

The BFO does not consider the County practice of billing MH/MR trips to be usual and customary because OMAP program monitors were only able to identify one other County employing it. In addition, the PADOT staff was unaware of the nature and extent of these trips. Therefore, the fact that CAT included the MH/MR vendors in their rate increase application does not justify continuing this practice.

The BFO considers the County assertion that ceasing to bill MH/MR trips through Shared-Ride would have resulted in a Shared-Ride deficit of \$1,770,185 to be entirely unjustified. Consider the following calculations using the figures from the County response:

- CAT has virtually no overhead associated with administering these trips making their cost \$7.50 per trip (Note: CAT bills Dauphin County MATP a minimum of \$15.00)
- The revenue loss to CAT in the audit period (FY 2002-2003 through the second quarter of FY 2005-2006) equals the MH/MR trips delivered (54,257) multiplied by \$7.50 per trip, a total of \$406,928.
- The revenue lost per trip is therefore \$406,928 divided by the total Shared-Ride trips (excluding MH/MR trips) of 759,969 resulting in a revenue reduction of .54 cents per trip.

Additionally, the BFO believes that the County response omits non-operating revenue figures from its calculation of the CAT annual deficits. The following chart demonstrates that if MH/MR trip revenue was removed from CAT Shared-Ride operations the division would still have had a net increase in assets of \$369,040 between FY 2002-2003 and FY 2004-2005 despite the loss of MH/MR trip revenue.

**Net Effect of Removing MH/MR Revenue From CAT Shared-Ride**

<b>Category Description</b>	<b>FY 2002-2003</b>	<b>FY 2003-2004</b>	<b>FY 2004-2005</b>	<b>Total</b>
Operating Revenue <sup>1</sup>	\$3,256,617	\$3,168,962	\$3,123,759	\$9,549,338
Operating Expenses <sup>1</sup>	3,704,657	3,730,404	3,860,754	1,1295,815
Operating Loss <sup>1</sup>	(448,040)	(561,442)	(736,995)	(1,746,477)
Non-Operating Revenue <sup>1</sup>	445,278	1,036,521	977,676	2,459,475
Net Asset Change <sup>1</sup>	(2,762)	475,079	240,681	712,998
Lost MH/MR Revenue <sup>2</sup>	(81,112)	(131,348)	(131,498)	<sup>3</sup> (343,958)
New Net Increase or Decrease in Assets	(83,874)	343,731	109,183	<b>369,040</b>

<sup>1</sup> Source: Audited CAT Financial Reports dated June 30, 2005 and June 30, 2004.

<sup>2</sup> Source: MH/MR trips totals from the County draft audit response for the years indicated multiplied by \$7.50.

<sup>3</sup> Note that this number differs from that in the second bullet because of a different time scope.

This indicates that CAT would not have any net losses to recoup by requesting a rate increase from PADOT for Shared-Ride services.

**APPENDIX B**  
**AUDITEE RESPONSE**

**Revised Response to the Bureau of Financial Operations  
Revised Draft Audit Report of the Dauphin County  
Medical Assistance Transportation Program**

February 2, 2007

Mr. Randall B. Roll, Audit Manager  
DPW Bureau of Financial Operations  
Division of Audit and Review, Central Field Office  
P.O. Box 2675  
Third Floor, Bertolino Building  
Harrisburg, PA 17105

Dear Mr. Roll:

As requested in the January 26, 2007, correspondence from the Pennsylvania Department of Public Welfare Bureau of Financial Operations (BFO), this document represents Dauphin County's revised response to the BFO revised draft of the performance audit report of the Dauphin County Medical Assistance Transportation Program (MATP). Before addressing each and every one of the recommendations for audit issues one through three, and in order to have the correct perspective of Dauphin County's responses, Dauphin County strongly believes it is necessary to present several global observations regarding the conduct of its MATP program.

First and foremost, the vast majority of the BFO draft audit report recommendations are of a policy and procedure nature and have already been implemented by Dauphin County and, where applicable, Dauphin County's primary MATP contractor, Capital Area Transit (CAT). Additionally, Dauphin County's 2007 contracts will contain a Policy and Procedure Appendix, which shall be fully incorporated into the contract.

Second, the largest dollar amount questioned by the BFO draft audit report derives from a unilateral and previously undocumented BFO interpretation of the MATP Program Instructions and Requirements (I&R). The operative language in the I&R states:

"The County shall determine which mode is the least expensive, most appropriate transportation service available to meet the consumer's service need."

BFO's draft audit report and the resultant recommendations derive from an interpretation of this language that establishes a "per-trip" methodology for determining "least cost". Dauphin County adamantly disagrees with such an interpretation and, conversely, espouses a "program-wide" methodology for determining "least cost". In order to more fully appreciate the practical financial impact of the difference in the two interpretations, *inter alia*, Dauphin County hired the independent accounting firm of [REDACTED] LLP. The results of [REDACTED] analysis are compelling. As discussed in greater detail *infra*, by adopting a "program-wide" methodology, Dauphin County and its MATP contractor, CAT, have saved the MATP Program an astonishing \$1,770,185.00 with no denigration of service. As a matter of public policy and

respect for taxpayers, Dauphin County believes its program-wide approach should be acknowledged as an acceptable interpretation of the above-quoted language from the I&R.

Third, Dauphin County and its accountants were unable to discern the accounting principle that the BFO draft audit report applies to question the entire expense of subcontracted MATP Premium Trips. The BFO draft audit report cites only three unrepresentative examples from only one fiscal quarter to extrapolate that all 3,987 trips throughout the audit period of fourteen quarters were inappropriate. Dauphin County asserts that if BFO were to audit each premium trip, they would discover that the overwhelming majority of Premium Trips met the standard for the least costly, most appropriate form of transportation. Also, Dauphin County finds that references to limousine rental rates are not a fair or meaningful comparison for purposes of analyzing premium trip costs. Because the prejudicial effect of such references outweighs any probative value derived therefrom, Dauphin County requests such references in the final BFO report be given no weight.

Lastly, it is noteworthy that at the exit conference held on December 18, 2006, BFO representatives admitted errors in their draft report which resulted in a \$168,915.00 reduction and a \$1,738.00 addition for a total correction of \$170,653.00. This amount represents an amazing 25.5% of the total questioned amount. Errors of this magnitude cast doubt on the accuracy and veracity of all BFO findings.

In light of the foregoing global observations, Dauphin County offers the following specific responses to the draft audit report findings and recommendations:

**Issue # 1: Operational Enhancements are Necessary to Increase the Effectiveness of County Program Management**

1. **BFO Recommendation:** The BFO recommends that the County develop and document the goals they intend to achieve through MATP operations. This process should include input from key program stakeholders including: clients, provider staff, social service agency staff and medical providers. The program goals and objectives should be the basis for determining staffing and budget requirements, contract deliverables and monitoring strategies.

**Dauphin County Response:** While Dauphin County agrees that having established program goals can be an effective tool in developing program direction, we can find no documentation in either PA Code Title 55 Chapter 2070, or in the Medical Assistance Transportation Instructions and Requirements dated August 2005 that supports a requirement to develop goals, objectives, or utilization targets within the MATP. The I&R describes various County responsibilities in administering the MATP, mandates and describes requirements to determine eligible consumers and compensable services, but provides no data or statistical information that can be used as a basis to develop such goals or objectives related to percentages of population served or baseline utilization.

2. **BFO Recommendation:** The BFO recommends that the County determine and document their strategy for achieving the MATP program goals. The strategy should ensure that cost-effective, appropriate transportation services are delivered to eligible citizens. This should include specific descriptions of the program responsibilities of the County staff associated with the MATP program, the third-party administrator and transportation subcontracts.

**Dauphin County Response:** Dauphin County acknowledges its obligation to submit an Annual Service Plan, as described in the I&R, that is subject to approval by the Department. Dauphin County also notes that the County MATP program has obtained the approval of the Department for each annual submission. In reference to stakeholder feedback as a monitoring tool, Dauphin County has participated in, and continues to participate in, MATP and CAT stakeholder meetings to obtain feedback on the MATP service from consumers and community stakeholders. With regard to monitoring obligations, Dauphin County agrees that it should conduct on site monitoring activities of sub-contractors as described in the I&R, including fiscal review oversight. Dauphin County also agrees that communication with other County MATP programs could be beneficial in improving its MATP program staff knowledge and perspective.

3. **BFO Recommendation:** The BFO recommends that the responsibilities of County MATP staff be evaluated to determine if there are sufficient resources available to implement the program strategy. This evaluation is also necessary due to the new contract with CCB and the transfer of some program responsibilities to that company. The BFO notes that the county MATP administrative expense cap is flexible and may support the additional administrative oversight necessary to have prevented many of the issues raised in this report.

**Dauphin County Response:** Dauphin County agrees with the need to assess the County staff complement to determine if Dauphin County has sufficient staff to perform the required MATP subcontractor monitoring and program requirement compliance activities.

4. **BFO Recommendation:** The BFO recommends that the County develop, document and maintain operational policies and procedures for MATP to ensure effective operations and successful strategy implementation. They should ensure that this includes policies and procedures sufficient to ensure compliance with the County general responsibilities described in the program I&R. It should also describe County guidelines for contracting, invoice preparation, subcontractor monitoring and cost evaluation. The policies and procedures should be updated periodically and modified to reflect programmatic changes.

**Dauphin County Response:** Dauphin County agrees to develop policies and procedures governing the operations of the MATP, as well as policies and procedures that guide internal and external processes related to program management of the MATP. Dauphin County has instituted guidelines for contracting and invoice preparation in FY 06/07, and is in the process of developing policies and procedures for various operational issues, as well as formalizing and implementing an MATP subcontractor-monitoring plan.

5. **BFO Recommendation:** The BFO recommends that County MATP administrators ensure that their contracts reflect program goals and strategy and require compliance with County operating policies and procedures. The contract work statements should contain a specific, detailed description of the subcontractor's responsibilities. The contracts should include performance-based provisions that reward excellent, efficient service delivery or penalties that discourage negative results. The performance-based provisions should be considered as another method of implementing the program strategy and tied to the achievement of the County program goals described above. Each contract should describe the monitoring information to be reported to the County and what documentation the subcontractor should maintain to support service delivery. The contracts should also describe the financial reporting requirements, MATP invoice payment methodologies and an example of an invoice.

**Dauphin County Response:** Dauphin County will respond to these specific contract issues that are repeated by the BFO in recommendations outlined in more detail as BFO Recommendation #1 of Issue #2.

6. **BFO Recommendation:** The BFO further recommends that County fiscal staff discontinue the practice of allowing CAT to complete the MATP invoice and any associated schedules. The County fiscal and monitoring staff should develop an invoice for each MATP vendor that supplies the information necessary for invoice completion and effective program monitoring. The invoice data should be verified during the site monitoring visits. County staff informed the BFO that this process is currently under way.

**Dauphin County Response:** Dauphin County disagrees with this recommendation. Dauphin County is responsible to complete the quarterly Actual expense report, which is submitted to the Department, which combines data from the County MATP operations and two MATP subcontractors. In order to provide a necessary level of fiscal oversight, Dauphin County currently requires CAT to prepare schedules and reports, in addition to their monthly invoices as a part of Dauphin County's verification of CAT fiscal records. Dauphin County agrees that with increased site monitoring of fiscal records related to CAT monthly invoices and with improved invoicing specifications from Dauphin County and the Department, that such additional reports may not be required from CAT in future. Dauphin County agrees that invoice data review will be part of subcontractor monitoring.

7. **BFO Recommendation:** The BFO recommends that the County consider revising their MATP cost allocation plan in order to recover fixed overhead costs incurred by MH and Human Services staff.

**Dauphin County Response:** Dauphin County has provided additional documentation to the BFO that describes the method used by the County to develop the MATP cost allocation plan. The County disagrees with the BFO statement that there are allowable staff expenses currently not allocated to the MATP. However, Dauphin County does agree to continue to evaluate the MATP cost allocation plan to continue to recover allowable costs of administration of the MATP.

**Issue #2: MATP Contract Management Should Be Enhanced To Ensure Cost-Effective Service Delivery**

1. **BFO Recommendation:** Because the execution and maintenance of effective contracts is essential to the operation of a successful MATP Program, the BFO recommends that the County ensure that their MATP contracts contain the following components:

- **BFO Recommendation:** Work statements that specifically describe the tasks vendors are expected to complete. This could include defining transportation service areas, determining the most cost-effective mode of transportation, on-time performance goals, complaint process requirements and scheduling methods, etc.

**Dauphin County Response:** Dauphin County agrees that work statements should contain specific service responsibilities.

- **BFO Recommendation:** Payment provisions that describe the methods and rates used to compensate vendors. This should include descriptions of vendor service areas and associated rates, provisions for client no-shows and reduced rates for delivering multiple clients to the same destination. The rate negotiation process for subcontractors should be defined. Vendors should be required to justify their rates by documenting their costs. The invoice format and associated schedules should be described and an example attached to the contract.

**Dauphin County Response:** Such items are not appropriate as individual contract provisions; however, Dauphin County will include such items in its "Policy and Procedures" document, which shall be referenced and incorporated by the contract.

- **BFO Recommendation:** Monitoring requirements that describe what performance information subcontractors are expected to submit and when it is due. The requirements should define what information the vendors need to maintain in order to satisfactorily document service delivery and invoice preparation, including driver manifests or reports documenting vendor expenses. Additionally, the requirements could identify any financial incentives tied to documented performance.

**Dauphin County Response:** Such items are not appropriate as individual contract provisions; however, Dauphin County will include such items in its "Policy and Procedures" document, which shall be referenced and incorporated by the contract. As for the recommendation to provide financial incentives, Dauphin County disagrees with this recommendation. MATP is a cost-based program with no attached funding from which to make incentive payments. Moreover, Dauphin County is precluded from withholding payment for services rendered by the provider for trips supplied at a rate determined by PA DOT or the County.

- **BFO Recommendation:** Specific definitions of the accounting practices vendors should employ to record and report program costs. The definition should require, at a minimum, documentation that ties reported costs to the general ledger and that

support is retained that satisfactorily explains and documents any adjustments to recorded costs.

**Dauphin County Response:** Such items are not appropriate as individual contract provisions; however, Dauphin County will include such items in its "Policy and Procedures" document, which shall be referenced and incorporated by the contract. Additionally, the contract will contain an overall requirement that all subcontractors shall comply with all requirements of the latest MATP I&R.

- **BFO Recommendation:** A description of the consequences of subcontractor non-compliance with program I&R and contract provisions. This policy should be referenced in vendor contracts and enforced when contract monitoring identifies violations. Subcontractors should be aware that non-compliance with this contract provision could result in cost disallowances and penalties.

**Dauphin County Response:** Dauphin County's MATP contracts have always included such language as mandated by the I&R. Dauphin County shall continue this practice.

- **BFO Recommendation:** Performance-based provisions that reward or penalize subcontractors based on their performance and compliance with the contract provisions. These should be identified as easily measurable goals and tied to reporting requirements.

**Dauphin County Response:** Dauphin County disagrees with this recommendation. MATP is a cost-based program with no available funding from which to make incentive payments. Moreover, Dauphin County is precluded from withholding payment for services rendered by the provider for trips supplied at a rate determined by PA DOT or the County.

- **BFO Recommendation:** Budget requirements that describe the format and schedule required for budget submission. Provider rate quotations should be supported with cost-of-service documentation.

**Dauphin County Response:** The County disagrees with this recommendation. Budget specifications and rate requests that are used to develop a contract are not appropriate as individual contract provisions. Dauphin County agrees to require and maintain budget information and rate request data and records that support rates in the contract. Dauphin County has enacted contract instructions effective for FY 06/07 specifying contract supporting documentation including, but not limited to, budget and rate information.

- **BFO Recommendation:** Descriptions of the terms under which MATP services may be subcontracted. This should include requirements requiring County subcontract approval and monitoring authority.

**Dauphin County Response:** Dauphin County's MATP contracts have always included such language as mandated by the I&R. Dauphin County shall continue this practice. Specifically, Dauphin County precludes any subcontracting without Dauphin County's express written consent. Said consent would include monitoring authority.

- **BFO Recommendation:** Provisions for recording, referring and satisfactorily resolving consumer complaints.

**Dauphin County Response:** Dauphin County disagrees with this recommendation. Dauphin County is required to submit to the Department its Annual MATP Service plan that includes a policy and procedure for consumer complaints, which is then subject to approval by the Department. Given that the Department approves said policy on an annual basis, Dauphin County contends that this issue is a matter of policy and procedure and required compliance with the MATP I&R that is evaluated as part of the County's subcontractor monitoring activities.

**Issue #2 Short Term Recommendations:**

1. **BFO Recommendation:** The BFO recommends that the County require CAT to discontinue scheduling all premium trips through taxi service unless it is the only means available and begin utilizing other less expensive modes of transportation including CCB vans if necessary. This can be accomplished with the assistance of CCB staff.

**Dauphin County Response:** Dauphin County agrees with this recommendation and addressed this issue in a letter to CAT dated September 6, 2006. Furthermore, effective September 2006, Dauphin County made a program change by giving CCB Inc., the responsibility to arrange and schedule premium trips for MATP.

2. **BFO Recommendation:** The BFO recommends that the County require CAT to negotiate the [REDACTED] Taxi Premium trip delivery rate and amend their contract accordingly.

**Dauphin County Response:** Dauphin County agrees with this recommendation and addressed this issue in a letter to CAT dated September 6, 2006. CAT responded by confirming that it has renegotiated the rate for premium trips with [REDACTED] Taxi to reflect a cost-based methodology effective April 21, 2006. CAT is also pursuing a contract with a different taxi vendor.

3. **BFO Recommendation:** The BFO recommends that OMAP evaluate the eligibility of premium trips delivered between FY 2002-2003 and the second quarter of FY 2005-2006 for MATP participation because they were not delivered through the most economical transportation mode and are excessive. This amount is \$85,929.

**Dauphin County Response:** While Dauphin County understands that the BFO is making this recommendation to OMAP, and that the Department will ultimately decide on the merits of this recommendation, Dauphin County also conducted a preliminary investigation of the cost of Premium trips delivered by taxi companies under contract with CAT. The County finds that the vast majority of all premium trips were not excessive. Dauphin County does not dispute certain instances where CAT arranged for Premium trips using taxi companies without applying the least costly standard. However, Dauphin County questions the validity of the BFO to consider the entire universe of Premium trips provided by taxis to be questionable based on a limited number of examples of excessive cost. Moreover, Dauphin County has verified that CAT executed contracts with taxi companies for reimbursement of premium trips that included a negotiated rate.

- 4. BFO Recommendation:** The BFO recommends that the County recover from CAT the additional passenger costs that were incurred during premium trip delivery due to insufficient rate negotiations. This amount is estimated to be \$22,376. These expenses are included in our questioned costs above and depending on their resolution, may not require further action from DPW.

**Dauphin County Response:** Dauphin County disagrees with the methodology used whereby the BFO estimated that the MATP was charged \$22,376 in additional passenger costs over the life of the audit based on a limited sample where additional passengers were charged to the MATP. Dauphin County contends that the overwhelming majority of Premium Trips did not include additional passenger costs charged to MATP, and that an investigation would confirm this if OMAP were to conduct a more complete review of Premium trips.

- 5. BFO Recommendation:** The BFO recommends that CAT discontinue the practice of charging the County the SAR rate for MH/MR trips delivered through subcontractors and begin billing the County at the actual trip cost.

**Dauphin County Response:** Dauphin County addressed this issue in a letter to CAT dated September 6, 2006. CAT management disputed this interpretation by the BFO and replied via letter dated September 12, 2006, citing the I&R Handbook, Section #14 Usual and Customary Charge. CAT responded that per the I&R, CAT must bill the County for MATP for Shared Ride subcontractors at the PA DOT approved Shared Ride rate. Dauphin County responded via letter dated September 21, 2006, to CAT by clarifying the interpretation that the "MH/MR" vendors should not be considered as part of the Shared Ride Program rate structure, and should, therefore, be billed at the rate negotiated with the vendor. CAT responded by seeking clarification from PA DOT who sets the rates and rules of the Shared Ride program regarding the appropriate interpretation of the MATP I&R. CAT has not yet received a ruling from PA DOT on this matter.

Consequently, CAT informed Dauphin County via letter dated October 2, 2006, that, pending the outcome of its inquiry to the PA DOT, CAT would continue their past practice dating to 1998 to invoice Dauphin County for all Shared Ride services at the

Shared Ride PA DOT approved rate regardless of whether the trip was provided by CAT, or a subcontractor, and regardless of whether CAT contracted with that vendor at a different rate than the PA DOT approved rate, since the approved PA DOT rate includes an estimate of the subcontracted services and rates.

Furthermore, Dauphin County cannot find a definition of an "MH/MR" trip in the MATP I&R that is referenced by the BFO in the draft audit report, and, therefore, Dauphin County does not have sufficient clarity of the appropriate policy interpretation to supersede the current interpretation of the I&R. Dauphin County notes that in this draft audit report, the BFO referenced several providers whose rates differ from the PA DOT approved Shared Ride rate, but the BFO did not include [REDACTED] Taxi, [REDACTED] or [REDACTED] in their recommendation to use the actual subcontracted rate versus the PA DOT Shared Ride rate. The BFO apparently made a distinction between CAT subcontractors and CAT subcontractors who transport "MH/MR" consumers to Medical Assistance compensable services without clear reference to regulation or I&R definitions for that distinction. Dauphin County is also not clear on the definition of an "MH/MR trip." Should PA DOT and the Department provide a different interpretation to Dauphin County as a result of the inquiry made by CAT or this audit report response and subsequently issue guidance in a revised I&R, Dauphin County will cause its subcontractors to comply with such ruling in subsequent rate negotiations, contract development, invoice procedures, and payment.

- 6. BFO Recommendation:** The BFO recommends that OMAP evaluate whether the difference between the amounts CAT billed the County and the expenses they incurred between FY 2002-2003 and the second quarter of FY 2005-2006 for MH/MR trips is eligible for MATP participation. This amount is estimated to be \$406,928.

**Dauphin County Response:** Because of the discrepancies in policy interpretation noted in response to Recommendation #5, the analysis and conclusions documented by BFO, and the magnitude of the amount of questioned expenses by the BFO (originally alleged to be \$540,372.00), Dauphin County contracted with [REDACTED], LLP, Certified Public Accountants, to review CAT's fiscal operations as it pertains to this issue. BFO essentially suggests that CAT "profited" from a practice of charging the County for MATP services billed at the PA DOT approved Shared Ride rate, while reimbursing some vendors at a rate less than the PA DOT approved Shared Ride rate. Although the BFO acknowledges that this practice is acceptable, and that CAT disclosed this practice as part of their rate setting package submitted to PA DOT in 2002-2003, the BFO, nonetheless, concludes that CAT overcharged the MATP.

Dauphin County's response is based on two factors. First, all of CAT's audits throughout the period reviewed by the BFO show that CAT's MATP revenue did not exceed MATP expenses, and therefore, CAT did not "profit" from revenue received from the MATP nor from the invoice practice questioned by the BFO. Second, Dauphin County contends that CAT did, in fact, operate MATP, when viewed in its entirety, in the least costly and most appropriate manner, thereby saving the Department and the Commonwealth significant funds compared to the alternative invoicing structure proposed by the BFO.

[REDACTED] were engaged by Dauphin County to review prior CAT audits, to interview CAT management staff, to analyze CAT's MATP cost-allocation plan, and to evaluate the methodology CAT used to account for revenue and expenses in the MATP, as well as CAT's revenue and expenses and accounting for MATP subcontractors, including, but not limited to, "MH/MR" subcontractors. [REDACTED] conducted their review of CAT's operations and records, interviewed CAT management staff, and during their review, also contacted the Chief of the Lottery Transportation Division of PA DOT.

[REDACTED] reported that CAT is structurally divided into two operating divisions; Fixed Route and Shared Ride divisions, and that CAT's MATP is a part of the Shared Ride division. Following their review of the Shared Ride Division, [REDACTED] concluded that the actual cost for CAT to administer the MATP exceeds the approved PA DOT Shared Ride Rate, and in the current period, Shared Ride costs CAT \$18.55 per trip versus the approved PA DOT rate of \$15.00 per trip, thus CAT clearly does not profit from their Shared Ride, nor their MATP operations.

In subsequent meetings with the Department and with the BFO, BFO's use of the term "profited" was simply wrong. BFO contends that CAT improperly "benefited" from the practice of invoicing the County at the Shared Ride rate for "MH/MR" trips and therefore, insists that CAT "profited" from this practice. This assertion is contradicted by BFO's own acknowledgement that CAT's Shared Ride operating expenses exceeded their Shared Ride revenue for the period of the BFO audit. Dauphin County agrees that CAT did not "profit" from this practice.

Furthermore, as noted earlier in this response, CAT's rate setting package for the Shared Ride program included an estimate of the trips that would be provided by vendors at rates less than the Shared Ride rate, including the "MH/MR" trips. Said subcontracted rates were, in fact, part of the information reported to PA DOT during the rate negotiation. Having incorporated and included the estimated subcontractor trips and subcontractor rate information to PA DOT in rate setting, it is illogical to assume that CAT improperly benefited from this practice, when in fact their approved Shared Ride rate was based on this practice occurring in the manner and form in which it was reported to PA DOT. CAT included all the subcontractor activity and rates on subsequent Shared Ride trip reports to PA DOT, indicating that there was no attempt to improperly benefit from this practice, but rather that it was part of the compliance with rate setting and required reporting.

[REDACTED] also analyzed CAT's costs to administer the "MH/MR" trips and discovered that CAT's costs are \$7.74 per trip, which is consistent with the \$7.50 per trip rate at which vendors are reimbursed and is further evidence that CAT did not improperly benefit from this practice. The cost data indicates that CAT does not profit from such subcontracting arrangements when considering that CAT's administrative overhead for management is an allowable expense.

During the exit conference with representatives from the Department and BFO, some Department staff expressed an additional concern about the discrepancies between the rates paid by the Department for "MH/MR" trips for non MA eligible consumers and the MATP trips in Dauphin County, even though this was not the basis for questioned costs proposed by the BFO. By way of response to this previously un-raised concern, Dauphin County can prove that the "MH/MR" trip providers were reimbursed the same rates for MA versus non MA consumers. Thus, there is no conflict in the rates paid to providers by the two DPW funding sources (MH/MR Program and MATP). Additionally, paying Shared Ride Program rates which differ from those paid to the MH/MR providers is, in fact, consistent with the Department's I & R. The MATP I & R mandates that CAT must reimburse vendors who are part of the rate structure of the Shared Ride Program at the rates approved by PA DOT for the Shared Ride Program. The fact that CAT incorporated the MH/MR trips in their rate setting package to PA DOT as part of the rate setting process requires that CAT charge the MATP at those rates. During the exit conference, Department staff expressed concern about the public relations/political repercussions of a government program paying more for the same ride than a private citizen would have paid. Fortunately, these fears are unfounded when a program-wide methodology is applied and it is understood that the difference between the rate CAT paid vendors (\$7.50) and the rate CAT billed Dauphin County's MATP (\$15.00) was rolled back into the overall program and applied toward funding additional trips as opposed to inuring to the benefit of CAT or any vendor.

██████████ also analyzed the method used by the BFO to determine the recommended \$540,372 in questioned MATP costs, and found that the method used by the BFO is questionable. The BFO analyzed one quarter of MH/MR trips and extrapolated that amount over the 14 quarters of the BFO audit period. By using this method, BFO, in fact, overstated the difference in "MH/MR" trip revenue by \$119,038.82 compared to the actual data of "MH/MR" trips provided by CAT for the 14 quarters of the audit. Pursuant to this review BFO restated the recommended questioned cost amount in the revised draft audit report.

The following table illustrates the CAT Shared Ride Program analysis from FY 01-02 through FY 05-06, the audit period reviewed by the BFO.

<b>CAT- SAR</b>						
<b>MATP Cost Allocation</b>						
	<b>FY 01 - 02</b>	<b>FY 02 - 03</b>	<b>FY 03 - 04</b>	<b>FY 04 - 05</b>	<b>FY 05 - 06</b>	
Harrisburg SAR Expenses	\$ 3,173,717	\$ 3,272,836	\$ 3,276,196	\$ 3,383,385	\$ 3,512,751	
Eville SAR Expenses	\$ 452,129	\$ 450,083	\$ 470,647	\$ 496,159	\$ 514,321	
<b>Total SAR Expenses</b>	<b>\$ 3,625,846</b>	<b>\$ 3,722,919</b>	<b>\$ 3,746,843</b>	<b>\$ 3,879,544</b>	<b>\$ 4,027,072</b>	
<b>Total # Rides</b>	<b>235,714</b>	<b>219,999</b>	<b>214,622</b>	<b>216,812</b>	<b>217,072</b>	
MATP Rides	72,893	68,865	71,720	82,338	86,258	
MH / MR Rides	6,985	10,815	17,513	17,533	16,792	
MATP Rides Less MH / MR	65,908	58,050	54,207	64,805	69,466	
% MATP Rides	30.92%	31.30%	33.42%	37.98%	39.74%	
% MH / MR Rides	2.96%	4.92%	8.16%	8.09%	7.74%	
MATP Exp	\$ 1,121,269	\$ 1,165,364	\$ 1,252,078	\$ 1,473,322	\$ 1,600,239	
MH / MR Expense	\$ 54,029	\$ 83,654	\$ 135,463	\$ 135,618	\$ 129,886	
MATP Exp Less MH/MR	\$ 1,067,240	\$ 1,081,710	\$ 1,116,615	\$ 1,337,704	\$ 1,470,353	
<b>Cost Per Ride MATP</b>	<b>\$ 15.38</b>	<b>\$ 16.92</b>	<b>\$ 17.46</b>	<b>\$ 17.89</b>	<b>\$ 18.55</b>	
<b>Cost Per Ride MH/MR</b>	<b>\$ 7.74</b>					
<b>Cost Per Ride less MH / MR</b>	<b>\$ 16.19</b>	<b>\$ 18.63</b>	<b>\$ 20.60</b>	<b>\$ 20.64</b>	<b>\$ 21.17</b>	
<b>Increase Between MATP Rides including and Excluding MH/MR</b>	<b>\$ 0.81</b>	<b>\$ 1.71</b>	<b>\$ 3.14</b>	<b>\$ 2.75</b>	<b>\$ 2.61</b>	
<b>Reduction in Revenue due to MH/MR rate Change</b>	<b>\$ (53,417)</b>	<b>\$ (99,362)</b>	<b>\$ (170,277)</b>	<b>\$ (178,110)</b>	<b>\$ (181,635)</b>	
<b>Annual Surplus/(Deficit) from Financial Statements</b>	<b>\$ (19,881)</b>	<b>\$ 23,507</b>	<b>\$ (189,956)</b>	<b>\$ (305,594)</b>	<b>\$ (595,449)</b>	
<b>Adjusted Deficit</b>	<b>\$ (73,308)</b>	<b>\$ (75,855)</b>	<b>\$ (360,233)</b>	<b>\$ (483,704)</b>	<b>\$ (777,084)</b>	
<b>Five Year Accumulated Deficit</b>					<b>\$ (1,770,185)</b>	

The most significant finding by [REDACTED] staff as proven by the data in the table above is that, in fact, had the MH/MR trips been billed to the County at the adjusted rate of \$7.74 versus the \$15.00 in which they were billed; the total cost per trip within the MATP would have increased to \$21.17 per trip. Overall, the total additional cost that the MATP would have had to recognize would be \$682,802 over the five-year period from FY 01-02 to FY 05/06 and the five-year adjusted **deficit** to the CAT SAR program would be \$1,770,185. This increase in cost would be substantial to the CAT SAR program and more specifically the MATP. Therefore, CAT would have to recoup those losses by requesting a rate increase from PA DOT for all Shared Ride services, including the MATP trips. Since CAT was able to maintain the MATP program without such rate increase requests indicated a prudent fiscal methodology for managing the program in the least costly and most appropriate manner.

Therefore, it is clear the current method used by Dauphin County and CAT is in fact the least costly and most appropriate form of transportation and invoicing for the County, the MATP, the Department, and the Commonwealth.

**Issue #2 Long Term Recommendations:**

1. **BFO Recommendation:** The BFO recommends that the County negotiate and execute MATP subcontracts directly with a network of transportation vendors for the delivery of premium trips and the transportation of MH/MR clients. Responsibility for scheduling the premium trips should be transferred from CAT to CCB. The County should ensure that the contracts contain the components described in the recommendation above. Vendors should support their contract rates with cost data as part of a comprehensive rate determination process.

**Dauphin County Response:** Dauphin County agrees with this recommendation and has contracted with CCB Inc., effective with fiscal year 06/07 to have CCB Inc., take responsibility to negotiate subcontract for Premium trips, or to verify that using a subcontractor of CAT for premium trips is the least expensive and most appropriate alternative, and for CCB Inc., to arrange and schedule MATP Premium trips regardless of which vendor is used. Dauphin County will also explore whether there is an advantage to having the contracts directly with the County versus having the contracts for premium trips subcontracted through CCB Inc.

2. **BFO Recommendation:** The BFO recommends that the County revise the invoice payment procedures for MH/MR trips after executing the transportation contracts described above. When those contracts are in place, the MATP MH/MR subcontractors should submit their invoices to CCB. CCB should verify client eligibility and then forward them directly to the County fiscal staff for review and payment according to County procedures.

**Dauphin County Response:** Dauphin County expects that CCB Inc. will verify eligibility for all MATP consumers including premium trip recipients, that CCB Inc., will schedule all premium trips, and that the vendor for premium trips will submit the invoice to their payor source. Regardless of whether the Premium trip vendor is reimbursed by CAT, CCB Inc., or the County, CCB Inc., will have verified consumer eligibility and that the Premium Trip arranged by CCB Inc., is the least costly and most appropriate form of transportation.

**Issue #3: Program Monitoring Enhancements are Necessary to Ensure Subcontractors Appropriately Document Program Expenditures and Comply With Service Delivery Requirements**

**BFO Recommendation: Expense Verification**

1. **BFO Recommendation:** The BFO recommends that the County ensure MATP contractors maintain adequate documentation of program expenses. This should be accomplished as part of a comprehensive County contract-monitoring plan. Developing this plan requires County staff to complete the initial planning, strategy development and policies and procedures for contract monitoring described in issue number one. The

policies and procedures should include descriptions of programmatic and financial monitoring methods.

**Dauphin County Response:** Dauphin County agrees that it should conduct on-site program monitoring as described in the I&R and Dauphin County will implement on-site subcontractor monitoring in FY 06/07, including documentation of program expenses.

2. **BFO Recommendation:** The BFO recommends that OMAP evaluate the \$6,452 in unsupported costs claimed by the County and make a determination as to their allowability for MATP reimbursement, including Federal Financial Participation.

**Dauphin County Response:** Dauphin County will monitor CAT's record keeping and method for tying MATP costs to the general ledger and other fiscal reporting as part of contract monitoring.

### Service Delivery and Eligibility Verification

1. **BFO Recommendation:** The BFO recommends that the County immediately require CAT to develop documentation that can be used to verify MATP purchased transportation expense. Due to the volume of data, the documentation should be supplied in an electronic media. This data should include the following information for each MATP trip: trip date, client name, trip expense and transportation mode. It should be supplied to the County on a quarterly basis. The County should verify that the quantity of trips and total expense matches the CAT invoice before authorizing payment. The County should also test a sample of individual trips to verify that the client was MA eligible, the driver manifest documents service delivery and the billing amount is correct.

**Dauphin County Response:** Dauphin County agrees with this recommendation and stipulated MATP invoice requirements to CAT via a letter dated Sept 6, 2006. CAT replied that its new computer system, utilizing SYNCRETIC software, with in-house program modifications will be able to meet the requirements for tracking and invoicing MATP trips by person and vendor. Testing of integrity of MATP trip data will occur as part of subcontractor monitoring.

2. **BFO Recommendation:** The BFO recommends that the County establish written expectations for documenting new client enrollment. This should include what constitutes a complete MATP application, how transportation mode is determined and what documentation should be contained in each client file. The County should notify CCB of the requirements and then monitor the results.

**Dauphin County Response:** Dauphin County reviewed and edited the policy submitted by CCB Inc., to the County and subsequently to the Department as part of the County's Annual Service Plan that describes how CCB Inc., determines the least costly and most appropriate mode of transportation. The Department approved that policy. Should the County or the Department need further clarification or modifications to that policy,

Dauphin County will assure that CCB Inc. makes those changes or clarifications. Dauphin County agrees to monitor CCB Inc.'s documentation of consumer eligibility and mode as part of MATP subcontractor monitoring.

- 3. BFO Recommendation:** The BFO recommends that OMAP evaluate the \$45.00 cost of the three trips provided to ineligible clients and the \$30.00 cost of the two no-show trips reimbursed by the County and make a determination as to their allowability for MATP reimbursement.

**Dauphin County Response:** If the OMAP finds that the amounts billed by CAT to Dauphin County and subsequently to OMAP for the MATP were for ineligible consumers, Dauphin County would support recovery of those amounts from CAT.

- 4. BFO Recommendation:** BFO recommends that County perform additional testing of CAT driver manifests against subsequent trip billing to determine the validity of the CAT no-show documentation procedures and validate these trips are not billed to the MATP program.

**Dauphin County Response:** The MATP I&R fiscal manual, Section #8 states that No - Shows cannot be reported as trips, but costs incurred may be reported on the Actual Expenditures Report. Dauphin County will assure that CAT determines the appropriate method to report the cost of no-shows on monthly invoices to the County that would then be reflected on the Actual Expenditures Report. Dauphin County agrees that No - Shows are not reimbursable by the MATP on a per trip basis. Dauphin County also agrees to monitor the integrity of the transfer of CAT's trip manifest data to the billing process at CAT as part of subcontractor monitoring.

#### **Issue #4: Comments Regarding CCB's Effectiveness as a Third Party Administrator**

- 1. BFO Recommendation:** The BFO recommends that County staff monitor and document the financial savings that result when MATP clients are transferred to mass transit service. This information can be used to justify the expense of the third party administrator contract. County social service staff should be encouraged to utilize this program wherever possible to assist service delivery throughout the County. The County should be recognized for its efforts to transfer eligible MATP clients from standard to fixed route service as a program goal.

**Dauphin County Response:** Dauphin County agrees with the recommendation to demonstrate savings from Mass Transit and includes that data on quarterly summary reports to the Department. Dauphin County continues to utilize the waiver granted by the Department to encourage Mass Transit as the preferred mode for MATP.

- 2. BFO Recommendation:** The BFO recommends that CCB develop and maintain operating policies and procedures in the areas described above and for issuing fixed route bus passes.

**Dauphin County Response:** Dauphin County agrees with the recommendation that CCB Inc. develop policies that outline the use of trip tickets and bus passes.

- 3. BFO Recommendation:** The BFO recommends that County monitoring staff ensure the CCB and CAT computer systems can effectively communicate MATP data and trip schedules.

**Dauphin County Response:** Dauphin County agrees with the recommendation. Dauphin County is confident that this recommendation is completed and that CCB Inc. and CAT can effectively and efficiently transfer electronic trips request and scheduling data as well as eligibility data for new consumers. This information is also verified during monthly MATP coordination meetings between Dauphin County, CAT and CCB Inc., staff and is summarized and reported to the Department on quarterly monitoring reports.

- 4. BFO Recommendation:** The BFO recommends that the County evaluate other program functions and areas of responsibility to determine if they can be transferred to CCB in order to fully utilize their program investment in a third party administrator. These new responsibilities should be specifically defined and included in the CCB contract.

**Dauphin County Response:** Dauphin County agrees with the recommendation to continue to evaluate which functions can be performed effectively by CCB Inc.

- 5. BFO Recommendation:** The BFO recommends that the County revise the CCB contract so that the work statement accurately and specifically describes the activities CCB is expected to perform.

**Dauphin County Response:** Dauphin County agrees with this recommendation. The FY 06/07 contract with CCB Inc., for MATP includes a work statement that describes all the functions and activities that the CCB Inc., should perform.

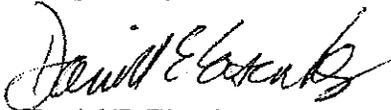
**Dauphin County Conclusion to the BFO Audit Report Response:**

Dauphin County appreciates the opportunity to provide a revised written response to the revised draft audit report completed by the BFO. Dauphin County appreciates the feedback and guidance offered by the BFO staff, as it will help improve the County's oversight and contract monitoring processes. As demonstrated by our responses, there are many areas where Dauphin County substantially agrees with the recommendations offered by the BFO and by implementing them, Dauphin County will thereby be improving documentation of MATP Policy and Procedures, subcontractor monitoring, and the effective oversight of the MATP.

Dauphin County is also confident that it has demonstrated that the fiscal operations and invoicing methodology used by the County and its subcontractor are acceptable methods to comply with the Department's regulations which require the least costly and most appropriate form of transportation and have resulted in a significant cost savings to the Department.

We look forward to completing the audit process and welcome the opportunity to further clarify our responses with Department staff as may be necessary.

Respectfully submitted,



Daniel E. Eisenhauer  
Administrator

CC: Sandra Moore, MSW, Human Services Director  
Fredrick Lighty, Esquire, Human Services Solicitor  
[REDACTED] CPA, CVA. [REDACTED]