



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
BUREAU OF FINANCIAL OPERATIONS  
525 Health and Welfare Building  
Harrisburg, Pennsylvania 17105-2675

KEVIN M. FRIEL  
DIRECTOR

MAR 18 2010

TELEPHONE NUMBER  
(717) 772-2231  
FAX NUMBER  
(717) 705-9094

Mr. Paul Denault  
President/CEO  
Northern Tier Counseling, Inc.  
RR1 Box 137  
Towanda, Pennsylvania 18848

Dear Mr. Denault:

I am enclosing the final report of the audit of Northern Tier Counseling, Inc/Bradford Sullivan MH-MR Programs completed by this office. Your response has been incorporated into the final report and labeled Appendix B.

The final report will be forwarded to the Department's Office of Mental Health and Substance Abuse Services (OMHSAS) to begin the Department's resolution process concerning the report contents. The staff from the OMHSAS may be in contact with you to follow-up on the action taken in consideration of the report's findings and recommendations.

I would like to extend my appreciation to all the courtesy extended to my staff during the course of fieldwork.

Please contact Alexander Matolyak, Audit Resolution Section at 717-783-7786 if you have any questions concerning this audit or if we can be of any further assistance in this matter.

Sincerely,

Kevin M. Friel

Enclosures

c: Ms. Joan Erney  
Mr. Philip Mader  
Mr. William D. Blevins  
Mr. Mark Smith, Chairman Bradford County Commissioner

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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KEVIN M. FRIEL  
DIRECTOR

MAR 18 2010

TELEPHONE NUMBER  
(717) 772-2231  
FAX NUMBER  
(717) 705-9094

Mr. William D. Blevins  
Administrator, Bradford/Sullivan MH-MR Program  
220 Main Street, Unit #1  
Towanda, Pennsylvania 18848

Dear Mr. Blevins:

I am enclosing the final audit report of Northern Tier Counseling Inc/Bradford Sullivan MH-MR Program prepared by the Division of Audit and Review. Your response has been incorporated into the final report and labeled Appendix A.

The final report will be forwarded to the Department's Office of Mental Health and Substance Abuse Services (OMHSAS) to begin the Department's resolution process concerning the report contents. The staff from the OMHSAS may be in contact with you to follow-up on the action taken in consideration of the report's findings and recommendations.

I would like to extend my appreciation to all the courtesy extended to my staff during the course of fieldwork.

Please contact Alex Matolyak, Audit Resolution Section, at (717) 783-7786, if you have any questions concerning this audit or if we can be of any further assistance in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Kevin M. Friel".

Kevin M. Friel

Enclosures

c: Ms. Joan Erney  
Mr. Philip Mader  
Mr. Mark Smith, Chairman Bradford County Commissioner  
Mr. Paul Denault



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
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KEVIN M. FRIEL  
DIRECTOR

MAR 18 2010

TELEPHONE  
(717) 772-2231  
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Ms. Joan L. Erney  
Deputy Secretary for Mental Health  
and Substance Abuse Services  
DGS Annex, Building 11, Room 211  
Harrisburg, Pennsylvania 17110-3593

Dear Ms. Erney:

In response to a request from the Office of Mental Health and Substance Abuse Services (OMHSAS), the Bureau of Financial Operations (BFO) has completed a performance audit of Northern Tier Counseling Inc. (NTC). The request for the audit originated from concerns that NTC was not providing the Bradford/Sullivan MH-MR program (County) with sufficient financial and service data to document how NTC was annually spending \$1.3 million of County program funded dollars. The audit was primarily directed to determine if NTC has complied with County contract requirements and expended funds in accordance with 55 PA Code Chapter 4300 regulations.

The County and NTC views on the report findings, conclusions or recommendations are included in the report and identified as Appendix A and Appendix B, respectively. The data used to prepare the report findings was discussed with NTC management at a closing conference held on November 5, 2009, and with County officials at a closing conference held on January 25, 2010.

The audit identified OMHSAS was overcharged \$1,596,775 for outpatient services that whose cost exceeded the maximums allowable per 55 PA Code Chapter 4300.115.

The auditors also identified NTC overcharged the County \$10,135 for indirect costs, and \$52,801 for bad debt expense which is unallowable per Chapter 4300 and federal regulations.

**Northern Tier Counseling, Inc.**  
**Executive Summary**

NTC is a 501(c) (3) not-for-profit corporation headquartered in Towanda, Bradford County, Pennsylvania. NTC provides support services to people with mental health and substance abuse issues. Services provided by NTC include outpatient psychiatric, adult and children's partial hospitalization, CHIPP, family based, student assistance, emergency and crisis services.

**Northern Tier Counseling, Inc.**  
**July 1, 2007 through June 30, 2009**

Mental Health services are mainly provided to residents of Bradford and Sullivan County. Revenues from the various programs for Fiscal Year 2008-09 were approximately \$4.7 million. NTC is subject to the Title 55 PA Code Chapter 4300 MH-MR fiscal regulations. NTC is also subject to Circular A-122 issued by the Office of Management and Budget (OMB), which establishes cost principles for non-profit organizations.

**Finding No. 1 –  
Use of Program Funded  
Model for Outpatient  
Services Resulted In a  
\$1,596,775 Overcharge  
to OMHSAS**

- The County overcharged OMHSAS \$1,596,775 for outpatient services for the two year period ended June 30, 2009.
- The overcharge resulted from the County reimbursing NTC costs on a program funded model while the regulations require outpatient services to be funded on a unit basis using the rates established per the MA fee schedule.
- The County has continued to fund outpatient services through December 31, 2009 at amounts that exceed the maximums DPW can reimburse.
- The program funding of NTC outpatient services lacked financial reimbursement incentives. This contributed to NTC's inefficient delivery of outpatient services and unreasonably high unit costs.
- The Counties conversion to a fee for service payment system for outpatient services will result in a reduction of outpatient costs. An excess of \$737,000 in funding could exist and a revaluation of the County allocation should be conducted.

**OMHSAS should:**

- Recover \$1,596,775 from the County. The amount represents the difference in costs between the County payments made to NTC and the maximum amount that DPW can consider reimbursing.
- Evaluate the outpatient allocation and carryover which will occur based on the Counties change to the fee for service model. The service needs within the County should first be considered and assessed with the balance of funds reallocated to unmet needs in other counties.

**Northern Tier Counseling, Inc.**  
**July 1, 2007 through June 30, 2009**

County should:

- Contract for outpatient services based on the MA fee schedule required per Title 55 PA Code Chapter 4300.115.

NTC should:

- Continue to implement cost reduction and efficiencies to allow delivery of services at the MA fee schedule rates.

***Finding No. 2 –  
Improper Allocation of  
Indirect/Administrative Cost  
Results in a \$10,135 overcharge  
to the County Program.***

- NTC's use of net rather than gross expenses as a distribution base to allocate administrative costs resulted in a \$10,135 overcharge to the County.

- The NTC cost allocation plan (CAP) is not documented through a written narrative as required by Title 55 PA Code Chapter 4300.94

County should:

- Recover \$10,135 from NTC which represents the overcharge to County programs for the period under review.

NTC should:

- Develop a written Cost Allocation Plan that uses gross rather than net expenses, which would comply with and 4300 Regulations and A-122 requirements.

***Finding No. 3 –  
NTC is Not in  
Compliance with Certain  
Aspects of the 4300  
Regulations***

- NTC charged the County for \$52,801 in unallowable bad debt expense.
- NTC did not retain documents to verify competitive bidding was performed for insurance services purchased from a board member.
- NTC's independent audit format needs to be enhanced to allow the County to make accurate final settlement for program funded cost centers.

**Northern Tier Counseling, Inc.**  
**July 1, 2007 through June 30, 2009**

**NTC should:**

- Develop a policy on retention of records which conforms to the 4300 Regulations and contract requirements, and retain documentation to support competitive bidding was used in awarding insurance services in 2010.
- Modify the format of its independent audit to include a supplemental schedule which identifies the amount of administrative costs and revenues applicable to each program.

**County should:**

- Recover \$52,801 of Bad Debt Expense charged to the program funded outpatient program.
- Use the provider independent audits to make final cost settlement.

**Background**

NTC began providing service in 1993 to the residents of Bradford and Sullivan County. NTC offers various mental health and substance abuse programs throughout the Northern Tier region in five treatment locations. NTC's total revenue for FY 2008-09 was \$4,772,276 of which 59% represents Medical Assistance funds, 27% represents county funding, and 14% third party payers and self pay.

NTC's largest program is outpatient psychiatric services. This program represents 35% of total expenses. County funding represents 51% of the total revenue received for this program. Managed Care Health Organizations, Medical Assistance (MA), self pay, and third party payers represent the remaining funds. A total of 1,716 clients were served in outpatient programs for FY 2008-09.

In September 2008, Bradford County hired an employee who filled the dual positions of County Human Services Director and Bradford/Sullivan MH/MR Administrator. The hiring was followed by an initiative directed by the Bradford Commissioners to conduct a review of outpatient services being provided by NTC through the County contract. The completion of the review was delayed due to NTC's failure to timely produce data and information on the services being provided through the program funded outpatient contract.

By August 2009, the County determined only 159 individuals from Bradford/Sullivan Counties had received outpatient services during FY 2008-2009 through the County contract. The cost to provide the county funded outpatient services when converted to an hourly rate was \$585 per hour. As a result, the Bradford and Sullivan County Commissioners sent a letter to OMHSAS and BFO dated August 12, 2009 requesting an audit of NTC. In response, the Counties were informed that OMHSAS had previously requested an audit of NTC. The request had been approved and the audit was included in the FY 2009-10 DPW Annual Agency Audit Plan.

### **Objective, Scope and Methodology**

The audit objectives, developed in concurrence with OMHSAS were:

- To determine if NTC has complied with the County contract requirements and expended funds in accordance with 55 PA Code Chapter 4300 Regulations.
- To determine if the County's program funded contracts with NTC are in compliance with 55 PA Code Chapter 4300 regulations.

In pursuing these objectives, the BFO interviewed staff members from NTC and the County. We also reviewed accounting records, budgets, financial records, timesheets, expenditure reports, and other pertinent data necessary to complete our objectives.

We conducted this performance audit in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Government auditing standards also require that we obtain an understanding of management controls that are relevant to the audit objective described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of these controls. Based on our understanding of the controls, a number of deficiencies were identified. These deficiencies and other areas where we noted an opportunity for an improvement in management's controls are addressed in the findings of this report.

The audit fieldwork was conducted intermittently between September 29, 2009 and November 5, 2009. Closing conferences were conducted on November 5 and January 25, 2010 with NTC's management and the County Program respectively. The report, when presented in its final form, is available for public inspection.

### **Results of Fieldwork**

#### **Finding No. 1 – Use of Program Funded Model for Outpatient Services Resulted In a \$1,596,775 Overcharge to OMHSAS**

By regulation Counties are limited in the amounts that they can reimburse providers of outpatient psychiatric services. The Contract format utilized by the County to reimburse NTC for these services did not appropriately limit the Counties payments to amounts that DPW could consider eligible for reimbursement. An analysis of the payments to NTC, along with a projection of the levels of service provided by NTC indicates that the payments made, for the two year period ended 06/30/2009, exceeded the DPW reimbursable maximum by \$1,596,775.

**Northern Tier Counseling, Inc.**  
**July 1, 2007 through June 30, 2009**

According to Title 55 PA Code Chapter § 4300.115 titled Department Established Fees, the maximum level of reimbursement for outpatient services that DPW will consider for reimbursement cannot exceed the rates per the medical assistance program fee schedule. To ensure that payments do not exceed the maximum rates Counties are required to reimburse these services on a fee for service basis.

Outpatient Psychiatric Services are Subject to 55 PA Code Section 4300.115(b)

The County contract with NTC requires submission and approval of a line item budget, monthly submission of an income and expenditure report, with the County making final settlement based on audited costs up to the maximum contract. The contract does not require NTC to report units of service delivered in a format that would allow the County to identify what they are paying for. According to 55 PA Code § Chapter 4300.27 which defines program funding as "the procedure used to fund the total eligible expenditures for a publicly or privately administered and staffed facility as determined by the County authority", this contract would appropriately be classified as program funded.

Under program funding the County reimbursed NTC based on actual costs incurred, up to the budget maximum, irrespective of the level of service provided. The level of funding available under the contract far exceeded the maximum provided for in 55 PA Code Chapter 4300.115. We believe that an excess of funds and the absence of any accountability on units of service provided contributed to NTC's maintenance of an inefficient service delivery system that ultimately resulted in an unreasonably high unit cost.

While our analysis was not extended to periods beyond our two year audit scope we do note that the County has used a program funded contract to reimburse outpatient services since the early 1990's. We also note that the County continued to fund NTC outpatient services on a program funded basis through December 31, 2009. At the close of our audit fieldwork the County had plans in effect to change to a fee for service model beginning January 1, 2010.

Contract Background

The FY 2008-09 Agreement between the County and NTC to provide outpatient services has a maximum contract amount of \$887,300. The contract is titled "Program Funded Agreement – PF004". The contract has been in place since at least FY 1997-98 at which time the maximum contract was \$629,577. For FY 2007-08 and FY 2008-09 the total amount of reimbursement paid to NTC for outpatient services was \$1,720,775. The reimbursement per year was \$867,378 and \$853,397 respectively.

At the conclusion of FY 2008-09 The County requested NTC provide a year end report on services rendered. This report detailed the amount of billable minutes and hours provided to the County funded clients and non-billable hours provided to both County and non County funded clients. We compared the type and volume of outpatient services reported for county funded clients to the rates per the MA fee schedule and determined that DPW reimbursement for FY 2008-09 should have approximated \$62,000. Considering that the dollars expended by NTC for the two years of our audit

**Northern Tier Counseling, Inc.**  
**July 1, 2007 through June 30, 2009**

period were similar we assumed service levels for FY 2007-08 were also similar. If this were the case the maximum that DPW should have been billed for the two year period would be approximately \$124,000. Considering that the amount billed to DPW for the two fiscal years ended June 30, 2009 totaled \$1,720,775 it would appear that the DPW was over billed by \$1,596,775.

Program Funding Eliminates Provider Incentives to Deliver Cost Effective Services

The program funding of outpatient services eliminated any impetus for NTC to continually evaluate its service delivery system to ensure service delivery was efficient and at a reasonable cost. Under program funding, a provider's actual costs incurred are reimbursed irrespective of the volume of service being provided. This tends to eliminate any immediate need for staff to fill an open or cancelled slot. The effect of this could be evidenced in a lower than acceptable staff efficiency rate. Based on the data provided we were able to determine that the efficiency rate for direct care staff during FY 2008-09 averaged somewhere between 47 and 50%. Program funding also allowed NTC to charge costs that would not be considered reimbursable by MA and the Managed Care entities. Examples of such services are time involved in report write-up, consultation time, scheduling errors, no-shows, etc.

In anticipation of the County issuing an RFP to fund outpatient services on a fee for service basis, NTC initiated cost-cutting measures within its organization. NTC determined that, based on existing service levels and rates, annual revenue would drop to approximately \$60,000. After factoring in a rate and service level increase NTC determined that an aggressive program to reduce expenses and increase efficiencies was in order. An overview of the cost cutting measures recently initiated includes:

- Elimination of middle management positions
- Elimination of health insurance family coverage.
- Furloughed administrative positions 2 days per month to achieve a 10% reduction in salaries.
- Reduced retirement match from 5% to 0-2%, depending on available funds.
- Changed method for payment of direct care staff. In order to retain current salary, staff must maintain 70% efficiency or 1200 units per month. If staff does not meet this threshold, salary is reduced by the amount of units produced.
- Created an open-access model for the outpatient program, which initially reduced no-show cost by approximately \$89,000.
- Reduced the amount of hours of the part-time psychiatrist.

RFP to Grant Fund Psychiatrist Would Violate 4300 Regulations

In response to high cost of the NTC outpatient program, the County elected to prepare a RFP for outpatient services. The initial RFP developed by the County created a fee-for-service model for the outpatient program with a planned implementation date of January 1, 2010.

**Northern Tier Counseling, Inc.**  
**July 1, 2007 through June 30, 2009**

The County also developed a second option which would provide \$300,000 for the cost of one psychiatrist. This option would violate the 4300 regulations and the MA regulations that preclude providers from seeking funds to subsidize the fee paid under the MA fee schedule and does not provide any consideration of the psychiatric services provided by other payers such as private insurance, Managed Care Organizations, etc. In response to discussions with the OMHSAS, the County is exploring options other than grant funding to purchase psychiatrist services.

**OMHSAS Should Evaluate County Program Allocation**

The County program has allocated \$887,300 per year to program fund NTC's Outpatient program. Based on the above it would appear that an allocation of approximately \$100,000 to \$150,000 would be sufficient to allow for service expansion at higher MA rates.

**Recommendations**

The BFO recommends OMHSAS recover \$1,596,775 from the County Program. This represents the amount the County has overcharged OMHSAS for outpatient services for the fiscal years ended June 30, 2008 and June 30, 2009.

The BFO also recommends the County contract for provision of outpatient services on a fee for service basis in compliance to ensure payments do not exceed the maximums established in 4300.115.

The BFO finally recommends OMHSAS evaluate the amount allocated to the County Program for outpatient services to determine the appropriate amount of funds to reallocate to both within the County Program and to other Counties in need of additional funding.

**Finding No. 2 - Improper Allocation of Indirect/Administrative Cost Results In a \$10,135 Overcharge to the County Program**

For Fiscal Years 2007-08 and 2008-09, NTC overstated the County program costs by \$5,408 and \$4,727 respectively. The overcharges resulted from the use of net rather than gross expenses as the basis to allocate indirect/administrative costs. According to 55 PA Code § Chapter 4300.94(f) and Federal Office of Management and Budget Circular No. A-122 the allocation of indirect costs must result in an equitable distribution. The reduction of certain costs by program income received inappropriately distorts the base resulting in an allocation of indirect and administrative costs that are not in direct proportion to the benefits provided.

NTC uses the revenue received from payers other than the County to reduce the overall expenses in each affected cost center on a monthly basis. The net result is used as the base for the allocation of quality management and administrative costs. Since the costs associated with the County funded program are not similarly reduced the charges to the County program are overstated.

**Northern Tier Counseling, Inc.**  
**July 1, 2007 through June 30, 2009**

NTC's Cost Allocation Plan (CAP) is based upon the simplified method as outlined in the Federal Office of Management and Budget Circular No. A-122. The plan is not documented by a written narrative but the allocation is detailed on an excel spreadsheet.

**Recommendations**

The BFO recommends the County recover \$10,135 from NTC which represents the amount over allocated to the County programs due to the use of net expenses as a distribution base.

The BFO also recommends NTC develop and document a written CAP to identify the specific method used to allocate indirect/administrative costs. The written CAP should be provided to the County Program with gross expenses rather than net expenses used as the distribution base. This will provide consistency among all financial reports provided to the County and will comply with 55 PA Code Chapter 4300 Regulations and OMB A-122 Cost Principles.

**Finding No. 3 - NTC is Not in Compliance with Certain Requirements of the 4300 Regulations**

We reviewed NTC compliance with certain cost requirements found within the 4300 Regulations for program funded services. Our testing of various line items within the budget and monthly expenditure reports submitted to the County Program concluded NTC was generally compliant with the 4300 Regulations and the County contract. The exceptions noted were the cost allocation plan and the following three regulations discussed below.

**Bad Debt Expense of \$52,801 Was Charged to County Program for Outpatient Services**

NTC has incurred \$26,036 and \$26,765 of bad debt expense for FY 2007-08 and FY 2008-09 respectively. These amounts were included on the monthly expenditure reports for outpatient services and reimbursed by the County program. Bad debt is not identified as an allowable expense per 4300 regulations. Per regulation 4300.28 (c) costs which have not been included in the 4300 regulations are considered ineligible for Departmental financial participation unless necessary to provide services to clients.

Additionally, the Federal Office of Management and Budget Circular No. A-122 states bad debts, including losses (whether actual or estimated) arising from uncollectible accounts and other claims, related collection costs, and related legal costs, are non allowable. NTC has been over reimbursed \$52,801 for outpatient costs which are non allowable.

**Northern Tier Counseling, Inc.**  
**July 1, 2007 through June 30, 2009**

**NTC Did Not Retain Bid Documents to Verify Competitive Bidding was Performed for Purchases of Insurance Services**

NTC has a contract to purchase insurance from a company owned by a Board member. A review of the minutes of a board meeting held on September 20, 2007 identify competitive bids were received for purchase of insurance services.

The BFO requested the bid documents to ensure the cost of the service was at the lowest practicable cost as stated in 4300.145; however NTC did not retain the documents related to this contract. Regulation 4300.132 (b) requires County programs and providers with whom the county contracts for services to maintain, books, records, documents, and other evidence to support the costs for which reimbursement is claimed to be retained for a minimum of 4 years. Additionally, the contract NTC negotiated with the County requires those documents to be retained for a minimum of 5 years.

**NTC's Independent Audit Format Needs To Be Enhanced**

The presentation of the Statement of Functional Expenses included in the NTC annual independent audit is not in a format to allow the County Program to make accurate final settlement for program funded cost centers. The NTC's administrative costs are reported in total on the Statement of Functional Expenses but are not allocated to the individual programs receiving the benefit. Additionally, the NTC audit does not include a presentation which identifies the revenues applicable to each program. This does not allow the users of the audit to identify the profit and loss of each program.

55 PA Code Chapter § 4300.161 identifies the purpose of the provider audit is to allow the County Program to make a final determination of actual, allowable costs to ensure accurate cost settlement. In absence of an acceptable audit, the County Program uses the June expenditure report which does report administrative costs charged to individual programs to make final settlement for program funded cost centers. The use of an expenditure report to determine allowable costs could differ from audit costs.

**Recommendations**

The BFO recommends the County recover \$52,801 of Bad Debt Expense charged to the program funded outpatient program.

The BFO also recommends NTC develop a policy for record retention that requires the organization to maintain records that adhere to 4300 Regulations. Additionally, if contract requirements contain a retention policy, NTC should adhere to the period that is longer.

The BFO further recommends the NTC modify the format of its annual independent audit to provide a supplemental schedule which identifies the amount of administrative costs and revenues applicable to each program.

**Northern Tier Counseling, Inc.**  
**July 1, 2007 through June 30, 2009**

The BFO finally recommends the County use the provider independent audits in making final cost settlement.

The County and NTC did not request an exit conference and an exit was not held. The County's written response dated March 1, 2010 has been incorporated into the final report and is labeled Appendix A. The NTC's written response dated February 17, 2010 has been incorporated into the final report and is labeled Appendix B.

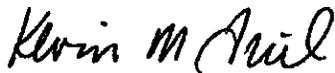
In accordance with our established procedures, an audit response matrix will be provided to your office. Once received, please complete the matrix within 60 days and email the Excel file to the DPW Audit Resolution Section at:

[RA-pwauditresolution@state.pa.us](mailto:RA-pwauditresolution@state.pa.us)

The response to each recommendation should indicate your office's concurrence or non-concurrence, the corrective action to be taken, the staff from your office responsible for the corrective action, the expected date that the corrective action will be completed, and any related comments.

Please contact Alexander Matolyak, Audit Resolution Section at (717) 783-7786 if you have any questions concerning this audit or if we can be of any further assistance in this matter.

Sincerely,



Kevin M. Friel

Enclosures

c: Mr. Philip Mader  
Mr. Michael Orr

**BRADFORD COUNTY'S  
RESPONSE TO THE DRAFT REPORT**

**APPENDIX A**

# Human Services Agency

**MARK W. SMITH**  
COMMISSIONER, CHAIRMAN

**JOHN M. SULLIVAN**  
COMMISSIONER, VICE CHAIRMAN

**DOUG MCLINKO**  
COMMISSIONER



**WILLIAM D. BLEVINS**  
ADMINISTRATOR

**GAYLE KERSHNER**  
CHIEF CLERK

**JONATHAN FOSTER**  
SOLICITOR

## Bradford County

220 Main Street Unit # 1  
Towanda, PA 18848-1822  
(570) 265-1760 \* (800) 588-1828  
FAX: (570) 265-1761

March 1, 2010

Mr. John Hoover, Audit Manager  
Division of Audit and Review  
Bureau of Financial Operations  
Department of Public Welfare  
Rm. 325 Scranton Office Building  
100 Lackawanna Avenue  
Scranton, Pennsylvania 18503

Dear Mr. Hoover:

I am writing in response to the report on the audit conducted of Northern Tier Counseling (NTC). I wish to thank you and Brian for the professional and thorough manner in which the audit was conducted.

As you are aware, the request for an audit was initiated by OMHSAS in early 2009 after Bradford County raised concerns about the level of funding and Northern Tier's refusal/inability to provide quantifiable data on units of service. The Bradford/Sullivan County Commissioners initiated another written audit request in the summer of 2009. We finally received the data from NTC at the beginning of August only after we cited a contract violation and refused to release any funds until the information was received. This data was provided to the auditors in support of our concerns.

**Finding #1:**

We do not dispute the findings. However, we do wish to seek forgiveness of the \$1,596,775.00 overcharge for the following reasons:

1. The new Board of Commissioners from both counties directed the new Human Services Administrator to examine both customer services and the financial relationship with NTC. This was done in the face of political pressures and strong attempts to continue business as usual. It is highly likely, that if the commissioners had not ignored the threats and supported the new Administrator, the audit would not have occurred and the overcharge would have continued. Essentially, the county knew the financial situation surrounding our relationship with NTC was in need of investigation. The new Commissioners did what was right and not what was easy. We certainly hope that will be taken into consideration in this matter.
2. The system and methodology of the program-funded contract with NTC had been in existence since 1993 with very little contract language modification. The continued assumption was that the contracts were within regulatory parameters, prior Boards of Commissioners approved the contracts as submitted.
3. Bradford and Sullivan Counties do not have the funds to reimburse the State the stated amount.
4. The counties did not create the overcharge for their benefit. All of the funds were forwarded directly to NTC under a system the County believed to be permitted and acceptable.
5. Yearly independent audits funded by the county of Northern Tier's operations never noted any violations of the 4300 or other accounting regularities. In fact, the Auditors report for 08-09 includes a letter to the NTC Board of Directors, dated September 9, 2009, that specifically states NTC was in compliance with the 4300 regulations (copy attached).
6. Until very recently, NTC was the only Community Care Behavioral Health (CCBH) certified MH clinical provider in the County. Discussions with CCBH late in 2008 about developing another provider were not supported by CCBH.
7. Obtaining the substantive data required to accurately monitor the contract was extremely difficult and required the draconian measure of withholding payments. Finally, after withholding payments, the counties received the information.
8. The County cooperated fully with the audit and provided all of the data we had obtained and fulfilled all requests for additional data.
9. The County has contracted with two providers for the provision of services under fee for service agreements utilizing the Community Care Behavioral Health fee structure.

10. The County has begun to work with OMHSAS and CCBH to develop new providers and expand services to consumers in both Bradford and Sullivan Counties. This planning group was initially developed to deal with the emergency created by the hasty departure from services when on 12/7/09 NTC terminated services effective 1/1/10. The group is now looking at all services and developing plans to utilize the funds freed when we no longer engaged in program funding.

As a summary for Finding #1, it was the county that began the task of examining the contractual relationship with NTC. The county requested the assistance of OMHSAS and BFO because the provider was not cooperating and we need guidance on what was and was not permissible. We were on uncertain ground in that the independent auditor never cited any 4300 irregularities. The county moved ahead in the review even in the face of serious opposition. If the county is required to make restitution, it will have a severe negative impact of service delivery for years to come.

**Finding #2:**

The county will attempt to comply with the recommendation to recover the overcharge from NTC.

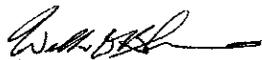
**Finding #3:**

The county will attempt to comply with the recommendation to recover the overcharge from NTC.

As a result of NTC discontinuing services to all county funded consumers in December and their dropping of the D&A, MH Mobile and Walk-in Crisis contracts, the county was only working with NTC for services to CHIPP consumers. The county opted to terminate this contract effective March 31, 2010 which will end all further business association with NTC.

Once again, the county thanks you for the thorough and professional manner in which the audit was completed and accepts all findings as accurate. The county does not feel a meeting with NTC is necessary or desirable.

Respectfully,



William D. Blevins, M. Ed.  
Director, Bradford County Human Services  
Bradford/Sullivan County MH/MR Administrator

copies:  
Mark Smith



[REDACTED]  
*Certified Public Accountants and Consultants*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON INDIRECT COST ALLOCATION**

Board of Directors  
Northern Tier Counseling, Inc.  
Towanda, Pennsylvania:

We have examined management's assertion about Northern Tier Counseling, Inc.'s (Organization) compliance with the Commonwealth of Pennsylvania, Department of Public Welfare, Section 4300.94 of the Title 4300 regulations during the year ended June 30, 2009. The Organization's management is responsible for the assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Organization's compliance with the Commonwealth of Pennsylvania, Department of Public Welfare, Section 4300.94 of the Title 4300 regulations.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, with the Commonwealth of Pennsylvania, Department of Public Welfare, Section 4300.94 of the Title 4300 regulations for the year ended June 30, 2009.

This report is intended solely for the information and use of the Board of Directors, management and the Commonwealth of Pennsylvania, Department of Public Welfare and is not intended to be and should not be used by anyone other than these specified parties.

[REDACTED] Pennsylvania  
September 9, 2009

**NORTHERN TIER COUNSELING INC'S  
RESPONSE TO THE DRAFT REPORT**

**APPENDIX B**



February 17, 2010

**Board of Directors**  
Polly Dawsey  
Paul DeNault  
Iyan Dibble, RN, MSN  
Henry C. Duco  
Jack Fox  
Atty. Christopher Jones  
Chris Landis  
Rep. Tina Pickett  
Vicki L. Schmidt, CPA  
Dr. Karen Saylor, M.D.

**Corporate Counsel**  
Atty. Ray DePaola

**Corporate Office**  
North Towanda  
RR1 Box 137  
Towanda, PA 18848  
570-265-0100  
Fax 570-265-6741  
Toll Free  
1-888-322-1682

**South Waverly**  
356 Linder Street  
South Waverly, PA 18840  
570-982-7414  
Fax 570-888-1204

**Downtown Towanda**  
846 Main Street  
Towanda, PA 18848  
570-265-0977  
Fax 570-265-0980

**Monroe Franklin**  
RR1 Box 3350  
Monroeton, PA 18832  
570-265-5755  
Fax 570-265-3285

**Laporte**  
Medical Center  
217 King Street  
Laporte, PA 18626  
570-265-0100

**Mansfield**  
8 South Street  
Mansfield, PA 16933  
570-662-7787  
Fax 570-662-7753

Mr. John Hoover, Audit Manager  
Division of Audit and Review  
Bureau of Financial Operations  
Department of Public Welfare  
Rm. 325 Scranton State Office Building  
100 Lackawanna Avenue  
Scranton, PA 18503

Dear Mr. Hoover:

Please find attached our responses to the audit that you and you staff prepared per the request of the Bradford / Sullivan County Commissioners.

We attached supporting documentation attachments as some of the information we communicated to you did not include accurate start dates related to efficiency protocols of outpatient services. We must have not clearly communicated the start dates to you on these issues as evidenced by your audit report.

Since the findings against our organization were limited and few; we do not feel the need for an exit interview. You and your staff were helpful and professional in your audit approaches; your recommendations for us to maintain continued regulatory compliances with the 4300's were clear and helpful.

Please note that all our funding has been cut, and we had no choice financially but to cancel our loss leader program contracts with the County system. The decrease in funding and closure of our loss leader programs has damaged the service delivery system of care to our local communities. We are receiving zero dollars of funding from the County administration effective March 31, 2010.

Please call me if you need more supporting documentation or have questions, at 570-265-0100, ext: 2003.

Sincerely,



Paul DeNault  
Pres./C.E.O.

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The mission of Northern Tier Counseling is to welcome and serve  
all those seeking wellness, renewal, and hope.  
[www.northerntiercounseling.com](http://www.northerntiercounseling.com)

**FINDING No. 1 – Use of Program Funding Contract Model for Outpatient Resulted In a \$1,596,775 Overcharge to OMHSAS by County.**

**Page 2, forth bullet point:**

Reference was made to NTC outpatient services lacking financial reimbursement incentives which contributed to inefficient delivery of outpatient services and unreasonably high unit costs.

**Response:**

It should first and foremost be stated that Northern Tier Counseling followed the *program funded contract* requirements as they were written in the contract by the Bradford County Administration.

We feel we did not properly communicate the following facts and dates to the auditors related to our constant efficiency improvements since 2005, as well as our unit costs.

- 1). NTC started productivity incentives in the form of negative consequences to the therapist back in 2005. On January 1, 2006 all outpatient therapists were placed under employment agreements that required them to maintain a 65% productivity standard equaling an average of approximately 100 billable hours a month to maintain a salaried position. If productivity was not maintained, staff had to go to a fee for service agreement without benefits. Paid a set fee only when they billed for a service. Under the program funded contract agreement our total cost per unit of psychiatric and traditional therapy services combined averaged a rate of \$130.00 to \$132.00 dollars an hour per total net receivables. These rate calculations include all 1700 to 2000 clients under the program funded agreement. Under a program funded agreement these rates were reasonable and within market norms. Please note that the Medicaid rates do not cover the true cost of these services. The rates per hour quoted on page 4 under "Background" of \$585.00 per hour were arrived at by the County only counting zero liability clients and not including the other clients we served. The county also allowed us to do patient liability sliding fee agreements on Medicare clients with high co-payments and deductibles. The contract as written allowed us to cost settle every month for expenses not covered after all collections were exhausted. In an area pushing a 12% poverty index and having a very low private pay market, the program funding contract allowed us to sustain quality care services to our community.

Attached is an example of how and when we first started to track each clinician's productivity so we could maintain efficiency of services delivered, this started 5 years ago. Please note that cancelations by clients where re filled to increase scheduling and billing efficiencies.

(SEE ATTACHMENT A)

We also need to clarify the first paragraph under Program Funding Eliminates Incentives to Deliver Effective Services on page 7. Specifically that our therapists were only producing at 47 to 50% efficiency during 2008-2009. Our supportive attached documentation shows that they were producing at 65 to 75%. Please note that our cancellation policy allowed us to re fill these slots maintaining a more efficient system of show rates.

(SEE ATTACHMENT B)

Also attached are our organization's State comparisons of productivity per State benchmarking outcomes of like mental health facilities across the Commonwealth. As the documentation shows our facility is above the outpatient efficiency norms related to productivity of clients serviced in both productivity and access to care, marked by \*\*

(SEE ATTACHMENT C)

We would also like to clarify the second paragraph under Program Funding Eliminates Incentives to Deliver Effective Services on page 7. Specifically, the statement "In anticipation of the County issuing an RFP to fund outpatient services on a fee for service basis, NTC initiated cost-cutting measures".

**Response:**

We began many cost controls and efficiency protocols 5 years ago.

NTC began in 2005 requiring staff to be at 65% productivity and raised it in 2009 to 70%. 107 to 110 billable hours a month. Annually this is 1284 to 1300 hourly units per clinician.

**Page 7, sixth bullet point:**

Reference was made that NTC created an open access model for the outpatient program as being recently initiated.

**Response:**

We began the open access model to care in May of 2005 to increase efficiencies. Access to care was within 3 days of initial client phone contact. This is no longer the case. No new psychiatric referrals are currently being accepted as a result of the funding cuts. Program funding and county support made this very effective best practice model possible.

We would also like to clarify on page 4 under the Background section paragraph 3 sentence 3. It references NTC's failure to timely produce data and information on the services being provided through the program funded outpatient contract. NTC has given the county mental health director Ronald Schell a detailed monthly report of service units produced under the outpatient contract. No requests where ever made to us to change or update these reports for over five years. Numerous new requests only began once the awareness of an audit process was to begin. County requests where then numerous and from various different parties. We had to actually retain outside IT help to obtain some of the information that was never asked for before, nor was our computer system able to obtain it. Some of the information was able to be retrieved manually, but most of the requests required new computer report writing installations. Northern Tier Counseling did not refuse these new requests, and we did the best we could to get the various requesting parties the information being asked for. Attached is the monthly report that was sent to the Human Service Director Ron Schell that reported units of service delivered under the outpatient program funded contract.

(SEE ATTACHMENT D)

**Summary Statement to Finding #1:**

Once Northern Tier Counseling was told just prior to the audit process that we would no longer be program funded, the organization then began substantial cuts across the company of approximately \$600,000.00 in an effort to not impact client care. The cuts in staff position terminations, layoffs, cuts to health and other benefits, 10% salary reductions through forced furloughs, and decreases to our psychiatric resources occurred when the County

informed us of the funding pull backs in Outpatient. At this time we were forced to reduce client services in our outpatient and crisis programs.

A short time later we were informed that the grant funding to support psychiatry was also being pulled off the table. It became evident that the full outpatient program funding contract amount of \$887,000.00 was to be pulled.

Unfortunately, damages to client care became even worse as the organization could no longer continue with programs that lost money. We were forced to close our adult partial programs, crisis walk-in, phone, mobile services, and emergency services. We also had to reduce outpatient therapist positions by 4, and lost our full time psychiatrist back to his home State of New York. We also could not bid the fee for service RFP for the county outpatient or psychiatric services do to the increased administrative cost requirements and the requirement to send a psychiatrist to Sullivan County. We were also informed that our mental health SAP contract was awarded to an outside agency, and that the county also decided to cancel our CHIPP contract. At this time we are not able to take any new psychiatric medication management referrals do to the shortage of resources and ongoing layoffs. Outpatient is now the facilities new budgeted loss leader program at a negative \$300,000.00 this calendar year end.

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In summary, our efficiencies for the rural market we operate in where working in the best interest of our community and consumers under the previous funding model since 1993. We are now continuing to down size and looking for renters to lease 29% of our office space. Funding support from the county is now \$0.00. Services to consumers from Northern Tier Counseling to maintain operations had to be severely decreased as a result of these cuts. Outpatient mental health and psychiatric services are in severe jeopardy.

**FINDING #2 -** Improper Allocation of Indirect/Administrative Cost Results in a \$10,135 overcharge to County Program.

**Response:**

Northern Tier Counseling utilized Net Revenue to allocate indirect costs rather than gross expenses. As stated on the top of page 9 NTC's Cost Allocation Plan is based upon the simplified method as outlined in the Federal Office of Management and Budget Circular No. A-122. The allocation method of the indirect costs were never questioned over the past many years by the County Finance Department or by the Independent County Auditors.

Although the auditors were able to examine our spread sheets related to appropriate allocations of these expenses, the organization did not have a written policy related to our Cost Allocation Plan. Per the recommendations of the auditors please find the attached Cost Allocation Policy related to compliance of 4300's and A-122 requirements. NTC started to use this allocation method in October of 2009. With the fiscal year to date numbers adjusted back to the start of the organizations fiscal year start, July 01,2009.

(ATTACHMENT E)

**FINDING #3 -**

NTC is not in compliance with certain aspects of the 4300 regulations.

**1st Bullet Point:** NTC charged county for \$52,801 in unallowable bad debt expense.

**Response:**

Again, Northern Tier Counseling has never had these expenses questioned over the many years of service contracts by the County Finance Department or the Independent County Auditors. The only thing the County asked us for approximately 4 years ago was for copies of our collection policies. These documents and our process were again audited on August 20, 2009. To allow bad debt write offs under the program funded contract we ensured that we followed the protocols related to collections and 3 official notices to the client. We then proceed to turn the uncollectable balances over to a legal firm for further action. The County has allowed these expenses for many years as long as we followed the appropriate collections procedures attached. As the organization received any past due balances from clients, the receivables were appropriately allocated to the proper cost center and the monthly program funded draw from the county was adjusted appropriately. Attached please find the corporate collections policies that we follow.

(ATTACHMENT F)

Repayment of the \$52,801.00 would create further damages to client services, and to an already cash poor organizational operation. Since we are not receiving any further funds from the county this appears to be an irrelevant issue. Audit

recommendations will be followed where applicable in the future as they relate to bad debt expenses.

**2<sup>nd</sup> Bullet Point-** NTC did not retain documents to verify competitive bidding performed for insurance services purchased from a board member.

**Response:**

Although the bid information was documented and found in the Corporate Board minutes, along with this particular board member removing himself from the vote, our actual copies of the bids were not retained at the facilities corporate office. Copies of these bids will also be maintained in the future at the organizations corporate facility. The organization is currently due to renew its insurances and is also at its 4300 regulatory requirement of bidding these services out every 3 years. The recommendations of the auditors to maintain these bids on-site will be followed. Please see attached documentation policy and letter to agent to support audit recommendation.

(ATTACHMENT G)

**3<sup>rd</sup> Bullet Point –** NTC's Independent County audit format needs to be enhanced to allow the County to make accurate final settlements for program funded cost centers.

**Response:**

Prior to knowing all program funding was being pulled the independent auditors were contacted and instructed to modify the format of its independent audit to include a supplemental schedule which identifies the amount of administrative costs and revenues applicable to each program.

**Closing Remarks:**

Though the findings related to Northern Tier Counseling's operations were few; we are thankful to the BFO auditors for their assistance to ensure our continued compliance with the regulatory requirements under the 4300's and A-122. We will continue to operate in an ethical, efficient, and regulatory compliant manner for the benefit of our communities. However, it should be said that we are saddened by the recent damages to the client care service delivery system within our community. We will continue to follow our mission of helping as many consumers as we can. This is truly all we really ever wanted to do.

The audit responses made within do not necessarily represent those opinions of it's Executive Board of Directors. Sincerely: *Paul DeNault, Pres./C.E.O.*

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## **ATTACHMENT A**

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**ATTACHMENT B**

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therapist 005	01/08	02/08	03/08	04/08	05/08	06/08	4th Quarter	2nd Half	Year-To-Date
L07-initial diagnostic interview	10.00	10	9	12.75	9	5	8.25	5	8.25
L08-individual psychotherapy	6.50	13	14	11.00	11	20	11.50	20	11.50
L09-individual psychotherapy	9.00	29	35.75	23	43.00	33	48.00	41	48.00
L10-individual psychotherapy	0.75	1	3.00	4	4.75	6	7.75	13	5.00
L04-individual psychotherapy				1.25	1	1.25	2.00	2.00	2.00
L08-family psychotherapy	19.25	14	9.50	9	16.00	16	12.50	11	12.50
L08-individual (urgent care)				4.75	9.50	12	8.00	8	11.25
L25-family psychotherapy	4.75	5	2.50	2	3.00	1	0.75	1	0.75
L05-group psychotherapy	83.50	16	93.25	25	48.00	24	30.50	19	42.00
ICP	3.00	1			3.00		3.00		3.00
L21-intake with foster child									
L28-individual with foster child									
L18-individual with foster child									
L30-family psychotherapy with foster child									
L22-collateral family therapy									
L24-group psychotherapy with foster children									
MPP									
Supervision/Staffing/Training	15.00	14	10.00	11.00	13.00	10.50	11.00	13.00	13.00
Crisis	2.75		4.25	2.75			6.50		6.50
CRT - count time									
BMP - bumpad									
CAN - cancel	76.00	28	84.25	35	49.00	35	54.50	34	76.00
CS - cancel sick	6.00	1	1.50	2	0.75	1	0.50	1	3.00
CI - cancel weather			22.50	18			2.00	3	1.00
CT - cancel transportation	0.50	1	6.50	6			2.00	3	3.00
CE - cancel emergency							0.50	1	
CIE - cancel EMTA problems			1.50	1					
LTS - late show									
SC - staff cancel	1.00	1	16.00	12	13.00	16		1.50	1.50
CLD - rnc closed all shed									
NSE - no show exempt	5.00	6							
SCE - scheduling error									
NB - non-billable									
NBI - non-billable - bill contract									
NBP - non-billable group									
NS - no show	5.00	6	11.50	11	8.00	10	3.00	3	1.00
NSG-no show client-group									
NSG-non-billable medical service	0.50	1	1.00	3	1.75	1	1.00	1	1.00
WUP-writes-up time	4.25	11	5.25	17	3.50	9	5.50	15	6.75
CON-consultation time									
TOTAL HOURS BILLABLE	104.63	89	94.06	86	105.50	111	93.63	96	97.75
TOTAL HOURS NONBILLABLE	113.75	55	164.00	109	87.50	74	305.25	84.25	67
TOTAL HOURS AVAILABLE	142.50	144.00	144.00	195	193.00	185	127.00	180.25	164.75
PRODUCTIVITY % (goal is 65%)									

BILLABLE HOURS = Individual & Family hours, 1/4 of Group hours, CRT hours, NBI hours, 1/4 NBP hours and 1/4 NBC hours  
NONBILLABLE HOURS = Supervisor/Staffing/Training hours, BMP to NBI hours, NS & NSG hours, WUP hours and CON hours  
HOURS AVAILABLE = Total hours in Outpatient Department and (Crisis & Emergency Services excluding on call)  
PRODUCTIVITY % = BILLABLE HOURS / AVAILABLE HOURS

therapist 005	01/09	02/09	03/09	04/09	05/09	06/09	07/09	08/09	09/09	10/09	11/09	12/09	Year-To-Date
L07-indial diagnostic interview	11.75	12	9.50	12	8.50	12	8.50	12	11.50	13	15.25	16	179.50
L08-individual psychotherapy	8.50	19	9.00	17	10.00	19	28.00	23	40	13.50	23	17.00	82.00
L09-individual psychotherapy	38.00	28	45.00	31	43.00	29	29.00	33	33	54.00	48.00	33	347.50
L10-individual psychotherapy	5.00	8	3.25	4	7.75	10	17.00	5.00	6	4.50	5	1.50	289.00
L11-individual psychotherapy	2.50	1					3.50	1.25	1				38.25
L12-family psychotherapy	6.00	5	12.50	8	9.25	8	23.25	6.25	5	0.50	1	8.00	37.75
L13-family psychotherapy (urgent care)	2.00	2					3.00	0.75	1				40.50
L14-family psychotherapy	85.00	33	97.75	32	97.25	34	309.00	80.75	26	38.50	17	51.75	645.00
L15-group psychotherapy													
L16-individual with foster child													
L17-individual with foster child													
L18-family psychotherapy with foster child													
L19-collateral family therapy													
L20-group psychotherapy with foster children													
MPP	14.00		13.50		13.50		47.00	19.00	14.50		14.00		88.50
Supervision/Staffing/Training	9.50		0.50		2.00		3.00	0.75	1.25		1.00		8.75
Crisis													
CRT- court time	1.50	1					3.50						3.50
BMP- bumpst													
CAN- cancel	10.50	42	61.50	38	73.50	38	269.50	78.00	38	98.00	47	58.00	625.00
CS- cancel sick	1.00	1	2.00	2	3.00	3	6.00		2.00		4	1.00	28.00
CI- cancel weather	3.00	3	2.00	2			3.00	1.00	1				10.00
CT- cancel transportation	1.00	1					3.00						3.00
CE- cancel emergency													
CIE- cancel EMTA problems													
LTS- late show													
SC- staff cancel	2.50	3	1.00	1	4.50	4	13.00						19.00
CLD- mtc closed all sites													
NSB- no show exempt	10.50	11	6.00	5	4.50	5	20.50	4.00	5	1.00	1	4.00	55.00
NSC- scheduling error													
NB- non-billable	2.75	3			0.50	1	3.25	1.25	2	0.50	1	0.25	7.25
NBJ- non-billable - jail contract													
NBP- non-billable intake													
NBS- non-billable group													
NS- no show	2.50	2	6.75	3	6.75	7	15.00	4.00	5	3.00	2	4.00	49.00
NSG- no show clients group													
NSG- non-billable medical services													
WUP- write-up time	0.75	3			2.00	8	23.25	0.50	2	1.00	2	1.50	30.00
CON- consultation time	1.75	6	1.75	6	2.25	6	9.75	2.00	8	0.50	16	3.75	47.50
TOTAL HOURS BILLABLE	85.00	107	104.19	104	103.81	109	307.00	123.50	131	66.38	95	102.89	1,239.13
TOTAL HOURS NONBILLABLE	141.25	75	93.50	82	110.50	72	345.29	110.25	81	131.00	80	88.00	1,227.83
TOTAL HOURS AVAILABLE	156.25	145.50	145.50	138.25	138.25	145.50	164.75	164.75	140.00	144.50	144.50	144.50	1,226.66
PRODUCTIVITY % (goal is 85%)		82	82	82	82	82	82	82	82	82	82	82	82

BILLABLE & NON-BILLABLE CREDIT HOURS = Individual & Family hours, 1/4 of Group hours, CRT hours, NBI hours, NSC hours, NPC hours and MHC hours  
NONBILLABLE HOURS = Supervision/Staffing/Training hours, BMP to NBJ hours, NS & NSG hours, NSC hours, WUP hours and CON hours  
HOURS AVAILABLE = Total hours in Outpatient Department and (Crisis & Emergency Services excluding on call)  
PRODUCTIVITY = BILLABLE HOURS / AVAILABLE HOURS

**ATTACHMENT C**

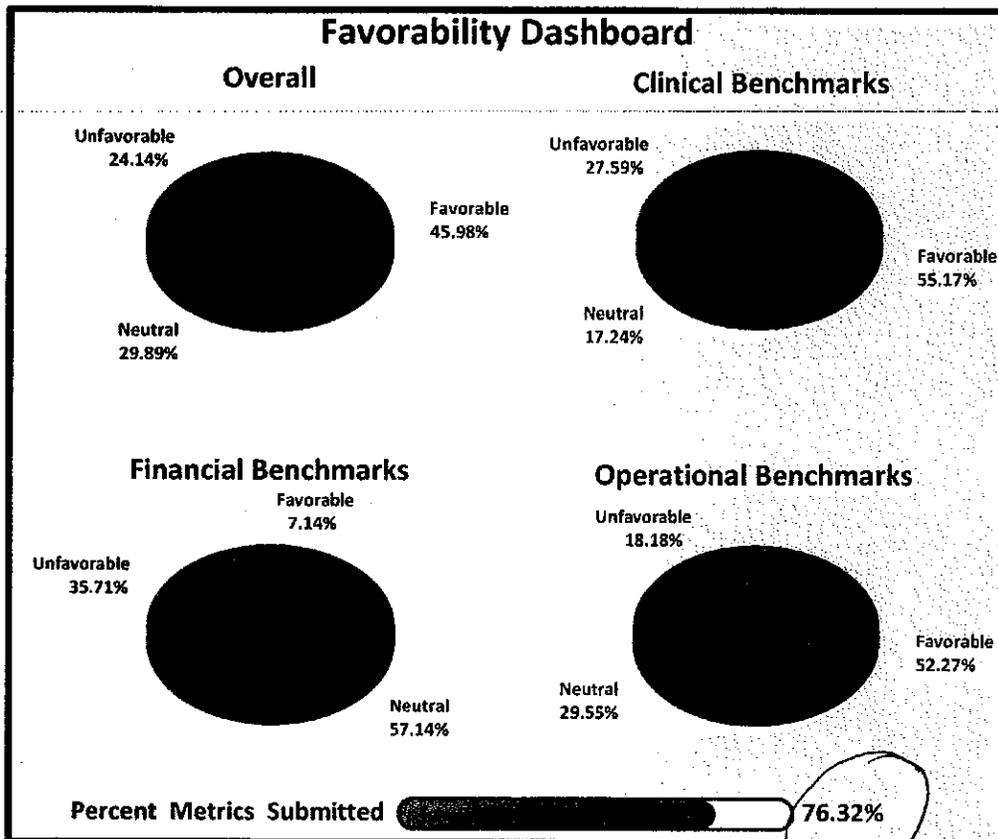
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**PCPA Benchmarking Initiative Executive Summary Report**



This Executive Summary Report presents key comparative benchmarking data that profiles your organization's performance against both state-wide and national norms. Benchmark data based on national norms is identified by (National Comparison) appearing after the benchmark name. To bring focus to "outlier" performance, this report is limited to favorable and unfavorable benchmark findings of 70%ile or higher or 30%ile or lower. For a full report containing all metrics, please refer to the Standard Report. A Favorability Dashboard appears below which contains pie-charts that summarize the distribution of favorable metrics, unfavorable metrics, and neutral metrics, broken out by functional domain (financial, operational, and clinical). Below that is a gauge that illustrates the percent of available metric fields that were populated with data.

This report is based on your most recently reported data for each metric, as of the date indicated in the page footer.



*"WTC is Positive Outlier" was*



## PCPA Benchmarking Initiative Executive Summary Report



For each of the dimensions included in this report, the following statistics are provided:

**Sample Size:** The number of organizations that contributed data for the benchmark appears in parentheses after each benchmark title, e.g., (N=30).

**Score:** Score refers to your organization's value, as submitted for comparative benchmarking purposes.

**Median:** The point in the distribution of scores within the normative group at which fifty percent of the values are above and fifty percent are below.

**Overall Percentile:** Your organization's ranking with respect to the overall distribution of scores within the normative group. A percentile (%ile) ranking is a value on a scale of one hundred that indicates the percent of a distribution that is equal to or beneath it. For example, if your Total Operating Revenue places you at the 60%ile, it means your revenue is equal to or greater than 60% of the organizations within the database.

**Favorability Index:** The favorability index, which ranges from 0 to 100, index reflects the percent of agencies that your organization performed equal to or better than. The score is based on the overall percentile ranking. For some metrics (e.g. client satisfaction), a high percentile ranking is favorable. In these instances, the percentile ranking and the favorability index are identical. For other metrics (e.g., medication errors), a low percentile ranking is favorable. In these instances, the percentile ranking is reversed to produce the favorability index. Therefore, for all metrics in this report, the higher the Favorability Index, the better. A Favorability Index that is 70 or higher (favorable) or 30 or lower (unfavorable) is required for inclusion in this Executive Summary Report. Metrics that are not inherently favorable or unfavorable are excluded from this report.

**Favorability Scale:** The Favorability Scales are graphic representations of the Favorability Index scores. These scales are included to permit quick reference to the favorable and unfavorable findings.

For questions about this report, please contact BPS at 877-330-9870 or help@bpsys.org.

### Clinical Benchmarks - Favorable

Score	Median	Overall Percentile	Favorability Index	Favorability Scale		
				Unfavorable	Neutral	Favorable
<b>Outpatient Mental Health No-Show %-Medication Management -- State Comparison (N=24)</b>						
5.00	16.72	0.00	100.00			
<b>Overall Satisfaction -- National Comparison (N=93)</b>						
5.00	4.07	100.00	100.00			
<b>Outpatient Mental Health No-Show %-Medication Management -- National Comparison (N=179)</b>						
5.00	14.48	6.70	93.30			
<b>Employment %-Serious and Persistent Mental Illness -- State Comparison (N=13)</b>						
43.18	10.34	92.31	92.31			
<b>Global Assessment of Functioning Change Scores-Outpatient Counseling/Psychotherapy-Adult -- State Comparison (N=11)</b>						
14.00	4.00	90.91	90.91			

**PCPA Benchmarking Initiative Executive Summary Report**



**Operational Benchmarks - Favorable**

	Score	Median	Overall Percentile	Favorability Index	Favorability Scale		
					Unfavorable	Neutral	Favorable
** Outpt Services-Days Between Request for Intake and Appointment -Youth -- State Comparision (N=32)	3.00	7.00	15.63	84.38			
** Productivity-Outpatient Counseling/Psychotherapy-Youth -- National Comparison (N=131)	1,176.00	814.92	79.39	79.39			
Outpatient Alcohol and Drug Therapist Cancellation %-Initial Appointment -- State Comparision (N=12)	0.00	1.66	25.00	75.00			
** Outpt Services-Days between Request for Medication Mgmt and Appt -Youth -- State Comparision (N=16)	7.00	17.35	25.00	75.00			
** Outpt Services-Days between Request for Psych Evaluation and Appt-Adult -- State Comparision (N=20)	14.00	26.90	25.00	75.00			
** Outpt Services-Days between Request for Psych Evaluation and Appt -Youth -- State Comparision (N=20)	14.00	23.21	25.00	75.00			
** Outpt Services-Days between Request for Medication Mgmt and Appt -Adult -- State Comparision (N=16)	7.00	13.00	25.00	75.00			
** Productivity-Outpatient Counseling/Psychotherapy-Adult (Priority Item) -- State Comparision (N=28)	1,176.00	884.33	75.00	75.00			
Outpatient Mental Health Therapist Cancellation %-Counselling/Psychotherapy -- State Comparision (N=23)	1.31	2.54	26.09	73.91			
** Productivity-Outpatient Counseling/Psychotherapy-Adult -- National Comparison (N=146)	1,176.00	935.39	71.92	71.92			
Outpatient Mental Health Therapist Cancellation %-Initial Appointment -- State Comparision (N=17)	0.00	1.88	29.41	70.59			
Time to Fill Open Positions-Support Staff -- State Comparision (N=10)	19.00	38.50	30.00	70.00			

**Operational Benchmarks - Unfavorable**

	Score	Median	Overall Percentile	Favorability Index	Favorability Scale		
					Unfavorable	Neutral	Favorable
Retention by Tenure 1 to 5 Years -- State Comparision (N=45)	76.79	85.37	28.89	28.89			



## PCPA Benchmarking Initiative Executive Summary Report



### Clinical Benchmarks - Favorable

Score	Median	Overall Percentile	Favorability Index	Favorability Scale		
				Unfavorable	Neutral	Favorable
<b>Global Assessment of Functioning Change Scores-Outpatient Counseling/Psychotherapy-Youth -- State Comparison (N=9)</b>						
11.00	4.20	88.89	88.89			
<b>Global Assessment of Functioning Change Scores-Partial Hospitalization-Adult -- State Comparison (N=8)</b>						
18.00	5.28	87.50	87.50			
<b>Global Assessment of Functioning Change Scores-Partial Hospitalization-Youth -- State Comparison (N=7)</b>						
14.00	3.30	85.71	85.71			
<b>Outpatient Client Cancellation %-Initial Appointment -- State Comparison (N=19)</b>						
3.64	13.50	15.79	84.21			
<b>Outpatient Client Cancellation %-Initial Appointment -- National Comparison (N=44)</b>						
3.64	12.16	15.91	84.09			
<b>Outpatient Mental Health No-Show %-Initial Appointment -- State Comparison (N=22)</b>						
14.55	22.06	18.18	81.82			
<b>Outpatient Mental Health No-Show %-Counseling/Psychotherapy -- State Comparison (N=26)</b>						
8.50	16.81	19.23	80.77			
<b>Outpatient Mental Health No-Show %-Counseling/Psychotherapy -- National Comparison (N=179)</b>						
8.50	14.39	20.11	79.89			
<b>Outpatient Alcohol and Drug Client Cancellation %-Counseling/Psychotherapy -- State Comparison (N=14)</b>						
4.62	11.72	21.43	78.57			
<b>Outpatient Mental Health No-Show %-Initial Appointment -- National Comparison (N=175)</b>						
14.55	19.90	25.14	74.86			
<b>Self-Reported Outcome -- National Comparison (N=112)</b>						
4.00	3.97	73.21	73.21			

### Clinical Benchmarks - Unfavorable

Score	Median	Overall Percentile	Favorability Index	Favorability Scale		
				Unfavorable	Neutral	Favorable
<b>Outpatient Alcohol and Drug Client Cancellation %-Initial Appointment -- State Comparison (N=14)</b>						
16.67	10.58	78.57	21.43			
<b>Youth Adjudication % -- State Comparison (N=10)</b>						
4.44	1.66	80.00	20.00			

## Operational Benchmarks - Favorable

	Score	Median	Overall Percentile	Favorability Index	Favorability Scale		
					Unfavorable	Neutral	Favorable
Administrative Staff Retention -- State Comparison (N=12)	100.00	95.80	100.00	100.00			
General Clinical Staff Retention -- State Comparison (N=42)	100.00	83.05	100.00	100.00			
Number of Days from Discharge to Follow-Up -Adult -- State Comparison (N=6)	3.00	5.30	0.00	100.00			
** Productivity- Psychiatric Medication Management-Youth -- State Comparison (N=24)	1,600.00	647.47	100.00	100.00			
General Clinical Staff Retention -- National Comparison (N=187)	100.00	81.82	98.93	98.93			
** Productivity- Psychiatric Medication Management-Youth -- National Comparison (N=98)	1,600.00	795.00	94.90	94.90			
** Outpt Services-Days Between Request for Intake and Appointment -Youth -- National Comparison (N=188)	3.00	9.36	6.38	93.62			
** Outpt Services-Days Between Request for Intake and Appointment-Adult -- State Comparison (N=30)	3.00	7.00	6.67	93.33			
** Outpt Services-Days Between Request for Intake and Appointment-Adult -- National Comparison (N=194)	3.00	9.00	6.70	93.30			
** Outpt Services-Days between Request for Medication Mgmt and Appt -Youth -- National Comparison (N=134)	7.00	21.00	11.94	88.06			
** Outpt Services-Days between Request for Medication Mgmt and Appt -Adult -- National Comparison (N=143)	7.00	17.00	13.99	86.01			

**ATTACHMENT D**

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Northern Tier Counseling

Mental Health Outpatient Productivity July 1, 2008 to June 30, 2009

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Billable Unit	1,102.00	1,102.00	1,102.00	1,102.00	1,102.00	1,102.00	1,102.00	1,102.00	1,102.00	1,102.00	1,102.00	1,102.00
Goal												
Actual Units	1,088.50	949.75	954.95	1,040.75	905.80	950.70	1,064.05	1,049.25	1,198.35	1,217.06	1,102.15	1,288.37
Billed												
Other County												
Units	48.25	35.00	50.30	42.25	38.60	16.20	24.30	20.05	36.30	38.25	37.48	45.22
(WUP/CON/CRT) & Service Coordinator												
Month to Date												
Total Units	1,136.75	984.75	1,005.25	1,083.00	944.40	966.90	1,088.35	1,069.30	1,234.65	1,256.31	1,139.63	1,283.59
Month,												
Over(Under)	34.75	(117.25)	(96.75)	(19.00)	(157.60)	(135.10)	(13.65)	(32.70)	132.65	153.31	37.63	181.59
YTD Goal	1,102.00	2,204.00	3,306.00	4,408.00	5,510.00	6,612.00	7,714.00	8,816.00	9,918.00	11,020.00	12,122.00	13,224.00
YTD Actuals	1,136.75	2,121.50	3,126.75	4,209.75	5,154.15	6,121.05	7,209.40	8,278.70	9,513.35	10,768.66	11,908.29	13,191.88
Over/Under	34.75	(82.50)	(179.25)	(198.25)	(355.85)	(490.95)	(504.60)	(537.30)	(404.65)	(251.34)	(213.71)	(32.12)

07-08 YTD Actuals	1,331.25	2,587.65	3,719.60	5,385.00	6,673.30	7,645.65	8,916.90	9,895.65	10,956.10	12,116.45	13,142.65	14,029.45
06-07 vs 07-08	(194.50)	(466.15)	(592.85)	(1,175.25)	(1,519.15)	(1,524.60)	(1,707.50)	(1,616.95)	(1,442.75)	(1,347.79)	(1,234.36)	(837.57)
% change	-14.61%	-18.01%	-15.94%	-21.82%	-22.76%	-19.94%	-19.15%	-16.34%	-13.17%	-11.12%	-9.39%	-5.97%

County Monthly Report - Ron Schell - 2008-09

**ATTACHMENT E**

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**NORTHERN TIER COUNSELING, INC.  
POLICY**

**SUBJECT: COST ALLOCATION POLICY**

**Date: November 5, 2009**

**POLICY:** This policy outlines the method used to allocate the administrative and quality management expenses to all the revenue producing programs.

**INSTRUCTIONS:**

The administrator's office cost (Northern Tier Counseling's administrative and quality management cost) will be allocated to each program by the proportion of the program costs to the total programs cost.

**Initiator: Fiscal Director**  
**Reviewed:**

**ATTACHMENT F**

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**NORTHERN TIER COUNSELING, INC.  
POLICY**

**CROSS REFERENCE:**

**SUBJECT:** Collections,  
Delinquent Accounts  
Bad Debt Write Off, Cont.

**DATE:** March 10, 1999

**COLLECTION OF DELINQUENT ACCOUNTS:**

Step 1. Mail three successive dunning statements requesting payment. Letters must be mailed at not less than 10-day intervals.

Step 2. Immediately after mailing the first dunning statement and in all cases before mailing the second dunning statement, a reasonable effort must be made to establish telephone or personal contact with the liable person concerning the account. This effort must be documented.

Step 3. If payment has still not been received, any delinquent account of \$50.00 or more, must be referred for collection, to a collection agency familiar with the collection of debts arising from medical or social services.

Step 4. The delinquent account may be referred to MH/MR for write off if:

- (A) Steps 1 through 3 have been completed.
- (B) An account balance continues to exist.
- (C) No payment plan has been agreed to or an agreed to payment plan is not being followed.
- (D) The account has been with the collection agency for 90 days.
- (E) The client has been terminated from service.

NOTE: Documentation of the collection effort must be maintained in the client's file.

**COMMERCIAL INSURANCE:**

Contract with NTC or historically the company will pay NTC directly:

- 1. We will bill the insurance company.
- 2. If payment from the company or the client has not been received within sixty (60) days the account will be converted to self pay and the procedure for collections will be followed.

No contract with NTC and historically the company does not pay NTC directly:

- 1. Account will be established as self pay and the client will be responsible to collect from their insurance company.

**FIRST NOTICE**  
**PAST DUE ACCOUNT**

August 14, 2009

This is a friendly reminder of your overdue balance with our agency. The enclosed Balance Due Statement shows the amount you owe according to our records. If the amount shown does not agree with your records please let us know.

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We consider an account delinquent after 30 days. We realize this could be an oversight on your part and not willful disregard of an assumed obligation.

Please make further collection procedures unnecessary by sending payment in full or calling me to arrange a payment plan. 570-265-0100. We will be happy to work with you to design regular payments that will fit into your budget.

Please give this matter your immediate attention. Thank you for your cooperation.

Sincerely,

Collections Clerk

**SECOND NOTICE**

**PAST DUE ACCOUNT**

**August 14, 2009**

We have not had a response to the FIRST NOTICE, which we mailed to you concerning your Past Due account balance. Perhaps you thought that it did not need your immediate attention.

We consider an account delinquent after 30 days. In accordance with our contract with Bradford County to provide mental health services, we are obligated to attempt to collect all Past Due amounts owed to our agency. We follow a specific collection procedure as outlined in our contracts. If we are unable to collect, your account will have to be turned over to an attorney for collection. This will result in the addition of collection fees to the balance you already owe for the services we provided.

Please make further collection procedures unnecessary by sending payment in full or calling me to arrange a payment plan. 570-265-0100. We will be happy to work with you to design regular payments that will fit into your budget.

Please give this matter your immediate attention. If you have made payment within the past two weeks, we apologize for sending this Second Notice.

Thank you for your cooperation.

Sincerely,

Collections Clerk

**THIRD AND FINAL NOTICE**

**PAST DUE ACCOUNT**

August 14, 2009

We have not had a response to either the first notice, which we mailed to you in June 2009 or the second notice, which we mailed to you in July 2009, concerning your past due account balance. This is your third and final notice concerning your past due account. Please give this matter your immediate attention and call me today to work out a payment plan that will fit into your budget. 570-265-0100.

If we do not hear from you by August 31, 2009 we will have no choice other than to turn your account over to an attorney for collection. This will result in additional charges being added to the amount owed to cover the attorney fees. In accordance with our agreement with the County, if you are still receiving services as of August 31, 2009 we will be unable to continue with your therapy as it is currently structured until your account has been paid in full. You will be unable to have regular appointments with your therapist and/or doctor. The only services you will qualify for would be through our Crisis program in case of an emergency.

If you have made payment within the past two weeks, we apologize for sending this third and final notice.

Thank you for your cooperation.

Sincerely,

Collections Clerk

**Hoover, John**

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**From:** Paul DeNault [REDACTED]  
**Sent:** Monday, February 22, 2010 2:48 PM  
**To:** Hoover, John  
**Cc:** [REDACTED]

John: We sent our responses to the audit last week. Please also attach this e-mail as I was remiss to state that in our county program funded contract on page 4, item 11, steps 1, 2, & 3; it specifically outlines the steps that we where to take if bad debt was to be approved for write offs. We followed these steps per our policies, procedures and protocols, including sending uncollectable to a legal firm for final collection efforts. We have never had these bad debt write offs questioned by the county fiscal department or the independent county auditors. Thank you.  
February 22, 2010. 2:47 PM.

*Paul DeNault*  
*President / C.E.O*  
*Northern Tier Counseling, Inc.*  
*570-265-0100, extension 2003*  
[REDACTED]

2/22/2010

**ATTACHMENT G**

**NORTHERN TIER COUNSELING, INC.  
POLICY**

**SUBJECT: Bid Retention of  
Records**

**Date: October 25, 2009**

**POLICY: All Bids per the 4300 regulations will be retained at the organizations  
corporate office.**

**INSTRUCTIONS:**

**Per the 4300 regulations, all bidding process documentation that fall  
under these regulatory requirements will be retained in the corporate  
offices of the organization located at RR 1, Box 137 Towanda PA,  
18848.**

**The documents that verify that the bidding process took place will be  
maintained for a period not less than 5 years.**

**Initiator: Chief Executive Officer.  
Reviewed: October 25, 2009**



Board of Directors  
Polly Dawsey  
Paul DeNault  
Iyna Dibble, RN, MSN  
Henry C. Denn  
Jack Fox  
Atty. Christopher Jones  
Chris Landis  
Rep. Tina Pickett  
Vicki L. Schmidt, CPA  
Dr. Karen Saylor, M.D.

Corporate Counsel  
Atty. Ray DePaola

Corporate Office  
North Towanda  
RR#1 Box 137  
Towanda, PA 18848  
570-265-0100  
Fax 570-265-6741  
Toll Free  
1-888-327-1682

South Waverly  
356 Loder Street  
South Waverly, PA 18940  
570-882-7414  
Fax 570-888-1204

Downtown Towanda  
846 Main Street  
Towanda, PA 18848  
570-265-0977  
Fax 570-265-0980

Monroe Franklin  
RR1 Box 3350  
Monroeton, PA 18832  
570-265-5755  
Fax 570-265-3885

Laporte  
Medical Center  
217 King Street  
Laporte, PA 18626  
570-265-0100

Mansfield  
8 South Street  
Mansfield, PA 16933  
570-662-7787  
Fax 570-662-7753

[REDACTED]  
Towanda, PA 18848

October 20, 2009

[REDACTED]  
Thank you for our new rates for our liability and mal practice insurances. Again, they have been without any substantial increases.

As you know per our 4300 regulations we are required to re bid out our insurances every 3 years. We are presently due for this to occur. Could you please bid out our coverage's to at least 3 additional insurance carries for our next renewal period. We can then speak as to which carrier to choose.

Sincerely,

Paul DeNault  
Pres./C.E.O.

CC: Don Brennan

The mission of Northern Tier Counseling is to welcome and serve