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November 7, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe
Auditor-Controller

Wendy L Watanabe by Schneiderman

SUBJECT: **HEALTH ADVOCATES, LLC – A DEPARTMENT OF PUBLIC SOCIAL SERVICES' SUPPLEMENTAL SECURITY INCOME APPEALS REPRESENTATION SERVICES PROGRAM PROVIDER – CONTRACT COMPLIANCE REVIEW**

At the request of the Department of Public Social Services (DPSS), we reviewed Health Advocates, LLC's (Health Advocates or Contractor), compliance with their County contract and other applicable guidelines for Fiscal Year (FY) 2009-10. DPSS contracts with Health Advocates, a private, for-profit company, to provide DPSS-referred participants with Supplemental Security Income (SSI) Appeals Representation Services (ARS). Health Advocates provides ARS when the participants appeal the Social Security Administration's (SSA) denial of their SSI benefit applications.

DPSS paid Health Advocates a fixed rate of $1,142 for each SSI appeal case that the SSA approves, totaling approximately $1.1 million during FY 2009-10. Health Advocates provides services to residents of all Supervisorial Districts.

Results of Review

Health Advocates provided the services in accordance with their County contract, and met the contract's performance outcome measures. In addition, the Contractor's staff had the required qualifications, and were paid in compliance with the County's Living Wage Program. We have no findings or recommendations for the Contractor.

Review of Report

We discussed our report with Health Advocates and DPSS in October 2011. Health Advocates is not required to submit a response to this report, because there are no findings or recommendations.

We thank Health Advocates and DPSS for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:AA

c: William T Fujioka, Chief Executive Officer
Sheryl L. Spiller, Acting Director, Department of Public Social Services
Aaron Leibovic, Chief Executive Director, Health Advocates
Al Leibovic, President, Health Advocates
Public Information Office
Audit Committee

HEALTH ADVOCATES, LLC
SUPPLEMENTAL SECURITY INCOME APPEALS REPRESENTATION SERVICES
FISCAL YEAR 2009-10

PROGRAM SERVICES

Objective

Determine whether Health Advocates, LLC, (Health Advocates or Contractor) provided services in compliance with their County contract, and Supplemental Security Income (SSI) Appeals Representation Services (ARS) Program guidelines. In addition, determine whether the Program participants received the billed services.

Verification

We visited two (67%) of the three service sites, and reviewed the files for 15 (6%) of the 234 participant SSI cases that the Social Security Administration (SSA) approved after appeal during May and June 2010.

Results

Health Advocates provided the services in accordance with the County contract.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether Health Advocates' staff had the qualifications required by the County contract.

Verification

We reviewed the personnel files for eight (15%) of the 54 Health Advocates employees who worked on the SSI ARS Program.

Results

Health Advocates' staff had the required qualifications.

Recommendation

None.

PERFORMANCE OUTCOMES

Objective

Determine whether Health Advocates met the performance outcomes indicated in the County contract, and reported the performance outcomes to the Department of Public Social Services (DPSS). The performance outcomes included maintaining a 50% appeal approval rate.

Verification

We reviewed Health Advocates' Monthly Management Reports for Fiscal Year 2009-10, which listed SSI appeal cases that SSA approved and denied, and the Contractor's supporting documentation.

Results

Health Advocates met the performance outcome measures indicated in the contract.

Recommendation

None.

CASH

Objective

Determine whether Health Advocates deposited cash receipts in their bank account timely.

Verification

We interviewed Health Advocates management, and reviewed their June 2011 bank statement.

Results

Health Advocates deposited the cash receipts timely.

Recommendation

None.

PAYROLL AND PERSONNEL

Objective

Determine whether Health Advocates paid the SSI ARS Program employees in compliance with the County's Living Wage Program. Also, determine whether Health Advocates obtained required criminal background clearances and employment eligibility for SSI ARS Program employees.

Verification

We reviewed the payroll and personnel records for eight SSI ARS Program staff.

Results

Health Advocates paid the employees in compliance with the County's Living Wage Program, and obtained background clearances and employment eligibility for SSI ARS Program staff..

Recommendation

None.