

*A REPORT BY THE NEW YORK STATE
OFFICE OF THE STATE COMPTROLLER*

**Alan G. Hevesi
COMPTROLLER**



**DEPARTMENT OF HEALTH
OVERSIGHT OF EMERGENCY MEDICAL
SERVICES
TRAINING AND PROGRAM IMPROVEMENT**

2002-S-30

DIVISION OF STATE SERVICES

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Report 2002-S-30

Antonia C. Novello, M.D., M.P.H., Dr. P.H.
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Dear Dr. Novello:

The following is our report on the Department of Health's oversight of Emergency Medical Services training and program improvement.

We performed this audit pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law. We list major contributors to this report in Appendix A.

Office of the State Comptroller
Division of State Services

September 17, 2003

EXECUTIVE SUMMARY

DEPARTMENT OF HEALTH

OVERSIGHT OF EMERGENCY MEDICAL SERVICES TRAINING AND PROGRAM IMPROVEMENT

SCOPE OF AUDIT

The Department of Health's (Department) Bureau of Emergency Medical Services (Bureau) administers and oversees the operation of the State's emergency medical services (EMS). To help ensure EMS providers deliver competent pre-hospital and emergency medical care, the Bureau works with a number of organizations that set standards, develop procedures, analyze EMS data, provide EMS training and recommend program improvements. Among these organizations are Regional Emergency Medical Services Councils (Regional Councils), Program Agencies and course sponsors (Sponsors). Regional Councils assess service needs and coordinate EMS training. The 17 Program Agencies located statewide contract with the Bureau to support Regional Councils, to give technical help to EMS providers and to improve the EMS system. The Bureau had formal agreements with 176 Sponsors statewide during the period covered by our audit to train EMS personnel seeking State certification, and it maintains a payment tracking system to verify that Sponsors receive appropriate reimbursement for these services. Individuals seeking certification must complete a Bureau-approved training program, and pass both a Practical Skills Examination and a State Written Examination. As of December 31, 2001, the latest Department data available, there were more than 52,000 certified EMS personnel in New York State.

For the period April 1, 2000 through January 31, 2003, our audit addressed the following questions about the Department's administration of EMS operations:

- Is Bureau oversight of Sponsors effective in providing reasonable assurance that EMS personnel are appropriately trained and certified?
- Does the Bureau make certain that Program Agencies fulfill all contract deliverables?
- Does the Bureau reimburse Sponsors and Program Agencies for only appropriate costs?

AUDIT OBSERVATIONS AND CONCLUSIONS

Bureau oversight of Sponsors is not effective in ensuring that EMS personnel are appropriately trained and certified, or that Program Agencies fulfill contract deliverables for enhancing the quality and competency of EMS services. Further, the Bureau paid Sponsors approximately \$255,000 on behalf of students for whom Sponsors could not provide adequate documentation to support attendance at training or fulfillment of certification requirements. Also, the Bureau should do more to ensure Program Agencies conform to relevant guidelines for EMS-related expenditures.

The New York Codes, Rules and Regulations establishes the requirements that individuals must meet to become certified EMS personnel, and the Bureau has developed policies and procedures to support EMS certification. However, our audit identified many instances in which EMS personnel did not satisfy all the requirements for certification. As a result, there is an increased risk that EMS personnel may not have the requisite knowledge and skills to care for people at a time when such knowledge and skills may be needed most. For example, our test of a random sample of ten Sponsors showed that 69 percent of students did not meet all the course attendance requirements, and that 36 percent of students did not pass all parts of the Practical Skills Examination. Further, the Bureau does not perform a sufficient number of Sponsor audits, verify that Sponsors adequately document training provided, or maintain a system that can accurately track how much Sponsors should be paid. Because of the limitations in the Bureau's system, neither we nor Bureau management could readily determine whether potential overpayments of \$54,000 and \$32,000, respectively, for the 2000-01 and 2001-02 funding years were actual overpayments the State can recover, or whether some Sponsors were due reimbursements. (See pp. 4-11)

EMS Program Agencies are required to support the actions of Regional Councils by helping to improve EMS operations. However, our tests of contract performance at 5 Program Agencies found these entities had not satisfactorily fulfilled 25 percent of their contract deliverables. We also found that Program Agencies did not always adequately account for their expenditures of State funds, and that they sometimes used EMS funds for inappropriate expenditures. (See pp. 13-18)

We made six recommendations to address the conditions we identified in this report.

COMMENTS OF OFFICIALS

Department officials agreed with our recommendations and indicated actions taken and planned to implement them.

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Major Contributors to This Report

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INTRODUCTION

Background

According to Article 30 of the New York State Public Health Law (Law), pre-hospital emergency medical care is an essential public health service, and the furnishing of medical assistance in an emergency is a matter of vital concern affecting public health, safety and welfare. The Department of Health's (Department) Bureau of Emergency Medical Services (Bureau), which comprises a central office and four regional offices, administers and oversees the statewide operation of the State's emergency medical services (EMS). The Bureau works with a number of organizations created by the Law to help ensure that EMS providers in the State provide quality and competent emergency medical service. These organizations include the New York State Emergency Medical Services Council (State Council), which sets minimum standards for pre-hospital emergency medical care and emergency medical assistance training and certification, and the State Emergency Medical Advisory Committee (Advisory Committee), which provides technical assistance to the State Council by recommending medical standards and guidelines. The Regional Emergency Medical Advisory Committee (REMAC) develops policies, procedures and protocol which are consistent with Advisory Committee standards, and which address specific local conditions in different regions of the State.

Other organizations help the Department assess the need for EMS services, analyze EMS data, provide EMS training and improve the EMS system. For example, the Department contracts with 18 Regional Emergency Medical Services Councils (Regional Councils) to, among other things, assess the need for new EMS services and to coordinate EMS training in their respective geographic regions. The Department also contracts with 17 Program Agencies (e.g., the Regional Emergency Medical Service Council of New York City, Inc. and the Western Regional Emergency Medical System, Inc.) throughout the State to support the Regional Councils' activities, to provide technical assistance to EMS providers and to identify opportunities to enhance the EMS system.

During the period covered by our audit, the Department also entered into formal agreements with 176 course sponsors (Sponsors) to provide necessary training to EMS personnel seeking New York State certification. The Bureau maintains a Sponsor payment tracking system intended to ensure that Sponsors receive appropriate reimbursement for providing this training. Sponsors include, for instance, community colleges, fire departments, rescue squads, county health departments and incorporated training institutes and organizations. Individuals seeking certification must complete a Bureau-approved training program, and pass both a Practical Skills Examination and a State Written Examination. As of December 31, 2001, the latest available Department statistics, there were more than 52,000 certified EMS personnel in New York State.

For the State fiscal year ended March 31, 2002, the Bureau was appropriated \$21 million. The Bureau budgeted \$11.1 million (53 percent) of this funding to support the training of EMS personnel, including reimbursement to Sponsors. The Bureau's budget also provided \$3.3 million to fund the Bureau's contracts with Program Agencies, and \$450,000 to fund the Bureau's contracts with Regional Councils. The remaining \$6.1 million is used to fund Bureau salaries and other than personnel services.

Audit Scope, Objectives and Methodology

We audited the Department's administration of the EMS program for the period April 1, 2000 to January 31, 2003. The objectives of our performance audit were to determine whether Bureau oversight of Sponsors is effective in providing reasonable assurance that EMS personnel are appropriately trained and certified, that Program Agencies fulfill their contract deliverables, and that both Sponsors and Program Agencies are reimbursed for only appropriate costs.

To accomplish our objectives, we reviewed applicable statutes, rules, regulations, and Bureau policies and procedures. We interviewed responsible officials and conducted onsite testing at the Bureau, the Hudson-Mohawk Regional Council and Regional EMS Council of New York City, ten randomly selected Sponsors, and five randomly selected Program Agencies. We reviewed documentation supporting certification and training of EMS personnel, records supporting payments made to these Sponsors and Program Agencies, and contracts between the Program Agencies and the Department.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of the Department that are within our audit scope. Further, these standards require that we understand the Department's internal control structure and its compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach when selecting activities for audit. This approach focuses our audit efforts on those operations that we have identified through a preliminary survey as having the greatest probability of needing improvement. Consequently, by design, we use our finite audit resources to identify where and how improvements can be made. Thus, we devote little audit effort to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

Response of Department Officials to Audit

We provided draft copies of this report to Department officials for their review and comment. Their comments have been considered in preparing this report and are included as Appendix B.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Health shall report to the Governor, the State Comptroller and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

OVERSIGHT OF EMERGENCY MEDICAL SERVICES TRAINING

New York State's EMS system seeks to provide quality EMS care through the joint efforts of competent and qualified individuals. The New York Codes, Rules and Regulations (NYCRR) establishes the requirements individuals must meet to become certified EMS personnel. The Bureau, which is responsible for overseeing the certification process, has developed policies and procedures to support EMS certification. However, our audit identified many instances in which EMS personnel did not satisfy all the requirements necessary to become certified. As a result, there is an increased risk that EMS personnel may not have the requisite knowledge and skills to care for people at a time when such knowledge and skills may be needed most. Further, the Bureau paid Sponsors approximately \$255,000 on behalf of students for whom Sponsors could not provide adequate documentation to support attendance at training or fulfillment of certification requirements. To improve its oversight of the certification process, the Bureau needs to make sure Sponsors understand certification requirements, audit Sponsors to assess their compliance, and develop a payment tracking system that can verify the accuracy of Sponsor payments.

EMS individuals can receive various levels of certification, including Certified First Responder (CFR), Emergency Medical Technician (EMT), and a number of Advanced EMT certifications, including Paramedic. Chapter VI of Title 10, Part 800 of the NYCRR stipulates that, in order for students to receive certification at any level, they must fulfill the following requirements:

- attend and satisfactorily complete all classes in the Bureau-approved training course required for their curriculum level;
- pass a Practical Skills Examination, in which students must perform tasks at various "stations" (locations where students demonstrate their hands-on skills at delivering

EMS services) to show they have the skills needed for their desired level of certification; and

- pass a State Written Examination.

Students must pass the Practical Skills Examination within one year of completing all course requirements, and must pass the State Written Examination within one year of passing the Practical Skills Examination. Students who fail the Practical Skills Examination must complete a refresher course (or original course) before being admitted to another Practical Skills Examination. Students who fail the State Written Examination two times must complete a refresher course (or original course) before being admitted to another State Written Examination. Certified personnel must be recertified every three years, following the above certification process.

The Sponsors that provide the EMS training courses are entitled to reimbursement for each affiliated student (i.e., an individual who is affiliated with an EMS agency, such as an ambulance service or fire department) who takes the Practical Skills Examination, regardless of whether the student receives a passing grade. Sponsors are also entitled to reimbursement for affiliated students who satisfy the certification requirements: complete all classes, pass the Practical Skills Examination and pass the State Written Examination within two years of having completed course work. Reimbursement rates vary according to course level. Sponsors are required to maintain records supporting student certification for at least five years. These records should include, but are not limited to, documentation of the student's attendance at training courses and the student's performance on the Practical Skills Examination.

The Bureau has established a number of procedures for monitoring compliance with the above certification requirements. For example, when a Sponsor submits a voucher for reimbursement, the Bureau verifies that the number of students on the voucher is not greater than the number of students originally enrolled in the course. The Bureau also verifies that the reimbursement rate for the course level is appropriate. The Bureau maintains a Sponsor payment tracking system that should verify that payments per course are not greater than allowed. A number of factors can impact the amount of reimbursement a Sponsor is entitled to, such as a student's fulfillment of all certification requirements and a student's retest

of the State Written Examination. The payment tracking system should account for these factors and adjust the amount of reimbursement a Sponsor is entitled to. The Bureau also requires that each Sponsor be audited by the Bureau's central office (review of policies and procedures) and by a regional office (review of certification issues) every six years.

To determine whether Bureau oversight measures are adequate and effectively implemented, we randomly sampled 10 Sponsors from a total population of 176 Sponsors that received reimbursement during the period covered by our audit. For each Sponsor, we randomly selected five courses for onsite review. Our test results showed that EMS personnel did not satisfy all requirements necessary to become certified in 47 of the 50 courses we reviewed; further, 462 of the 559 students (83 percent) in these courses did not satisfy at least one EMS certification requirement. More specifically, we found that:

- 383 of the 559 students (69 percent) did not attend all course sessions as required;
- 201 of the 559 students (36 percent) did not satisfy the Practical Skills Examination requirements. For example, students did not always pass all the stations in the Practical Skills Examination;
- Seven students did not pass the State Written Examination;
- One Sponsor inappropriately allowed two students to carry over their attendance at a previous lower-level EMT class to satisfy a requirement for attendance at a higher-level EMT course; and
- Six of the 10 Sponsors used curricula for some courses that did not fulfill Bureau requirements. For example, some courses did not cover all the curriculum topics and/or provide the required number of hours. In one course that required 80 hours of cardiovascular-related classes, the Sponsor provided only 53 hours of such classes.

Sponsor reimbursement is based on students meeting training and certification requirements. However, the results of our test showed that many students did not meet these requirements. Examples of further inappropriate reimbursement follow.

- The Bureau inappropriately reimbursed Sponsors for 38 students who were not affiliated with an EMS agency, and who should have paid their own tuition. Sponsors also inappropriately received duplicate tuition payments from four of these 38 students that were reimbursed by the Bureau.
- Sponsors were inappropriately reimbursed for two students who were actually course instructors.

We found instances in which Sponsors were paid to provide refresher courses to students without requiring the students to actually attend all necessary classes of the refresher course. Students taking refresher courses may take a Written Challenge Exam and not complete certain class sessions if the exam results indicate that the student has appropriate skill levels. However, we identified students who, despite having received poor scores on some parts of their Written Challenge Exam (for example, receiving a failing score of 50 percent), were not required by the Sponsors to attend the corresponding refresher classes of the course. Sponsors should have required these individuals to attend the refresher classes for which students demonstrated poor skills, not only because they had been paid to provide the training, but also because students' attendance would have improved their EMS skills.

As a result of the above exceptions, we determined that approximately \$255,000 in payments to Sponsors were made without adequate documentation supporting student attendance at training or fulfillment of certification requirements.

The reason why so many EMS personnel in our sample (462 of the 559 students) did not satisfy their certification requirements, and why the Bureau made inappropriate payments to Sponsors, is that Bureau oversight of the certification process and related payments needs improvement. Specifically, the Bureau does not perform a sufficient number of Sponsor audits, verify that Sponsors maintain adequate documentation or maintain an information system that can ensure Bureau payments to Sponsors are accurate.

For example, although it is Bureau policy to audit Sponsors every six years, we found the Bureau had performed a total of only two audits of the ten Sponsors we tested. On reviewing the results of the two audits, we found the audits did not identify the deficiencies we observed during our visits to Sponsors, and we

could not be certain that spot checks of records such as course attendance and corresponding reimbursements were conducted. Audit categories relating to attendance, exam results, agency affiliation, and documentation were all checked off indicating full compliance – all contrary to what our audit identified. During our audit, Bureau officials acknowledged that Sponsor audits do not take place as frequently as required.

We also found that Sponsors do not comply with the Bureau's documentation requirements for courses and attendance. For example, Westchester Community College was unable to provide us with any documentation for two of the five courses we reviewed, and provided us with only minimal documentation for a third course. Other Sponsors kept records off-site, such as at personal residences, rather than keeping this documentation where the course was taught, as required.

We also found that the Bureau has not specifically required Sponsors to provide other types of documentation that would contribute to billing accuracy. For example, the Bureau does not require that Sponsors identify students by name on the vouchers Sponsors submit for reimbursement. Sponsors list only the number of students in the course. As a result, one cannot easily identify which students the Sponsors were reimbursed for on the vouchers. The lack of student identification also affects the Bureau's ability to determine the appropriate reimbursement rate for Sponsors, since some courses have a combination of students – some enrolled at an original course rate, and others enrolled at a refresher course rate.

We also identified faults with the Bureau's Sponsor payment tracking system, which prevent it from being an effective tool for monitoring payments. We found the tracking system was cumbersome to use, contained incorrect information, and could not be used to efficiently track all payments to Sponsors. For example, the Bureau's system does not automatically account for funding that Sponsors received for a course in prior fiscal years; instead, Bureau staff must calculate prior payments manually. The system does not always accurately account for classes that are ongoing, or classes that have students in them who are still pursuing certification. For example, Bureau procedures allow Sponsors to receive advance payment for 50 percent of a course's cost. Thus, if 20 students register for a course, the Bureau could reimburse the Sponsor for costs

associated with 10 of these students in advance. However, these students may take up to two years to complete the course and pass their State Written Examination. Consequently, if a course contains students whose tuition was paid in advance, but who are still pursuing certification within the timeframe allowed, the system could make it appear that the Sponsor was overpaid for the course. In addition, since the system does not automatically update for different reimbursement rates (i.e., original or refresher rate) for courses that are attended by both types of students, the rates charged Sponsors for these courses might be incorrect.

Based on our analysis of the Bureau's system, the Bureau potentially overpaid Sponsors \$54,000 and \$32,000, respectively, for the 2000-2001 and 2001-2002 funding years. However, our audit tests also showed that Sponsors did not always request reimbursement for all the students who took the Practical Skills Examination. Therefore, some Sponsors may still have reimbursements outstanding. However, because of limitations in the Bureau's tracking system, neither we nor Bureau management can readily determine if potential overpayments are actual overpayments that can be recovered by the State, or if Sponsors are due reimbursements.

Since EMS has the potential to reduce the incidence of disability and death in the event of sudden illness or injury, it is an essential public health service. A high-quality training program is crucial to providing EMS personnel with the knowledge and skills needed to competently serve victims of illness and injury. Therefore, the Department should act to ensure that all EMS personnel are appropriately trained and certified.

Recommendations

1. Conduct regular audits of all Sponsors on a more frequent basis, and make sure these audits include tests, such as spot checks of records, that can verify that students are fulfilling certification requirements.

Recommendations (Cont'd)

2. Act to improve Sponsor understanding of and compliance with Bureau documentation requirements by:
 - reiterating the Bureau's reimbursement policies;
 - restating the Bureau's documentation requirements, including those for course attendance, the Practical Skills Examination and the State Written Examination; and
 - specifying new documentation requirements, such as the identification of students by name on vouchers Sponsors submit to the Bureau.
3. Improve the Sponsor payment tracking system so it can provide support for accurate Sponsor reimbursement.

OVERSIGHT OF EMERGENCY MEDICAL SERVICES PROGRAM IMPROVEMENT

EMS Program Agencies are required to support the actions of Regional Councils, for instance, by aiding in the improvement of EMS operations and in the recruitment and retention of EMS personnel. However, we determined that Program Agencies do not always meet their contractual requirements, or adequately account for their expenditures of State funds in providing contract services. The Department needs to enhance its oversight of Program Agencies to make sure their activities advance the quality and competency of EMS services according to contract stipulations, and their spending conforms to requirements stated in the State Comptroller's Rules and Regulations and in Department policies.

Performance of Program Agency Contract Deliverables

Program Agencies contract annually with the Department to help in the development and operation of the EMS system. Program Agencies are required to satisfy contract deliverables that include items such as improving recruitment and retention of EMS personnel and analyzing EMS service data to identify opportunities for improvement in the EMS system.

From a population of 17 Program Agencies statewide, we randomly selected the following 5 Program Agencies for review and site visits: the Regional Emergency Medical Service Council of New York City, Inc; the Western Regional Emergency Medical System, Inc; the Regional Emergency Medical Organization (REMO); the Central New York Emergency Medical Service; and the Suffolk Regional Emergency Medical Service Council. These 5 Program Agencies contracted to provide a total of 41 contract deliverables (between 7 and 9 deliverables existed per Program Agency), which contained 154 subparts in all. We tested to determine whether each of these five Program Agencies had satisfied all the deliverable requirements for their respective contracts for a one-year contract term (either 2000-2001 or 2001-2002). We found that

38 subparts of 21 contract deliverables were either partially completed or were not completed at all.

For instance, a standard deliverable in Program Agency contracts is a requirement that the Program Agency facilitate the operation of the Prehospital Care Report (PCR) system. The Law requires that PCRs be completed for every emergency call. In 1998, there were nearly 1.6 million EMS calls in New York State. EMS agencies must complete PCRs and record, among other things, the EMS agency's response time and the nature of the emergency care provided to the patient. Program Agencies distribute blank PCRs to EMS agencies, collect the filled-out forms and make sure they are completed properly, and submit the completed PCR forms to the Department's keypunch contractor who converts PCR forms into electronic data. For the 2001-2002 fiscal year, the Department contracted with Corporate Business Services, USA to perform this service statewide for \$156,000.

Program Agency contract terms state that the Department (through its keypunch contractor) will provide Program Agencies with PCR data in electronic format so the Program Agencies can, in turn, provide reports to REMACs, Regional Councils and EMS agencies "for system analysis, management and quality improvement purposes." According to the State EMS Plan, EMS data must be current and readily available for State, regional and agency evaluation. Bureau officials acknowledge that electronic PCR data has not been submitted to Program Agencies in a timely manner. For instance, Program Agencies received 1999 PCR data in 2002, which made it difficult for the Program Agencies to fulfill all parts of the deliverable. Program Agencies consider such PCR data to be stale and of little current value. Bureau officials stated that they were transitioning between PCR contractors, which, in part, disrupted the process. One Program Agency was also unable to read the electronic data from the contractor, because the Program Agency did not have the appropriate software. Unless Program Agencies receive current and readable PCR data from the Department's keypunch contractor, they cannot report this information, as required, to help effectively evaluate response times and identify where improvements are needed in the EMS system. We also conclude that the Department has not received the expected benefit from its keypunch contract.

Program Agencies are also required to enhance EMS recruitment and retention by undertaking region-wide campaigns, as well as assisting EMS agencies in their recruitment and retention efforts. However, we found that some Program Agencies conducted little effort in fulfillment of this important and necessary deliverable.

Department officials indicate that Program Agencies do not always adequately document activities that they carry out to meet their contractual obligations. One Program Agency official told us that some deliverables cannot be carried out because of a region's large size or its rural location. Further, some Program Agencies expressed concern over limitations in fulfilling deliverables because of conditions beyond their control, such as outdated information from the Department or the effects of the September 11, 2001 tragedy. One Department official indicated the Program Agencies appear to simply overlook some deliverables, and an official from one Program Agency stated she was unaware of certain deliverable requirements.

The purpose of Program Agency contract deliverables is to improve the EMS system. If State funding for contract deliverables is not used effectively, there is a risk that the EMS system is not fully benefiting from such resources. The Bureau has provided guidance to Program Agencies on how to perform their contractual duties, reporting requirements and new initiatives. The Bureau also responds to inquiries and concerns from the Program Agencies. However, there is a continued need for the Bureau to enhance its efforts to ensure that all deliverables are met.

Accountability Over Program Agency Contract Funds

Program Agencies under contract with the Department must comply with the State Comptroller's Rules and Regulations, as well as the Department's own policies and procedures, in expending State funds. For example, the State Comptroller's Rules and Regulations state that all grant contracts should specifically state whether the contractor's indirect costs will be reimbursed by the State, and if so, the method or basis the contractor should use to allocate these costs. Department policies and procedures prohibit Program Agencies from exceeding their contracted budget, both in total and by line item. The Bureau should have an effective system for monitoring Program Agencies' compliance with these fiscal requirements.

For the 2001-2002 contract year, the five randomly selected Program Agency budgets we chose for review represented \$1.2 million of a total \$3.3 million budgeted among the 17 Program Agencies. We judgmentally selected about \$899,000 in contract expenditures over a two-year contract period (2000-2002) for the five Program Agencies (approximately 60 percent represented personal services and 40 percent represented other than personal services). Our selection was based on the materiality of the amount expended so as to include more relevant expenses. We determined that 6 percent of other than personal services (or \$20,500) represented non-allowable expenditures, such as taxes paid on goods and services, alcoholic purchases and unsupported expenses. We identified an additional \$5,200 in inappropriate personal service expenditures, such as paid lunches. We also found inconsistencies in the manner in which Program Agencies applied their indirect cost allocation methodologies among indirect expenses. We found these inappropriate reimbursements continue despite the fact that Program Agencies undergo annual audits by certified public accountants.

In addition to the unallowable costs identified, we also determined that Program Agencies sought reimbursement from the Bureau before they purchased, provided or reimbursed others for the relevant goods and services. The State Finance Law does not allow this practice. Program Agency personnel reported that they try to get money from the Bureau in advance, because of monetary flow problems (from the Bureau to the Program Agencies) that are due, in part, to delays in the Bureau's annual contracting process.

We also found that Program Agencies maintained only partial documentation of purchased goods and services. For instance, in some cases we were able to review only the top portion of phone bill invoices, which precluded verification of the breakdowns and appropriateness of phone charges, such as long distance calls or taxes. We found a similar situation existed with postage meters, where an absence of logs, indicating where and to whom packages were sent, limited our review efforts. Our audit determined that Program Agency costs that were reimbursed inappropriately because they were reimbursed "early" or without proper documentation totaled approximately \$64,000.

We further determined that one Program Agency, the Western Regional Emergency Medical System, Inc., was not vouchering for its actual expenditures, as required by the terms of its contract with the Bureau. The Program Agency was instead vouchering for 25 percent of its budget each quarter. In the last quarter, Program Agency officials compared their actual expenses to budgeted amounts and claimed the difference as an additional expenditure.

The Bureau requires Program Agencies to submit quarterly vouchers for reimbursement of expenditures. However, these vouchers do not contain documentation to support the integrity or appropriateness of such expenditures. We determined that the Bureau lacks policies delineating fiscal expectations of the Program Agencies it contracts with regarding, for example, allowable and unallowable expenditures, record keeping requirements, and proper methods for allocating indirect costs. Without appropriate documentation for vouchered expenses, the Bureau is unable to monitor the appropriateness of Program Agency expenses. As a result, there is increased risk that State funds are being spent inappropriately.

Recommendations

4. Advise Program Agencies of Bureau expectations regarding contract deliverables, and enhance oversight of Program Agencies' performance to make sure they fulfill contract terms.
5. Improve the timeliness of the conversion of PCR reports into electronic data.
6. Enhance assurance that Program Agency expenditures comply with the State Comptroller's Rules and Regulations and Department policies and procedures by taking actions that include, but are not limited to, the following:
 - developing policies that identify allowable and unallowable Program Agency expenditures;
 - developing policies that state the Department's documentation requirements and identify the proper method of allocating costs; and

Recommendations (Cont'd)

- monitoring Program Agencies' expenditures, including doing reviews of supporting documentation, to verify that Program Agencies are conforming to relevant rules and regulations and Department policies.

MAJOR CONTRIBUTORS TO THIS REPORT

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Antonia C. Novello, M.D., M.P.H., Dr.P.H.
Commissioner

Dennis P. Whalen
Executive Deputy Commissioner

May 20, 2003

Kevin M. McClune
Audit Director
Office of the State Comptroller
110 State Street
Albany, New York 12236

Dear Mr. McClune:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's draft audit report (2002-S-30) entitled "Oversight of Emergency Medical Services Training and Program Improvements."

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Whalen', with a long horizontal flourish extending to the right.

Dennis P. Whalen
Executive Deputy Commissioner

Enclosure

Department of Health
Comments on the
Office of the State Comptroller's
Draft Audit Report
2002-S-30 Entitled
Oversight of Emergency Medical Services
Training and Program Improvements

The following are the Department of Health's (DOH) comments on the Office of the State Comptroller's (OSC) draft audit report (2002-S-30) entitled "Oversight of Emergency Medical Services Training and Program Improvements."

General Comments:

Emergency Medical Services Training

Although OSC's comments focus on the need to improve Department oversight of the EMS system, it is important to identify the system's successes, among which are the following:

1. EMS course sponsors train approximately 23,000 Emergency Medical Technician (EMT) students annually. Most of these students are trained to practice pre-hospital medicine by well-qualified EMS instructors certified by the Department.
2. EMS training is conducted in over 300 venues throughout the State ranging from local ambulance and fire stations to academic university centers. This range provides access to the rural, suburban and urban EMS providers, and is a testament to the collaboration between the Department and the EMS course sponsors in meeting the spirit of the governing Article 30 legislation, which was intended to improve access to pre-hospital education and training.
3. EMS program agencies provide coordination of local regional EMS systems with limited funding. This coordination includes collaborating with the Department to ensure that all 1,200 ambulance services met legislatively required certification standards on January 1, 2000.
4. EMS program agencies facilitate the delivery of high-quality pre-hospital care to over three million New Yorkers each year. They are responsible for working with hospitals, ambulance services, local officials and the public to assure access to emergency medical care, while often facing barriers related to cost, shortages of paid and volunteer EMT staff and geography.

In this era of heightened domestic preparedness, EMS program agencies, councils and course sponsors assist the Department in implementing medical and training preparedness protocols.

General Comments continued:

.Emergency Medical Services Program Improvements

It should be noted that the following actions have been taken by the Department in the past several years to strengthen the program agencies' understanding of their contractual obligations:

1. The Department has sponsored two fiscal training programs for EMS regional councils and program agencies. Representatives from the EMS Program, the Audit Unit and OSC provided information on how to prepare and maintain budgets and comply with contract requirements.
2. Established ongoing meetings with the EMS program agencies in which contract terms and issues, EMS initiatives and issues, and regional issues are discussed.
3. Perform desk reviews on quarterly reports and vouchers. These reviews enable the Department to have the contractor correct a voucher that is in error or does not comply with Department protocols; e.g., revised line-item budget is needed.
4. Amended the contract requirements for contract period 2002-2003 to reflect actual performance on ambulance interaction.

The following are the Department's comments to OSC's specific recommendations.

Recommendation #1:

Conduct regular audits of all Sponsors on a more frequent basis, and make sure these audits include tests, such as spot checks of records, that can verify that students are fulfilling certification requirements.

Response #1:

The current policy for course sponsor audits requires that each of approximately 75 course sponsors submit renewal paperwork every two years. Of the renewing 75 sponsors, 25 are scheduled to receive a full service audit along with a review of the paperwork submitted with the renewal. Each course sponsor will receive a full service audit at least once every six years. To ensure the current policy for full service audits is followed, these steps will be implemented:

- ♦ Central Office has revised and re-issued a standardized audit tool to assist the Regional Office with EMS course sponsor audits. We have provided course sponsors with the same document to prepare them for their full-service audit;
- ♦ by the end of the year, Central Office will train the Regional Offices on how to conduct and improve the outcome of full-service EMS course sponsor audits;

Response #1 continued:

- Central Office will require submission of EMS course sponsor audit reports to monitor Regional Office compliance with the audit plan; and
- with these plans in place, along with other monitoring tools such as review of course applications, end-of-course paperwork and examination results, and with limitations on hiring additional Regional Office staff, we feel that the current time line for EMS course sponsor audits is sufficient.

Recommendation #2:

Act to improve Sponsor understanding of and compliance with Bureau documentation requirements by:

- reiterating the Bureau's reimbursement policies;
- restating the Bureau's documentation requirements, including those for course attendance, the Practical Skills Examination and the State Written Examination; and
- specifying new documentation requirements, such as the identification of students by name on vouchers Sponsors submit to the Bureau.

Response #2:

Reimbursement policies:

- The current course reimbursement policy statement will be reissued with a cover letter emphasizing areas in need of improvement; and
- With the passing of 2003-2004 budget, a new policy statement will be issued that clarifies those areas where course sponsors have been non-compliant.

Restatement of documentation requirements:

- By the end of the year revisions to the "Administrative Manual for EMS Educational Programs" and the "BLS Practical Examination Administrative Manual" will be completed and distributed to all course sponsors and certified instructor coordinators.

Response #2 continued:

New documentation requirements:

- Course sponsors were notified that beginning May 1, 2003 they will be required to submit a copy of the practical exam summary sheet when vouchering for practical skills examination reimbursement. The summary sheet includes the student names and pass/fail results. When submitting the voucher for training funds, a copy of the score report issued by Professional Examination Services, and a list of names and EMT numbers for the students eligible for reimbursement must accompany the voucher.

Recommendation #3:

Improve the Sponsor payment tracking system so it can provide support for accurate Sponsor reimbursement.

Response #3:

Depending on the availability of funding, our plan is to seek assistance to develop a software package that would more accurately track vouchers and payments. At this time the submission of additional documentation from the course sponsors will improve the accuracy of the reimbursements.

The Bureau will notify those courses sponsors who were audited of the discrepancies noted in the report and deduct the overpayments from future vouchers.

Recommendation #4:

Advise program agencies of Bureau expectations regarding contract deliverables, and enhance oversight of program agencies' performance to make sure they fulfill contract terms.

Response #4:

With the 2003-2004 contracts, the Department will do the following:

- clarify and revise contract deliverables, particularly concerning the recruitment and retention requirements, so that EMS program agency expectations are clear; and
- add a section to the contract on documentation required to support vouchers and expenditures.

Within twelve months, the Bureau of EMS will develop and issue an EMS Program Agency Manual that contains policies and procedures relating to fiscal controls, program deliverables, budgeting and reporting requirements.

Recommendation #5:

Improve the timeliness of the conversion of PCR reports into electronic data.

Response #5:

Given the Department's move to a new keypunch contractor and its efforts to enter a three-year backlog of PCR data, the 2003-2004 program agency contracts will identify more reasonable expectations of what the Department can provide during this contract period.

Examples and case studies will be disseminated to the contractors explaining how EMS program agencies can use their local PCR data to meet regional QA program requirements. We will share "best practices" of how some EMS program agencies are currently meeting their contractual obligations and a review of how other states develop regional QA programs.

Recommendation #6:

Enhance assurance that Program Agency expenditures comply with the State Comptroller's Rules and Regulations and Department policies and procedures by taking actions that include, but are not limited, to the following:

- ♦ developing policies that identify allowable and unallowable Program Agency expenditures.
- ♦ developing policies that state the Department's documentation requirements and identify the proper method of allocating costs; and
- ♦ monitoring program agencies' expenditures, including doing reviews of supporting documentation, to verify that program agencies are conforming to relevant rules and regulations and Department policies.

Response #6:

Program Agency Expenditures Policy

The Department will:

- ♦ develop and include in the 2003-2004 contracts, policies of what constitutes acceptable contract expenditures and reporting of such expenditures; and
- ♦ for the current contract period, disseminate state contract expenditure requirements.

Response #6 continued:

Allocation of Costs Documentation

The Department will:

- ♦ develop and include in the 2003-2004 contracts policies for documentation and allocation of approved expenditures; e.g., copies of receipts, purchase orders and/or bills for all services vouchered for in the reporting period; and
- ♦ distribute to EMS program agencies documentation and cost allocation methods recommended/approved by state contract review agencies.

Monitoring Program Agency Expenditures

The Department will:

- ♦ commencing with the 2003-2004 contracts, require contractors to submit more detail pertaining to their vouchers;
- ♦ perform desk review of this new level of detail;
- ♦ develop and implement new review procedures consistent with Department policies for the 2003-2004 contract period. These procedures will include desk reviews, requirement of contractors to submit additional information on an as needed basis and periodic sampling of expenditure documentation; and
- ♦ conduct field visits to at least one-third of the contractors during the contract period 2003-2004.