

The Ames Tribune ¹

September 11, 2012

State investigating Youth and Shelter Services

By Luke Jennett

Youth and Shelter Services CEO George Belitsos said Monday none of the facts a state investigative agency is using as the basis for a criminal investigation into his agency are true.

The state has suspended all Medicaid payments to YSS pending the outcome of the investigation into whether Belitsos directed his staff to essentially make up budget numbers in order to hit a designated target for Medicare reimbursement rates.

“I do not anticipate that charges will ever be filed because we did not back into our cost report rates,” Belitsos said. “There’s just no way that, after the investigation is done, they’ll come to any other conclusion. I feel very confident in that.”

The investigation stems from a conversation between a YSS staff member and an Iowa Medicaid Enterprise accountant Belitsos said his employee denies having.

Further, while a letter from the Iowa Department of Human Services indicates YSS’s financial records were so incomplete that it’s impossible to say what the actual reimbursement rate should have been, Belitsos said the assessment is untrue, noting he and his staff gave the auditors roughly 5,000 sheets of paper worth of records to assist with the audit.

Belitsos has defended his decision not to go public with the news he was being targeted in a criminal probe, saying he told members of YSS’s Board of Directors and his management team shortly after receiving word of the investigation.

He said he later informed the Story County Board of Supervisors, members of the ASSET funding team and “other key staff members and supporters of the investigation.” ASSET is a coalition of five local major funders of human services for Story County.

“It’s a serious matter, and I felt that I informed the people that I’m most accountable to,” he said. “Now that it’s out, I’m willing to answer any questions and be completely forthcoming.”

Organizations such as YSS that provide “remedial services” — essentially counseling services for troubled or mentally ill youth — are required to annually submit a cost report to the state to establish the organization’s Medicaid reimbursement rate.

“The reimbursement to an agency like Youth and Shelter Services is based on what’s called a cost report,” said Roger Munns, a spokesperson for DHS. “It’s supposed to reflect the actual cost of doing business. And the allegation is that the Ames group just made up numbers, basically.”

Belitsos described the process as a back and forth between the agency and the state — YSS sends the report in, the state sends it back with questions and YSS sends it again with answers. Eventually, the report is approved, ostensibly reflecting the actual cost to the agency of providing the remedial services.

In December 2011, a staff accountant with Iowa Medicaid Enterprise was reportedly looking through a number of submitted documents from YSS when he came across a worksheet that seemed to be calculations for “Expenses Required to Maintain Rate.”

The reviewer called a YSS bookkeeper on Jan. 5 and asked her about it.

“(S)he said she is given a target rate by their CEO, which is then multiplied by units of service provided to calculate the Expenses Required to Maintain Rate,” the accountant wrote in the notice to the Iowa Medicaid Fraud Unit of the Department of Inspections and Appeals. “(She) also said that these spreadsheets have been used for years, and that sometimes she and the CEO, George Belitsos, have to work together to figure it out.”

The state accountant said it appeared that, rather than submitting the actual costs of its services, YSS was starting with established Medicaid rate caps and using units of service to work backward to get the reimbursement rate it wanted, essentially committing fraud.

In March, the Provider Cost Audit and Rate Setting Unit conducted an onsite audit on YSS. According to DHS documents, the auditors found YSS's records "so deficient that the auditing firm could not issue a formal opinion on YSS's cost report" for the year.

"In other words, YSS's financial records are so deficient that, at the present time, the department's independent auditing firm is unable to determine what rate YSS should have received " a letter from DHS noted.

On June 22, Belitsos was informed that the state was imposing a sanction on YSS and temporarily withholding what Belitsos said is a "small portion" of its current payments from the state. In order to get the Medicaid payments back, YSS would have to revise not only its 2011 reports, but all of its reports dating back to 2007.

Failure to comply within six months, the letter warned, could result in immediate termination from the Iowa Medicaid program and recoupment of all remedial funds from the last five years as well as home and community based services for 2011.

All told, the state would be asking YSS to return just less than \$1.5 million.

Belitsos noted the independent audit described in the letter from DHS wasn't actually independent; it was done by auditors from Iowa Medicaid Enterprise.

He declined to say what he believes that signifies.

"Basically, they said they didn't like the way we did (the cost report)," Belitsos said. "They didn't find any wrongdoing. They didn't find any fraud."

Actually, the letter from DHS indicates that YSS's records weren't complete enough to find anything, something that Belitsos said he finds mystifying.

"That's what they may be saying, but we had everything documented," he said. "We had it all there. They just weren't able to come to any conclusion."

Belitsos said YSS has passed every audit over the past 36 years and presently has three audits going on. The agency keeps voluminous records and has a record-keeping system that he would put up against any other in the state.

"I do not understand why they said that," he said of the DHS letter. "It's not true."

Belitsos also said the alleged admission by the YSS bookkeeper was something concocted by Iowa Medicaid Enterprise, something he said he didn't know about until the story became public.

"(The bookkeeper) has been interviewed by the investigators, and she's told them she never said that," he said. "She denies saying it, and I would deny ever giving anyone a target and asking them to make any changes to the cost report to work into a rate. I absolutely deny it. I don't know where they got that."

He said the alleged admission must have resulted from a misunderstanding or misinterpretation.

The bookkeeper, whom Belitsos characterized as honest and trustworthy, remains on YSS's staff.

In response to the letter, YSS attorney Patrick White sent a letter to DHS offering reasons why the suspension of Medicaid payments shouldn't be imposed.

On July 13, DHS responded with another letter, this one informing Belitsos that not only were YSS's state Medicaid payments being suspended, DHS and Iowa Medicaid Enterprise were suspending all Medicaid payments to YSS under federal law.

The decision, they said, was the result of a move by the Department of Inspections and Appeals to open a criminal investigation into YSS for cost report fraud.

Thus far, Belitsos said, no charges have been brought as a result of the investigation.

When he received the letter a few days later, Belitsos responded by informing his board and management team, and later gave "a heads up" to members of the Story County Board of Supervisors, ASSET and others.

Story County Supervisor Paul Toot said Belitsos had called him shortly after Belitsos had spoken to a reporter who'd learned of the audit and was writing a story.

"He just wanted to let us know that there had been an audit and that they weren't entirely happy with the findings that they had," Toot said.

Toot said Belitsos made no mention to him of a criminal investigation.

Belitsos said he told Toot about the matter, and also spoke before the executive committee on ASSET, saying that YSS was fully cooperating with the state to remedy the situation.

"They realize that it is solely an investigation and no charges have been filed," Belitsos said.

Now, Belitsos said, YSS is trying to show it is innocent of the state's allegations.

Part of YSS's case involves an independent forensic audit Belitsos said is in process and will likely be released to investigators later this week. He said he will release the audit publicly after it's been given to investigators.

Belitsos said he believes the data YSS has will completely validate its claim to Medicaid, and he remains puzzled as to why Iowa Medicaid Enterprise auditors couldn't come to the same conclusion when they examined YSS's books.

"I do not know why they came to the conclusion that we didn't have enough documentation," he said. "We had it all."

However, even though he is willing to redo YSS's 2011 report by any methodology DHS and Iowa Medicaid Enterprise want, Belitsos said he's refusing to re-examine the agency's older reports.

"We have filed an appeal," he said. "We have said we'll redo 2011 since it was never approved, and we'll use a different methodology. We're cooperating completely. But we're not going to re-do four years that they've already approved."

Belitsos said YSS has never been sanctioned or investigated before.

"I feel very confident that they will never file charges because there was no purposeful wrongdoing," he said. "If we made mistakes, we'll correct those mistakes. But there was no backing into rates."

Luke Jennett can be reached at (515) 663-6919 or ljennett@amestrib.com.

Notes

¹<http://amestrib.com/sections/news/ames-and-story-county/state-investigating-youth-and-shelter-services.html>