



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

MAR - 5 2008

TO: Kerry Weems
Acting Administrator
Centers for Medicare & Medicaid Services

FROM: Daniel R. Levinson
Inspector General

A handwritten signature in black ink that reads "Daniel R. Levinson".

SUBJECT: Review of Quality Improvement Organization in New York State
(A-02-06-01023)

Attached is an advance copy of our final report on the Quality Improvement Organization (QIO) program in New York State. In each State, the Centers for Medicare & Medicaid Services (CMS) contracts with QIOs, which were established to promote the effective, efficient, and economical delivery of Medicare health care services and the quality of those services. The Senate Finance Committee requested that the Office of Inspector General assess the fiscal integrity of the QIOs with respect to six specified subject areas. This report is one of a series of nine audits of QIOs in response to that request. In New York, the Island Peer Review Organization, Inc. (IPRO) was the QIO for the period August 1, 2002, through July 31, 2005. For this 3-year period, known as the seventh scope of work, IPRO received \$37.2 million in Federal reimbursement for the QIO contract. We will issue this report to IPRO within 5 business days.

Our objective was to review the six fiscal integrity areas requested by the Senate Finance Committee. Specifically, we reviewed board member and executive staff compensation; board member and executive staff travel; costs relating to legal fees, including administrative charges; equipment and administrative charges; business relationships and conflicts of interest; and contract modifications.

We found that of the \$11.3 million of costs reviewed, \$11.1 million appeared reasonable for Federal reimbursement. Of the remaining costs, IPRO incurred \$77,358 of costs that were unallowable and \$157,218 of costs that may not have complied with Federal requirements:

- IPRO incurred \$77,358 of costs that were unallowable:
 - \$6,755 for unreasonable duplicate meal costs,
 - \$10,000 for unallocable indirect Board of Directors compensation, and

- \$60,603 for costs incorrectly classified as direct expenses that should have been classified as indirect expenses (\$38,515 for board member conference registration fees and \$22,088 for training costs).
- IPRO claimed \$157,218 for potentially unreasonable conference-related costs.

We recommended that IPRO:

- refund \$6,755 of unallowable duplicate meal costs,
- reduce the indirect cost pool by \$10,000 for unallowable Board of Directors compensation,
- refund \$60,603 of incorrectly classified direct costs and increase the indirect cost pool accordingly, and
- work with the CMS contracting officer to determine what portion of the \$157,218 conference-related costs claimed during our audit period were unreasonable and therefore unallowable and so should be refunded.

In its October 16, 2007, comments on our draft report, IPRO generally disagreed with our conclusions, including a finding related to legal fees. While it did not specifically agree to refund any costs, IPRO stated that it had reclassified or recharacterized costs associated with our first three recommendations. IPRO disagreed with the remaining recommendation regarding potentially unreasonable conference-related costs claimed by the organization.

Based on our evaluation of IPRO's comments, we revised our report to reflect that \$2,755 in legal fees regarding IPRO's compliance with a QIO contract clause were direct costs. With the exception of these legal fees, nothing in IPRO's response has caused us to alter our conclusions or recommendations.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact George M. Reeb, Assistant Inspector General for the Centers for Medicare & Medicaid Audits, at (410) 786-7104 or through e-mail at George.Reeb@oig.hhs.gov or James P. Edert, Regional Inspector General for Audit Services, Region II, at (212) 264-4620 or through e-mail at James.Edert@oig.hhs.gov. Please refer to report number A-02-06-01023 in all correspondence.

Attachment



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office Of Inspector General
Office Of Audit Services

MAR 10 2008

Region II
Jacob K. Javits Federal Building
26 Federal Plaza
New York, NY 10278

Report Number: A-02-06-01023

Mr. Theodore O. Will
Chief Executive Officer
Island Peer Review Organization
1979 Marcus Avenue
Lake Success, New York 11042-1002

Dear Mr. Will:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Review of Quality Improvement Organization in New York State." We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

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

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). Accordingly, within 10 business days after the final report is issued, it will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Richard Schlitt, Audit Manager, at (212) 264-4817 or through e-mail at richard.schlitt@oig.hhs.gov. Please refer to report number A-02-06-01023 in all correspondence.

Sincerely,

A handwritten signature in black ink that reads "James P. Edert".

James P. Edert
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

James Randolph Farris, MD
Consortium Administrator
Consortium for Quality Improvement and
Survey & Certification Operations
Centers for Medicare & Medicaid Services
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Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF QUALITY
IMPROVEMENT ORGANIZATION
IN NEW YORK STATE**



Daniel R. Levinson
Inspector General

March 2008
A-02-06-01023

Office of Inspector General

<http://oig.hhs.gov>

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

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In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent the information is not subject to exemptions in the act. (See 45 CFR Part 5.)

OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

In the Medicare program, the Centers for Medicare & Medicaid Services (CMS) contracts with Quality Improvement Organizations (QIO) in each State. Pursuant to section 1862(g) of the Social Security Act, QIOs were established “for the purposes of promoting the effective, efficient, and economical delivery of health care services, and of promoting the quality of services”

QIOs submit vouchers for Federal reimbursement to CMS monthly. The vouchers and reimbursements include amounts for both direct and indirect costs. The QIOs determine the amount of indirect costs to claim by multiplying an indirect cost rate against their direct costs. During the contract period, CMS usually is unable to calculate an indirect cost rate. Therefore, the QIOs use provisional rates to determine indirect costs. After the close of each QIO’s fiscal year, the Defense Contract Audit Agency reviews the organization’s actual direct and indirect costs. The CMS contracting officer considers the Defense Contract Audit Agency’s recommendations in establishing the final rate and performing the final cost settlement.

The Island Peer Review Organization, Inc. (IPRO), a nonprofit organization incorporated in New York State, was the New York QIO for the period August 1, 2002, through July 31, 2005. For this 3-year period, known as the seventh scope of work, IPRO received \$37.2 million in Federal reimbursement for the QIO contract. During the same period, IPRO incurred total costs of approximately \$124.4 million to support all lines of business, including the QIO contract. As of July 1, 2007, CMS had not performed the final cost settlement for the seventh scope of work.

The Senate Finance Committee requested that the Office of Inspector General assess the fiscal integrity of the QIOs. The Senate Finance Committee requested that we review, at a minimum, the following areas:

1. board member and executive staff compensation;
2. board member and executive staff travel;
3. costs relating to legal fees, including administrative charges;
4. equipment and administrative charges;
5. business relationships and conflicts of interest; and
6. contract modifications.

OBJECTIVE

Our objective was to review the six fiscal integrity areas requested by the Senate Finance Committee.

SUMMARY OF FINDINGS

Of the \$11.3 million of costs reviewed, \$11.1 million appeared reasonable for Federal reimbursement. Of the remaining costs, IPRO incurred \$77,358 of costs that were unallowable and \$157,218 of costs that may not have complied with Federal requirements. Specifically:

- IPRO incurred \$77,358 of costs that were unallowable:
 - \$6,755 for unreasonable duplicate meal costs,
 - \$10,000 for unallocable indirect Board of Directors compensation, and
 - \$60,603 for costs incorrectly classified as direct expenses that should have been classified as indirect expenses (\$38,515 for board member conference registration fees and \$22,088 for training costs).

- IPRO claimed \$157,218 for potentially unreasonable conference-related costs.

We are recommending the direct recovery or resolution of those unallowable costs charged directly or indirectly to the contract and the reclassification of those indirect costs allocated to the contract as direct costs.

RECOMMENDATIONS

We recommend that IPRO:

- refund \$6,755 of unallowable duplicate meal costs,
- reduce the indirect cost pool by \$10,000 for unallowable Board of Directors compensation,
- refund \$60,603 of incorrectly classified direct costs and increase the indirect cost pool accordingly, and
- work with the CMS contracting officer to determine what portion of the \$157,218 conference-related costs claimed during our audit period were unreasonable and therefore unallowable and so should be refunded.

AUDITEE'S COMMENTS AND OFFICE OF INSPECTOR GENERAL'S RESPONSE

In its October 16, 2007, comments on our draft report, IPRO generally disagreed with our conclusions. While it did not specifically agree to refund any costs, IPRO stated that it had reclassified or recharacterized costs associated with our first three recommendations. IPRO disagreed with the remaining recommendation regarding potentially unreasonable conference-related costs that it claimed. IPRO's comments appear in their entirety in Appendix B.

Based on our evaluation of IPRO's comments, we revised our report to reflect that \$2,755 in legal fees regarding IPRO's compliance with a QIO contract clause were direct costs. With the exception of these legal fees, nothing in IPRO's response has caused us to alter our conclusions or recommendations.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	1
Quality Improvement Organization Program	1
Claims for Federal Reimbursement	1
New York Quality Improvement Organization	2
Senate Finance Committee Request.....	2
OBJECTIVE, SCOPE, AND METHODOLOGY	3
Objective	3
Scope	3
Methodology	3
FINDINGS AND RECOMMENDATIONS	5
UNALLOWABLE COSTS	5
Unreasonable Duplicate Conference Meal Costs	5
Unallocable Board of Directors Compensation	6
Costs Incorrectly Classified as Direct Costs.....	7
POTENTIALLY UNALLOWABLE COSTS	8
RECOMMENDATIONS	9
AUDITEE’S COMMENTS AND OFFICE OF INSPECTOR GENERAL’S RESPONSE	9
Unreasonable Duplicate Conference Meal Costs	10
Unallocable Board of Directors Compensation	10
Costs Incorrectly Classified as Direct Costs.....	11
Potentially Unallowable Costs.....	12
APPENDIXES	
A – COSTS INCURRED BY THE ISLAND PEER REVIEW ORGANIZATION, INC., FOR MEDICAL CARE AND REVIEWED BY THE OFFICE OF INSPECTOR GENERAL, AUGUST 1, 2002–JULY 31, 2005	
B – AUDITEE’S COMMENTS	

INTRODUCTION

BACKGROUND

Quality Improvement Organization Program

Part B of Title XI of the Social Security Act (the Act), as amended by the Peer Review Improvement Act of 1982, established the Utilization and Quality Control Peer Review Organization Program, now known as the Quality Improvement Organization (QIO) Program. Pursuant to section 1862(g) of the Act, QIOs were established to promote the effective, efficient, and economical delivery of Medicare health care services and the quality of those services.

Pursuant to 42 CFR § 475.101, “to be eligible for a QIO contract an organization must – (a) Be either a physician-sponsored organization . . . or a physician-access organization . . . and (b) Demonstrate its ability to perform review”

The Centers for Medicare & Medicaid Services (CMS) awards the contracts for 41 QIO organizations, which administer 53 QIO contracts (all 50 states plus the District of Columbia, Puerto Rico, and the U.S. Virgin Islands), every 3 years. Each contract requires a specific scope of work (SOW). Seven SOWs have been completed. The SOW for each contract may be modified to make adjustments to the contract tasks. Certain modifications, referred to as special studies, generally receive the majority of funding increases. Federal funding for QIOs was budgeted at approximately \$1.3 billion for the seventh SOW.

The Office of Management and Budget (OMB) Circular A-122, “Cost Principles for Non-Profit Organizations,” as revised June 1, 1998, establishes the principles for determining allowable costs with respect to contracts with nonprofit organizations.¹

Claims for Federal Reimbursement

Pursuant to its contract with CMS, each QIO submits vouchers to CMS monthly. The vouchers include claims for both direct and indirect costs. Pursuant to OMB Circular A-122, Attachment A, direct costs are amounts “that can be identified specifically with a particular final cost objective” (section B.1), and indirect costs are amounts “that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective” (section C.1). An indirect cost rate is established for each contract and generally calculated by dividing allowable indirect costs by all direct costs. The QIOs determine the amount of indirect costs to claim by multiplying an indirect cost rate against their direct costs.²

¹In this report, citations to OMB Circular A-122 are to the June 1, 1998, version. On May 10, 2004, OMB revised the circular, which generally became effective on the May 10, 2004, publication date, during the seventh SOW (70 Federal Register 51927 (Aug. 31, 2005)). However, the circular states that, for existing awards, the new principles may be applied if the organization and the cognizant Federal agency agree (section 9 of OMB Circular A-122, as revised May 10, 2004.) The 2004 version does not apply to this QIO contract because the parties did not make such an agreement.

²Some of the direct costs, including passthrough costs, do not receive an allocation of indirect costs. Section G.3 of the QIO contract requires QIOs to exclude their passthrough costs in the calculation of indirect costs.

During the contract period, CMS usually is unable to calculate an exact indirect cost rate. Therefore, the QIOs use provisional rates to determine indirect costs. Pursuant to OMB Circular A-122, Attachment A, section E.1.e, a provisional rate is a temporary indirect cost rate “applicable to a specified period which is used for funding, interim reimbursement, and reporting indirect costs on awards pending the establishment of a final rate for the period.” After the close of a QIO’s fiscal year (FY), CMS contracts with the Defense Contract Audit Agency (DCAA) to review the indirect cost rate proposals, which contain the actual direct and indirect costs, and to make recommendations as to the final rates for that FY. The CMS contracting officer considers DCAA’s recommendations in establishing the final rate for each QIO.

New York Quality Improvement Organization

The Island Peer Review Organization, Inc. (IPRO) serves as the New York QIO. IPRO is a nonprofit organization that was incorporated in New York State in July 1983. IPRO’s contract with the Federal Government is on a cost-plus-fixed-fee basis.

For the 3-year period known as the seventh SOW (August 1, 2002, through July 31, 2005), IPRO received \$37.2 million in Federal reimbursement for the QIO contract. During the same period, IPRO incurred total costs of approximately \$124.4 million to support all lines of business, including the QIO contract.

For FYs 2003 and 2004, which covered part, but not all, of the seventh SOW, DCAA has reviewed the indirect cost rates and made recommendations as to the final rates. As of July 1, 2007, DCAA had not reviewed the indirect cost rates for FY 2005. The CMS contracting officer will consider both DCAA’s and our recommendations in establishing the final rates and settling the cost differences that occurred between the provisional and final rates for the seventh SOW.

Senate Finance Committee Request

The Senate Finance Committee requested that the Office of Inspector General review the fiscal integrity of the QIOs. The Senate Finance Committee requested that we review, at a minimum, the following areas:

1. board member and executive staff compensation;
2. board member and executive staff travel;
3. costs relating to legal fees, including administrative charges;
4. equipment and administrative charges;
5. business relationships and conflicts of interest; and
6. contract modifications.

The Senate Finance Committee also expressed concern about the extent to which QIOs addressed beneficiaries’ quality of care concerns and the beneficiary complaint resolution process. We have examined those issues in another review (OEI-01-06-00170).

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to review the six fiscal integrity areas requested by the Senate Finance Committee.

Scope

We reviewed a judgmental sample of approximately \$11.3 million of the costs that IPRO incurred for the seventh SOW (August 1, 2002, through July 31, 2005). In total, IPRO received \$37.2 million in Federal reimbursement for the QIO contract.

The \$11.3 million consisted of costs incurred for the six areas that the Senate Finance Committee requested we review. We reviewed these costs to determine whether they were (1) reasonable, allowable, and allocable under the terms of the contract and (2) supported by accounting records and other reliable documentation.

We limited our internal control review to IPRO systems and procedures for claiming costs to the extent necessary to accomplish our objective.

Our audit was intended to supplement information contained in DCAA audits.

We performed fieldwork at IPRO's office in Lake Success, New York.

Methodology

We took the following actions to accomplish our objectives:

- We reviewed applicable Federal requirements.
- We interviewed IPRO officials and reviewed IPRO policies and procedures to obtain an understanding of how it claimed costs for Federal reimbursement.
- We interviewed the CMS project officer and program staff at the CMS regional office to obtain an understanding of their roles in the contracting process.
- We reconciled the Federal reimbursement, in total (as indicated on the vouchers that IPRO submitted to CMS), to IPRO's general ledger to determine the costs IPRO incurred and charged to the contract.
- We examined, on a test basis, evidence supporting the \$11.3 million of costs included in our review and claimed by IPRO. For each of the six areas reviewed, we identified the general ledger accounts that contained the expenses that IPRO incurred during the seventh SOW.

- For board member and executive staff compensation, we examined how frequently meetings were held, the rate used to pay the board members, and the number of board members who attended the meetings. We compared compensation, for both the board members and four high-ranking executives, to the amounts included in IPRO's proposal to CMS and the amounts approved by CMS. CMS eliminated salary ceilings for QIO executives after the fifth SOW and no longer prescribes specific salary limitations. Accordingly, the general standards for reasonableness in executive salaries, as established by OMB Circular A-122, are applicable.
 - For board member and executive staff travel, we analyzed documentation to determine whether transportation costs of the board members, high-ranking executives, and staff were reasonable. For board members and executive staff, we judgmentally selected overnight trips to determine whether IPRO claimed transportation, hotel, and meal costs pursuant to Federal guidelines.
 - For costs relating to legal fees, including administrative charges, we reviewed documentation to determine whether the costs were reasonable and allowable for Federal reimbursement.
 - For equipment and administrative charges (e.g., training costs), we analyzed documentation to determine whether the incurred costs were allowable for Federal reimbursement.
 - For business relationships and conflicts of interest, we reviewed selected subcontracts and conference-related costs. We then analyzed the documentation to determine whether the incurred costs were allowable for Federal reimbursement.
 - For contract modifications, we reviewed the modifications to determine whether they increased the funding for the seventh SOW, added a special study, or were technical in nature. For modifications that added special studies, we reviewed the objectives of the studies to determine whether they were consistent with CMS's overall objectives for the seventh SOW.
- We assessed IPRO's accounting policies and procedures related to capitalizing, expensing, and safeguarding of fixed-asset purchases.
 - We reviewed DCAA audits of direct and indirect costs for FYs 2003 and 2004.

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

FINDINGS AND RECOMMENDATIONS

Of the \$11.3 million of costs reviewed, \$11.1 million appeared reasonable for Federal reimbursement. Of the remaining costs, IPRO incurred \$77,358 of costs that were unallowable and \$157,218 of costs that may not have complied with Federal requirements. Specifically:

- IPRO incurred a total of \$77,358 of costs that were unallowable:
 - \$6,755 for unreasonable duplicate meal costs,
 - \$10,000 for unallocable indirect Board of Directors compensation, and
 - \$60,603 for costs incorrectly classified as direct expenses that should have been classified as indirect expenses (\$38,515 for board member conference registration fees and \$22,088 for training costs).

- IPRO claimed \$157,218 for potentially unreasonable conference-related costs.

We are recommending the direct recovery or resolution of those unallowable costs charged directly or indirectly to the contract and the reclassification of those indirect costs allocated to the contract as direct costs. A schedule of the direct and indirect costs that we reviewed, accepted, questioned, or set aside is presented in Appendix A.

UNALLOWABLE COSTS

IPRO incurred \$77,358 of costs that were unallowable. These costs were for unreasonable duplicate conference meal costs (\$6,755), unallocable indirect Board of Director compensation (\$10,000), and incorrectly classified direct expenses that should have been classified as indirect expenses (\$60,603).

Unreasonable Duplicate Conference Meal Costs

Pursuant to OMB Circular A-122, Attachment A, section A.2.a, to be allowable under an award, costs must “[b]e reasonable for the performance of the award and be allocable thereto under these principles.” Further, pursuant to section A.3:

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. . . . In determining the reasonableness of a given cost, consideration shall be given to:

- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.

- b. The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, Federal and State laws and regulations, and terms and conditions of the award.
- c. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the Federal Government.
- d. Significant deviations from the established practices of the organization which may unjustifiably increase the award costs.

I PRO claimed \$6,755 of unreasonable duplicate meal costs. For executives and staff members who attended QualityNet conferences³ during the seventh SOW, I PRO claimed the full cost of breakfasts and lunches twice—as part of conference per diem costs and as part of conference registration fees, which included meal costs. Accordingly, these costs are unreasonable and therefore unallowable.

Unallocable Board of Directors Compensation

Pursuant to OMB Circular A-122, Attachment A, section A.4.a:

A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

- (1) is incurred specifically for the award;
- (2) benefits both the award and other work and can be distributed in reasonable proportion to the benefits received; or
- (3) is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

I PRO incurred costs of \$10,000 for Board of Directors compensation for services that did not benefit the QIO contract. Specifically, I PRO made individual \$400 payments to 25 board members who attended a special board meeting on April 1, 2003, to discuss a proposal for I PRO to purchase the Florida QIO. The costs did not benefit the QIO contract and were not necessary to its overall operations as the QIO for New York State. Therefore, these costs were unallocable.

³QualityNet is an Internet site established by CMS to provide healthcare quality improvement news, resources, and data reporting tools and applications for healthcare providers and others. CMS sponsors QualityNet conferences for QIOs.

Costs Incorrectly Classified as Direct Costs

IPRO incurred \$60,603 of indirect costs that were incorrectly classified as direct costs. These costs were for board member conference registration fees (\$38,515) and training costs (\$22,088).

Pursuant to OMB Circular A-122, Attachment A, section B.1, “direct costs are those that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization.” OMB Circular A-122, Attachment A, section C.1, states “[i]ndirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular cost objective.”

Incorrectly Classified Board Member Conference Registration Fees

IPRO incurred \$38,515 of board member conference registration fees that were incorrectly classified as direct costs. The function of the IPRO Board of Directors is to oversee all lines of business, including the QIO contract, which accounted for approximately 30 percent of the organization’s total business. Board member registration fees of \$38,515 for four American Health Quality Association (AHQA) conferences⁴ were charged as direct costs, while board member compensation and travel costs for these same conferences were charged by IPRO as indirect costs. This is contrary to the principles in OMB Circular A-122, Attachment A, section B.1, which provide that “a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstances, has been allocated to an award as an indirect cost.” In addition, because the AHQA conferences covered topics not related to the QIO contract,⁵ the costs could not be readily identified with a particular cost objective. Thus, the costs should have been charged as indirect costs. As a result, IPRO overstated direct costs (and understated indirect costs) by \$38,515.

Incorrectly Classified Training Costs

IPRO incurred \$22,088 of training costs that were incorrectly classified. IPRO charged the \$22,088 as direct costs to the QIO contract for a general project management training course provided to IPRO employees. Because these costs benefited all IPRO lines of business, IPRO should have allocated the \$22,088 to the QIO contract as indirect expenses rather than as direct expenses. As a result, IPRO overstated direct costs (and understated indirect costs) by \$22,088.

⁴AHQA is an educational, not-for-profit, national association dedicated to improving health care in America. AHQA members develop and manage projects for Medicare, Medicaid, private payers, and purchasers.

⁵For example, a session on marketing nonprofit organizations.

POTENTIALLY UNALLOWABLE COSTS

I PRO claimed \$157,218 of potentially unallowable conference-related costs.

Pursuant to OMB Circular A-122, Attachment A, section A.3:

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs In determining the reasonableness of a given cost, consideration shall be given to:

- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
- b. The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, Federal and State laws and regulations, and terms and conditions of the award.
- c. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the Federal Government.
- d. Significant deviations from the established practices of the organization which may unjustifiably increase the award costs.

I PRO claimed conference-related costs that may have been unreasonable. In its bid proposal to CMS, I PRO proposed to send 58 staff members to three Quality Net and three AHQA conferences.⁶ However, it claimed costs for 148 employees (more than 2.5 times the proposed number of employees) to attend these six conferences.

The number of staff members set forth in I PRO's bid proposal was based on the prior year's experience. We considered the additional 90 attendees and the estimated costs of \$157,218 as potentially unreasonable. These costs are detailed in the following table.

⁶I PRO proposed sending 10 staff members to each of the three Quality Net conferences and 9 or 10 staff members to each of the three AHQA conferences. However, I PRO sent 21, 30, and 33 staff members to the three Quality Net conferences, respectively. Further, I PRO sent 17, 24, and 23 staff members to each of the three AHQA conferences, respectively.

Conference-Related Costs for 90 Additional Attendees

Additional Attendees' Cost	Three Quality Net Conferences	Three AHQA Conferences	Total
Travel (including hotel)	\$51,966	\$45,364	\$97,330
Meals	N/A ⁷	7,812	7,812
Registration	15,120	36,956	52,076
Total	\$67,086	\$90,132	\$157,218

The additional conference-related costs may not have been in accordance with OMB Circular A-122. Specifically, the additional costs may not have been prudent or necessary for IPRO's operations related to the QIO contract. Therefore, \$157,218 of conference-related costs may have been unreasonable and, thus, unallowable. We were unable to determine how much of the \$157,218 could have been avoided.

RECOMMENDATIONS

We recommend that IPRO:

- refund \$6,755 of unallowable duplicate meal costs,
- reduce the indirect cost pool by \$10,000 for unallowable Board of Directors compensation,
- refund \$60,603 of incorrectly classified direct costs and increase the indirect cost pool accordingly, and
- work with the CMS contracting officer to determine what portion of the \$157,218 conference-related costs claimed during our audit period were unreasonable and therefore unallowable and so should be refunded.

AUDITEE'S COMMENTS AND OFFICE OF INSPECTOR GENERAL'S RESPONSE

In its October 16, 2007, comments on our draft report, IPRO generally disagreed with our conclusions. IPRO did not specifically address our first three recommendations but explained the actions it had taken to address them. IPRO disagreed with the fourth recommendation regarding potentially unreasonable conference-related costs that it claimed. IPRO's comments appear in their entirety in Appendix B. We have summarized IPRO's comments and responded to them below.

Based on our evaluation of IPRO's comments, we revised our report to reflect that \$2,755 in legal fees associated with IPRO's compliance with a QIO contract clause were direct costs. With

⁷Registration fees included meal costs.

the exception of these legal fees, nothing in IPRO's response has caused us to alter our conclusions or recommendations.

Unreasonable Duplicate Conference Meal Costs

Auditee's Comments

IPRO stated that it was reasonable business practice to pay its employees full per diem without prorating the amount for meals available at conferences. In addition, IPRO stated that there are valid business reasons that justify having a separate meal expense. In response to our recommendation to refund \$6,755 of duplicate costs, IPRO stated that it had recharacterized the costs as unallowable.

Office of Inspector General's Response

Because IPRO's travel policies were silent regarding meals provided at conferences, their employees working under a Federal contract were subject to Federal travel regulations.⁸ Pursuant to 41 CFR § 301-74.21, if meals are furnished at a conference, the appropriate deduction from the per diem rate must be made. IPRO's remedy, recharacterization of costs as unallowable on its accounting books, is not responsive to the fact that it has been reimbursed for \$6,755 of duplicate costs directly charged to the Federal contract. Under these circumstances, the appropriate remedy is a refund.

Unallocable Board of Directors Compensation

Auditee's Comments

IPRO stated that the New York QIO would have benefited from IPRO's acquisition of the Florida QIO. Specifically, IPRO stated that the anticipated benefit was the development of synergy between multiple QIO contracts, thus resulting in better quality initiatives. In addition, IPRO stated that increasing its business bases would benefit the New York contract by reducing its share of the indirect cost pool. In response to our recommendation to reduce the indirect cost pool by \$10,000 of unallowable expenses, IPRO stated that it has reclassified these costs as unallowable.

Office of Inspector General's Response

IPRO did not specify how synergy between multiple QIO contracts would result in better quality initiatives. We consider the benefit of acquiring another QIO to be tangential to the purpose of IPRO's contract with CMS⁹ and the resulting reduction in IPRO's share of the indirect cost pool

⁸Pursuant to OMB Circular A-122, Attachment B, section 51.b, "In the absence of an acceptable, written nonprofit organization policy regarding travel costs, the rates and amounts established under [title 5 of the U.S. Code], or by the Administrator of General Services or by the President (or his or her designee) pursuant to any provisions of such [title] shall apply to travel under Federal awards"

⁹We note that IPRO classified legal costs related to the acquisition of the Florida QIO as unallowable costs.

would likely be inconsequential. IPRO's remedy, reclassifying \$10,000 of Board of Directors costs as unallowable on its books, is not responsive to our recommendation. These costs should be excluded from the indirect cost pool used to develop the indirect cost rate for the QIO contract. Including these costs in the indirect cost pool will result in overpayment to IPRO.

Costs Incorrectly Classified as Direct Costs

Auditee's Comments

IPRO stated that the allocation that it used has been consistent over time and has not been questioned in previous audits. IPRO further stated that DCAA's Audit Manual and the Cost Accounting Standards recognize that organizations have discretion in their cost classification. In addition, IPRO addressed the three categories of direct costs identified as incorrectly classified. Specifically:

- Incorrectly Classified Board Member Conference Registration Fees: IPRO stated that these fees (\$38,515) were charged as direct costs because all conference sessions at the AHQA meeting related either directly to the QIO contract or, more generally, to the QIO community.
- Incorrectly Classified Training Costs: IPRO stated that these costs (\$22,088) related directly to the performance of one of the QIO contract tasks.
- Incorrectly Classified Legal Fees: IPRO stated that these fees (\$2,755) related directly to the QIO contract because compliance with the Americans With Disabilities Act (ADA) was imposed on IPRO through one of the clauses in the QIO contract. Thus, IPRO stated, the related expenses for ADA compliance should be treated as a necessity of contract performance.

In response to our recommendation to refund the incorrectly classified direct costs and increase the indirect pool accordingly, IPRO stated that it has reclassified them as we recommended (i.e., as indirect costs).

Office of Inspector General's Response

We generally disagree with IPRO's arguments regarding its classification of certain costs as directly related to the QIO contract. Specifically:

- Incorrectly Classified Board Member Conference Registration Fees: Because IPRO stated that the AHQA conference sessions related to the QIO community, these sessions would have benefited activities funded both federally and nonfederally. Therefore, the IPRO board members' conference registration fees should be allocated as an indirect cost to the QIO contract—a Federal contract.

- Incorrectly Classified Training Costs: IPRO did not identify what contract task was addressed by the training or provide any support for its argument that the training related directly to the contract.
- Incorrectly Classified Legal Fees: Based on IPRO's assertion that the fees were for services directly intended to advise IPRO in complying with a QIO contract clause concerning the ADA, we revised our report to reflect that these fees were allowable direct costs.

IPRO's remedy, reclassifying the indirect costs and including them in the indirect cost pool, is partially responsive but will result in an overpayment because the same costs will be claimed directly and indirectly. The only appropriate remedy for the direct costs is a refund of \$60,603.

Potentially Unallowable Costs

Auditee's Comments

IPRO stated that the \$157,218 in conference-related costs was reasonable because its cost proposal was only a forecast of its likely expenses and IPRO's total incurred costs were within the original and final budget. IPRO explained that it could not make a decision regarding the appropriate number of attendees until conference agendas were finalized. IPRO stated that it sent "... employees involved in each contract task to attend the presentations that addressed that element of contract performance." Lastly, IPRO indicated that both Quality Net and AHQA conferences were exempt from cost limitations caps based on a letter dated November 5, 2001, from a CMS contracting official related to a January 2002 AHQA technical conference. IPRO disagreed with our recommendation to work with the CMS contracting officer to determine what portion of the \$157,218 should be refunded.

Office of Inspector General's Response

We acknowledge that the cost proposal was not binding and that some increase in the number of attendees at conferences may have been justified. IPRO's explanation did not fully justify the need for such a dramatic increase in the number of attendees. Regarding the CMS letter dated November 5, 2001, we note that the letter indicated that costs related to this conference should be reasonable. We continue to maintain that sending 2.5 times the proposed number of employees to these conferences may have been unreasonable and thus unallowable. These additional costs may not have been prudent or necessary for IPRO's operations related to the QIO contract. We are deferring disposition of this finding to CMS. We have not altered our finding or recommendation.

APPENDIXES

**Costs Incurred by the Island Peer Review Organization, Inc., for Medical Care
and Reviewed by the Office of Inspector General
August 1, 2002–July 31, 2005**

Cost Category	Amount Reviewed	Accepted	Questioned		Set Aside	
			Direct	Indirect	Direct	Indirect
Compensation						
-Board Members	\$95,008	\$85,008	\$0	\$10,000	\$0	\$0
-Executives	993,389	993,389	0	0	0	0
Travel						
-Board Members	3,388	3,388	0	0	0	0
-Executives	73,576	73,576	0	0	0	0
Legal Fees	94,704	94,704	0	0	0	0
Equipment and Administrative Costs	529,671	507,583	22,088	0	0	0
Business Relationships						
-Subcontractors and consultants	69,428	69,428	0	0	0	0
-Conference-related costs	351,858	149,370	45,270 ¹	0	157,218	0
Contract Modifications	9,141,499	9,141,499	0	0	0	0
Total	\$11,352,521	\$11,117,945	\$67,358	\$10,000	\$157,218	\$0

¹This amount consists of unreasonable executive and staff duplicate meal costs (\$6,755) and incorrectly classified conference registration fees for board members (\$38,515).



Experts in Defining and Improving the Quality of Health Care

October 16, 2007

Mr. James P. Edert
Regional Inspector General for Audit Services
Office of Inspector General
Region II
Jacob K. Javits Federal Building
26 Federal Plaza
New York, NY 10278

Re: Comments to September 2007 draft of Audit Report No. A-02-06-01023

Dear Mr. Edert:

By letter dated September 17, 2007, you provided to Island Peer Review Organization ("IPRO") a copy of the Office of Inspector General draft Audit Report No. A-02-06-01023 entitled Review of Quality Improvement Organization in New York State. That report concerns IPRO's contract with Centers for Medicare & Medicaid Services ("CMS") for the period August 1, 2002 through July 31, 2005 (otherwise known as the 7th SOW). At the request of the Senate Finance Committee, the OIG reviewed six fiscal integrity areas of the QIOs, including:

- Board member and executive staff compensation;
- Board member and executive staff travel;
- Costs relating to legal fees, including administrative charges;
- Equipment and administrative charges;
- Business relationships and conflict of interest; and
- Contract modifications.

In your letter, you requested IPRO's comments along with a statement of concurrence or nonconcurrence with the recommendations in the draft audit report.

First, we note that, of the \$11.3 million in incurred costs reviewed by the OIG, the OIG determined that \$11.1 million appeared reasonable. The OIG identified \$16,755 of costs that it believes to be ultimately unallowable. The draft audit report also identifies costs totaling \$63,358 that are subject to reclassification as indirect rather than direct costs. The draft audit report recommends (at page 9) that IPRO (i) refund \$6,755 of unreasonable duplicate meal costs, (ii) reduce the indirect cost pool by \$10,000 for misclassified Board of Directors compensation and, (iii) refund \$63,358 of incorrectly classified direct costs and increase the indirect cost pool accordingly. Given that IPRO has not exceeded the indirect cost rate ceiling applicable to the contract, IPRO will be entitled to reimbursement for the share of these indirect costs that is allocable to the QIO contract. The OIG also identified a total of \$157,218 of "potentially unreasonable" conference-related costs with respect to which it recommended that IPRO work with the CMS contracting officer to determine whether a portion of these costs should be excluded.

As set forth below, IPRO disagrees with many of the conclusions reached by the draft audit report.



IPRO

I. THE THREE CATEGORIES OF PURPORTEDLY UNALLOWABLE COSTS

A. Unreasonable Duplicate Conference Meal Costs

Of the unallowable costs identified in the draft audit report, \$6,755 were declared unreasonable duplicate meal costs. The report stated that IPRO paid for meals twice for attendees of the Quality Net conferences, as part of the conference fee and part of the per diem. We agree that the report's findings are accurate, however, we disagree with the report's conclusion.

It was a reasonable business practice for IPRO to pay the full per diem without prorating the amount for meals available at conferences. While it is true that the conference fees include meals, these conference fees are fixed, in the sense that there is no option to decline meals, and the total payment is required regardless of whether an attendee takes part in the meals or not. There are valid business reasons that justify having a separate meal expense. For example, there are many breakout sessions and private meetings that take place during the conferences that prevent participants from eating the lunches provided. Also, dietary needs may require an attendee to purchase a separate meal. Rather than adjudicate such circumstances on a case-by-case basis, IPRO made a reasonable business judgment to pay employees the applicable Government per diem without netting out conference meal expenses.

Without conceding that such costs were unreasonably incurred, IPRO has recharacterized these costs as unallowable.

B. Unallocable Board of Directors Compensation

The draft audit report identified \$10,000 of Board of Directors compensation that the auditors maintain was inappropriately allocated to the QIO contract as an indirect cost. Specifically, the report notes that IPRO made \$400 payments to each of 25 board members who attended a special board meeting in 2003 to discuss a proposal for IPRO to purchase the Florida QIO. The draft audit report challenges these costs as unallocable because they do not benefit the QIO contract for New York State.

IPRO disagrees with the report's conclusions that these costs do not benefit the New York QIO contract. The meeting concerned IPRO's efforts to acquire the Florida QIO and thus acquire a second QIO contract. The anticipated benefit of the acquisition to the New York QIO contract was to develop synergy between multiple QIO contracts to result in better quality initiatives. Increasing IPRO's business base would also benefit the New York QIO contract by reducing its share of the indirect cost pool (as it would also benefit IPRO's other contracts). Therefore, the costs incurred by the Board members attending this meeting should be allocable indirectly to the contract in accordance with OMB Circular A-122, Attachment A, Section A.4(a)(2).

While IPRO disagrees with the auditors' conclusions regarding the allocability of the Board of Directors compensation for the 2003 board meeting, IPRO has reclassified these costs as unallowable.

C. Costs Incorrectly Classified as Direct Costs

The draft audit report identifies three categories of indirect costs, totaling \$63,358, that the auditors maintain were incorrectly classified as direct costs. These costs were for board member conference registration fees (\$38,515), training costs (\$22,088), and legal fees



(\$2,755). Although IPRO has reclassified these expenses as recommended by the auditors, IPRO is concerned that the approach the auditors have taken will inject significant unpredictability and instability into future audits. Cost classification is not a bright line test. The allocation used by IPRO here has been consistent over time and has not been questioned in previous audits. These are not deviations to be flagged by auditors, in accordance with the DCAA Audit Manual ("Manual"). Both the Manual and the Cost Accounting Standards recognize that organizations have discretion in their cost classification. These types of changes lead to unpredictability in the recovery of costs and are contrary to the efficient administration of contracts and contract costs.

1. Incorrectly Classified Board Member Conference Registration Fees

The basis for the report's conclusion regarding conference fees is that board member registration fees of \$38,515 for four American Health Quality Association (AHQA) conferences were charged as a direct cost, while board member compensation for these conferences was treated as an indirect cost, and the conference covered topics unrelated to the QIO contract. Board compensation is typically treated as an indirect cost given that Board activities generally relate to the organization as a whole. In this case, however, all of the conference sessions at the AHQA meeting related either directly to the QIO contract or more generally to the QIO community. While it disagrees with the auditors' characterization of these costs, IPRO has reclassified the registration fees as indirect.

2. Incorrectly Classified Training Costs

The basis for the report's conclusion regarding training costs is that \$22,088 was erroneously charged directly to the QIO contract for a general project management course. The report concludes that this course would benefit all of IPRO's lines of business and therefore should be allocated as an indirect cost. While IPRO submits that the training related directly to the performance of one of the QIO contract tasks, IPRO has reclassified these training costs as indirect.

3. Incorrectly Classified Legal Fees

The basis for the report's conclusion regarding legal fees is that IPRO charged \$2,755 as direct costs to the QIO contract for legal services related to the Americans With Disabilities Act. The report concludes that these legal services benefit all IPRO lines of business and should be allocated as indirect costs. In fact, compliance with the Americans With Disabilities Act was imposed upon IPRO through one of the Medicare QIO contract clauses; thus, the related expenses for compliance should be treated as a necessity of contract performance. Nonetheless, despite its disagreement with the auditors' conclusion, IPRO has reclassified these fees as indirect.

II. POTENTIALLY UNALLOWABLE COSTS

The draft audit report identifies \$157,218 as "potentially unreasonable" and recommends that IPRO "work with" the CMS contracting officer to determine the treatment of these costs. The basis for the auditor's findings was a change in the proposed number of attendees and an increase in attendees from the previous year at AQHA and Quality Net conferences. We note

IPRO

that since the beginning of the 7th SOW, these conferences have been the primary sources of training for the performance and administration of the QIO contracts. IPRO opposes all of the audit challenges to these costs, for the reasons discussed below.

The auditors' attempt to limit IPRO's recovery of these costs to the amounts projected in IPRO's cost proposal misreads the contract. IPRO was not bound (by its proposal or otherwise) to limit the number of attendees at these meetings to the number discussed in the proposal, which represented only a forecast of the likely expenses. Our understanding is that cost reimbursement type contracts are used for the QIO program expressly because the evolving scope of work prevents the kind of precision in forecasting costs that would be necessary for a fixed price contract. Regarding conference attendance, no firm decision regarding the appropriate attendees can be made until the conference agendas are available for review. Accordingly, the contract budget is only one potential indicator of cost reasonableness. Much more weight should be given to facts and circumstances encountered during contract performance and those that exist when the cost is incurred, which, in this case, justify the variation in cost.

In any case, IPRO's overall expenditures for travel costs, including conferences, for the 7th SOW, are consistent with the amounts IPRO forecasted as its budget for these activities. IPRO's original budget submission in April 2002 included over \$800,000 in travel costs. Due to the unavailability of full contract funding at that time, IPRO revised its proposal to reflect travel costs of \$576,076. Increases in base contract funding ultimately resulted in a travel budget of \$975,160 and IPRO spent slightly more than \$760,000 for travel on the base contract (and approximately \$85,000 on special studies). The total incurred costs fall within both the original budget and the final budget.

Further, the increase in numbers of attendees over those proposed is justified by the changes to the 7th SOW. The scope and content of the Quality Net conference changed during the 7th SOW, so that IPRO's assumptions changed regarding the number and types of employees who should attend. Originally, the conference was intended for Information Systems personnel only, but it expanded during the 7th SOW to include training on the full breadth of functional areas under the QIO contract. This required IPRO to change its approach. IPRO made a reasonable determination to send employees involved in each contract task to attend the presentations that addressed that element of contract performance. We have attached an example of CMS correspondence explaining the evolution of the conference and encouraging QIO attendance.

AHQA's conferences also provided detailed coverage by contract functional area, topics of general applicability to all QIO employees across the board, and opportunities for networking with similarly situated employees of other QIOs. We have attached a sample agenda for your reference. IPRO reviewed the draft agenda for each AHQA conference and made a reasonable determination that there was a direct value to the contract in having employees attend. The number and type of employees were determined by IPRO based upon the available contract budget, the education and training needs of employees, and the opportunity to interact with other QIOs and CMS staff.

We note that, even when the QIO contract included specific cost ceilings for conference expenses under earlier contract cycles, these caps never applied to the Quality Net conference or the AHQA Technical Conference. These conferences were always treated by CMS as "CMS-sponsored" such that they were exempt from the cost limitations. See attached letter from the CMS Contracting Officer. In fact, under the terms of the 6th SOW, AHQA meetings, including



the Technical Conference, were expressly "required by the contract." See 6th SOW, Section B.5.0.E. Removing the costs ceilings was intended to eliminate unreasonable caps on conference attendance that potentially conflicted with the reasonableness standard of the cost principles, not to cast all types of conference attendance as potentially unreasonable.

As a result, IPRO asserts these costs are reasonable under OMB Circular A-122. IPRO continues to object to the auditors' intention to set these costs aside for further negotiation with the contracting officer in light of the ample evidence supporting the reasonableness of these costs and the absence of any valid argument to the contrary.

Thank you for your consideration of these comments. Please let us know if you have any questions or desire further information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Theodore O. Will'. The signature is stylized and cursive.

Theodore O. Will
Chief Executive Officer

Cc: Richard Schlitt, Audit Manager

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

SDPS MEMORANDUM

MEMO NBR: 05-300-GN
DATE: August 16, 2005
SUBJECT: QualityNet Conference 2005
TO: SDPS CEO Point of Contact, SDPS DBA Point of Contact, SDPS
LAN Point of Contact, SDPS QIOSA Point of Contact
FROM: Dennis Stricker, Director
Information Systems Group, OCSQ

I would like to take this opportunity to emphasize the importance of sending your Information Technology staff to this year's QualityNet Conference. Those of you, who like me, have been with this program for many years can probably remember back to the humble beginnings of the QualityNet Conference – the SDPS User Group Meetings, held in Des Moines, Iowa. Those meetings originally supported the data/analytic and IT communities.

Beginning with the 7th Scope of Work, the Information Systems Group made a conscious and concerted effort to expand the QualityNet Conference, now held annually in Baltimore, into a more extensive program-wide meeting. Notwithstanding this expansion of scope, we have planned this year's meeting in such a way as to effectively educate the Information Technology (IT) staff on the work they will have to accomplish for the 8th SOW. This conference will provide a series of hands on labs and technology presentations crucial to the success of your IT staff. Even though these presentations can be sent in documented procedures, there is no substitute for hands on education when it comes to technology implementations. Your IT staff will gain valuable insight into the work they will be required to perform for the success of the program.

Below follows a list of a few of the labs/presentations available at this year's conference specifically targeted for the IT Staff:

Novell Web Based Administration Lab
Windows DB Server Administration Lab
AIX to Windows File Migration Lab
Security Awareness Handbook Training (Incident Response Training)
Business Continuity & Contingency Plans Templates Training
Cyber Tyger Introduction
Remote Access (VPN)
System Development Life Cycle Process * Independent Verification and Validation -

SDPS IT Round Table
CDAC Hands on validation overview training

Your new 8th SOW contract contains specific contract requirements for IT activities. Many of our IT sessions are designed to help your IT staff, and hence your organization, successfully meet those IT contract requirements.

We look forward to seeing you and your IT staff at our September conference. If you have any questions about the conference, please contact me on 410-786-2031.

American Health Quality Association
Page 1 of 8

American Health Quality Association Photo Collage

American Health Quality Association

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AHQA Additional Topics

2003 Technical Conference Presentations and Session Materials

Thanks to the Following 2003 Technical Conference Supporters for their Generous Contributions:

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Presentations

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Exhibitor Prospectus

Conference FAQ

Discount Park Passes

Meeting Space Request

Date/Time	Event	Location
THURSDAY, February 6, 2003		
8:00 am - 8:15 am	Conference Opening - David G. Schulke, The American Health Quality Association	Coronado J
8:15 am - 9:30 am	CMS - General Session: Achieving and Supporting Success in the 7 th SOW SDPS Update	Coronado J
9:40 am - 1:10 pm	Concurrent Sessions (CM 1 - CM 21)	
9:40 am - 11:00 am	CM 1- CM 7	
	CM1- Nursing Home Update (Task 1a) - Part I, II, and III	Coronado J
	CM2- Home Health Update (Task 1b) - Part I Introduction Presentation 1 Presentation 2 Presentation 3: Task 1b- Reporting in PARTner	Coronado R-T

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American Health Quality Association		Page 2 of 8
	Presentation 4: OBQI Overview	
	CM3- Hospital Quality Improvement & Data Collection Update (Tasks 1c/2b) - Part I	Coronado A-C
	CM4- Physician Office and M+C Quality Improvement Update (Tasks 1d/1f) - Part I Task 1f Fact Sheet Identified Participants Evaluation Flowchart Provider-specific Reports Flowchart HCFA Codes Handouts Identified Participants Outpatient Data QIOSC	Coronado D-F
	CM5- Communications Update (Task 2a/c)- Part I	Coronado M-Q
	CM6- Beneficiary Protection & HPMP (Tasks 3a/b)- Part I	Fiesta 7-10
	CM7- Leadership & Contracts, Task 1e, and SDPS Update- Part I Working Together	Durango 1&2
11:10 am - 12:00 pm	CM 8 - CM 14	
	CM8- Nursing Home Update (Task 1a) - Part II	Coronado J
	CM9- Home Health Update (Task 1b) - Part II	Coronado R-T
	CM10- Hospital Quality Improvement & Data Collection Update (Tasks 1c/2b) - Part II	Coronado A-C
	CM11- Physician Office and M+C Quality Improvement Update (Tasks 1d/1f) - Part II	Coronado D-F
	CM12- Communications Update (Task 2a/c)- Part II	Coronado M-Q
	CM13- Beneficiary Protection & HPMP (Tasks 3a/b)- Part II	Fiesta 7-10
	CM14- Leadership & Contracts, Task 1e, and SDPS Update- Part II	Durango 1&2
12:10 pm - 1:00 pm	CM 15 - CM 21	
	CM15- Nursing Home Update (Task 1a) - Part III	Coronado J
	CM16- Home Health Update (Task 1b) - Part	Coronado R-T
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American Health Quality Association		Page 3 of 8
	III	
	CM17- Hospital Quality Improvement & Data Collection Update (Tasks 1c/2b) - Part III	Coronado A-C
	CM18- Physician Office and M+C Quality Improvement Update (Tasks 1d/1f) - Part III	Coronado D-F
	CM19- Communications Update (Task 2a/c)- Part III	Coronado M-Q
	CM20- Beneficiary Protection & HPMP (Tasks 3a/b)- Part III	Fiesta 7-10
	CM21- Leadership & Contracts, Task 1e, and SDPS Update - Part III	Durango 1&2
1:15 pm – 2:25 pm	<p>Member Briefing: The Paraprofessional Healthcare Institute: A Resource for Paraprofessional Staffing Issues & Quality Improvement in Long Term Care</p> <p>Participants are invited to bring in lunch from the Exhibit Hall</p>	Durango 1&2
2:30 pm – 3:30 pm	Keynote Address: Michael Millenson	Coronado J
3:40 pm - 4:40 pm	Concurrent Sessions A1 – A7	
	A1: HCQIP Track – Implementing Outcomes-Based Quality Improvement: Perspectives from the QIO and a Home Health Agency	Coronado J
	<p>A2: HCQIP Track – Abstract Presentations</p> <ul style="list-style-type: none"> • Sisters for Mammograms: Cultural Sensitivity Leads to Success in the African American Community • Improving Diabetes Care by Primary Care Physicians: Predicting the Impact of a Group-Randomized Intervention • Reducing Health Care Disparities in Flu Immunizations through the use of Culturally Competent Interventions 	Coronado R-T
	<p>A3: IT Track – Abstract Presentations</p> <ul style="list-style-type: none"> • A New Tool for Tracking and Evaluating IHI-like BTS Collaboratives • CDAC Imaged Medical Record Pilot Project • Actual Collaboration Via a Virtual Workspace • Using Internet CME to Improve PCP Skin Cancer Knowledge and Skills 	Coronado A-C
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American Health Quality Association		Page 4 of 8
	A4: Analytic Track – Abstract Presentations <ul style="list-style-type: none"> • Dealing with Dirty Data – The Case Review Conundrum • Doctors Office Quality: Aggregate Score Agreement Between Medical Records and Claims • Hospital Report Cards: Surprising Analytic Pitfalls and Solutions • Reliability of Hospital Self Abstracted Data: A Comparison of CDAC to Hospital-Based Abstractors 	Coronado D-F
	A5: Communications Track – Earned Media Success Stories	Coronado M-Q
	A6: Case Review/PEPP Track – Determining Intra-QIO Physician Reviewer Inter-Rater Validity and Reliability-- A 7SOW Challenge and the Tools to Address It	Fiesta 7-10
	A7: Finance/HR/Leadership Track – Inside the Beltway: A Report on Health Care Legislative Activities	Durango 1&2
FRIDAY, February 7, 2003		
8:45 am – 9:45 am	Mini-Plenary I – Challenges and Strategies to Implementing Quality Improvement in the Nursing Home Setting <i>Supported by AHRQ</i>	Coronado J
8:45 am – 9:45 am	Mini-Plenary II – Social Informatics and Quality Improvement <i>Supported by PSIMedica</i>	Durango 1&2
10:00 am – 12:00 pm	QIOSC Facilitated Problem Solving Round Tables Pre-registration required for participation Notes 1 Notes 2	
	Long Term Care (all topics)	Coronado R-T
	Home Health (all topics)	Coronado D-F
	Leadership (Measurement & Evaluation)	Fiesta 7-10
	Collaboratives, Interventions/MedQIC, Outpatient Interventions, Underserved Project Activities (all topics)	Coronado J
	Inpatient Project Activities (all topics)	Coronado A-C
	Outpatient Data & Hospital Data	Coronado M-Q
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American Health Quality Association		Page 5 of 8
	Collection (all topics)	
	HPMP & Mediation and Beneficiary Protection (all topics)	Durango 1&2
1:00 pm – 2:00 pm	Concurrent Sessions B1 – B7	
	B1: HCQIP Track – Rural Health Quality Improvement: A Report from the Roundhouse Group Critical Access Hospital Quality Improvement: A QIO Collaborative Model	Coronado J
	B2: HCQIP Track – What’s Up DOQ? The Doctor’s Office Quality (DOQ) Project IPRO Participating QIO DOQ Project Incentive: Medical Liability Risk Reduction Presentation 2	Coronado R-T
	B3: IT Track – Implementing an Enterprise Client and Chronic Disease Management System	Coronado A-C
	B4: Analytic Track – Testing Regression Models on HOS Outcome Data	Coronado D-F
	B5: Communication Track – Formation & Integration: Making Your Communications Teams Work – Part I	Coronado M-Q
	B6: HCQIP Track – The Future is Now: Hospital Public Hospital CAHPS®: Patient Experience with Hospital Care The National Hospital Quality Initiative	Fiesta 7-10
	B7: Finance/HR/Leadership – Liability Insurance for Quality Improvement Professionals	Durango 1&2
2:10pm – 3:10 pm	Concurrent Sessions C1 – C7	
	C1: HCQIP Track – Interventions to Treat & Prevent Pressure Ulcers in the Nursing Home Setting <i>Supported by AHRQ</i>	Coronado J
	C2: HCQIP Track – Monitoring Physician and Consumer Behavior in FFS Medicare	Coronado R-T
	C3: IT Track - Automated Report Production Utilizing SAS and a Novel Visual Basic for	Coronado A-C

American Health Quality Association	Page 6 of 8	
	Applications Solution: A Discussion and Demonstration Based on the Medicare Health Outcomes Survey	
	<p>C4: HCQIP Track – Reducing Disparities: Integrating Lessons Learned from the 6th SOW</p> <p>Presentation 1: Dual Eligible Influenza Vaccine Project Presentation 2: Mature African Americans for Mammography</p>	Fiesta 7-10
	C5: Communication Track – Formation & Integration: Making Your Communications Teams Work – Part II	Coronado M-Q
	C6: Case Review/PEPP Track - CANCELLED	Coronado D-F
	C7: Finance/HR/Leadership Track – Performance & Development: An Integrated Human Resources Model	Durango 1&2
3:20 pm – 4:20 pm	Concurrent Sessions D1 – D7	
	D1: HCQIP Track – Interventions to Improve Pain Management in the Nursing Home Setting <i>Supported by AHRQ</i>	Coronado J
	D2: HCQIP Track – The Cutting Edge in Quality Improvement: An Update from JCAHO, Premier, and VHA	Coronado R-T
	<p>D3: IT Track – Abstract Presentations</p> <ul style="list-style-type: none"> • Using MDS Assessment Data and Clinical Informatics to Improve Quality of Care • Using Internet Reports to Improve Quality in Nursing Homes 	Coronado A-C
	D4: Analytic Track – Understanding the Impact of a Multi-faceted Intervention Program to Increase Mammography Screening: A Time Series Analysis	Coronado D-F
	<p>D5: HCQIP Track - Lessons Learned from the Implementation of Collaboratives</p> <ul style="list-style-type: none"> • QIOs and Hospitals Partnering to Achieve Results in a National Surgical Infection Prevention Collaborative • Outpatient Diabetes Collaborative • A Pharmacist Quality Improvement Project: Modifying the Institute for Healthcare Improvement Breakthrough Series (IHI BTS) Model 	Fiesta 7-10
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American Health Quality Association		Page 7 of 8
	D6: Case Review/PEPP Track – Abstract Presentations <ul style="list-style-type: none"> • Successful Hospital Payment Error Prevention Program Projects (PEPP) • Expanding Beyond the Medicare Payment Error Prevention Program 	Coronado M-Q
	D7: Finance/HR/Leadership Track – M&M Candy Symbolizes Synergy- SESSION CANCELLED	
4:30 pm – 5:30 pm	Concurrent Sessions E1 – E7	
	E1: HCQIP Track – Abstract Presentations <ul style="list-style-type: none"> • An Exploration of Nursing Home Staff’s Perceptions of Communication and Leadership: Setting the Stage for a Quality Improvement Organization • Pain Management in Older Adults: Optimizing Quality of Care and Quality of Life • Development of Skilled Nursing Facility Rehabilitation Quality of Care Data Flags 	Coronado J
	E2: HCQIP Track - A Question of Ethics: Human Subjects Protection in Quality Improvement Track 1 : Track 2	Coronado R-T
	E3: HCQIP Track – Abstract Presentations <ul style="list-style-type: none"> • Using Hand-held Technology to Improve Diabetes Care • Hospital Report Cards: Turning Suspicion into Collaboration • Online Provider Profiling as a Home Health Agency Intervention 	Fiesta 7-10
	E4: Analytic Track – Designing and Conducting Effective Evaluations	Coronado D-F
	E5: Communications Track – Beyond the NHQI Pilot: Public Education Campaigns with Results	Coronado M-Q
	E6: Case Review/HPMP Track - Experience: EMTALA	Coronado A-C
	E7: Finance/HR/Leadership Track – Board of Director’s Fees: Why It Pays to Know the Regulation.	Durango 1&2
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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop C2-21-15
Baltimore, Maryland 21244-1850



Acquisition and Grants Group

November 5, 2001

NOTE TO: PRO Executive Directors/CEOs

SUBJECT: Contracting Officer's Clarification Letter #8 – AHQA January 2002 Technical Conference; Emergency Preparedness Costs

This Contracting Officer's Clarification Letter is notification that the upcoming AHQA Technical Conference, January 2002, is a CMS-sponsored meeting, and is not subject to the conference expenditure caps provided in B.5.0.E of your contract.

It is my intent to initiate a contract modification regarding this matter; however, in the interim, this letter shall serve as the contractual authority to charge these conference costs as a CMS-sponsored event.

This letter shall also serve as official direction that PRO activities associated with emergency preparedness (e.g., distribution of CDC notices) are within the scope of your contract. CMS intends to reimburse such costs as long as the costs are segregated and properly identified.

In each of the above allowances, it shall be understood that costs should be reasonable and that costs expended shall not lead the PRO to exceed the total estimated cost of the contract

Sincerely,

Edward L. Hughes

Contracting Officer

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

SDPS MEMORANDUM

MEMO NBR: 03-255-QN
DATE: July 7, 2003
SUBJECT: QualityNet Conference Registration
TO: All SDPS POCs
FROM: Dennis Stricker, Director of Information Systems Group

Registration for the QualityNet Conference 2003 is now available on-line at <http://www.qualitynet2003.com>. Registration is open only to employees of QIOs, ESRD Network Organizations, CMS and other invited guests.

Deadline for conference registration is September 5th; deadline for government rate at the hotels is August 8th. The registration form is posted on the web page referenced above. Instructions for fee payment are on the Registration page of this site. The fee is \$275.00 per person for the five-day conference and will not be prorated for those attending limited number of days. CMS encourages all QIOs to participate with the reminder that this conference will offer continued training for the 7SOW deliverables. The Agenda is posted on the web this year, and you are encouraged to continually check for additions and changes.

Day to day activities will take place at the Marriott Hunt Valley Inn. Accommodations are available at the Marriott Hunt Valley Inn, as well as Embassy Suites, and Courtyard by Marriott. When making your hotel reservations by telephone, be sure to indicate that you are with the QualityNet Conference.

All registration fees must be paid in full and in advance of the conference. Please make sure the checks are sent to the Iowa Foundation for Medical Care at the following address.

Iowa Foundation for Medical Care
5109 Leesburg Pike, Suite 815
Falls Church, VA 22041
Attn: Ms. Jan Neilson
Phone: 703-575-6102
Fax: 703-845-8910

You may email Jo Ann Lacey at jlacey@cms.hhs.gov or telephone Jo Ann at 410-786-7206 if you have any questions.