



September 7, 2010

TO: Mary Wakefield, Ph.D., R.N.
Administrator
Health Resources and Services Administration

FROM: /Lori S. Pilcher/
Assistant Inspector General for Grants, Internal Activities,
and Information Technology Audits

SUBJECT: Results of Limited Scope Review of Hudson River HealthCare, Inc.'s Process for
Compiling and Reporting Selected Recovery Act Data (A-02-10-02011)

Attached, for your information, is an advance copy of our final report on Hudson River HealthCare, Inc. (Hudson River). We will issue this report to Hudson River within 5 business days. The review was requested by the Recovery Accountability and Transparency Board.

If you have any questions or comments about this report, please do not hesitate to contact me at (202) 619-1175, or through email at Lori.Pilcher@oig.hhs.gov. Please refer to report number A-02-10-02011 in all correspondence.

Attachment

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**RESULTS OF LIMITED SCOPE
REVIEW OF HUDSON RIVER
HEALTHCARE, INC.'S PROCESS
FOR COMPILING AND REPORTING
SELECTED RECOVERY ACT DATA**



Daniel R. Levinson
Inspector General

September 2010
A-02-10-02011

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 & 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:

Office of Audit Services

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

Office of Evaluation and Inspections

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

Office of Investigations

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

Office of Counsel to the Inspector General

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.



Office of Audit Services
Jacob Javits Federal Building
26 Federal Plaza, Room 3900
New York, NY 10278

September 9, 2010

Report Number: A-02-10-02011

Ms. Anne Kauffman Nolon, M.P.H.
President and Chief Executive Officer
Hudson River HealthCare, Inc.
1200 Brown Street
Peekskill, NY 10566

Dear Ms. Nolon:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Results of Limited Scope Review of Hudson River HealthCare, Inc.'s Process for Compiling and Reporting Selected Recovery Act Data*. 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.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Glenn H. Richter, Audit Manager, at (518) 437-9390, extension 227, or through email at Glenn.Richter@oig.hhs.gov. Please refer to report number A-02-10-02011 in all correspondence.

Sincerely,

/James P. Edert/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Ms. Sandy Seaton
External Audits, A-133
Health Resources and Services Administration
Office of Federal Assistance Management/Division of Financial Integrity
Room 11A-55, Parklawn Building
Rockville, MD 20857

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**RESULTS OF LIMITED SCOPE
REVIEW OF HUDSON RIVER
HEALTHCARE, INC.'S PROCESS
FOR COMPILING AND REPORTING
SELECTED RECOVERY ACT DATA**



Daniel R. Levinson
Inspector General

September 2010
A-02-10-02011

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 & 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:

Office of Audit Services

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

Office of Evaluation and Inspections

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

Office of Investigations

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

Office of Counsel to the Inspector General

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
at <http://oig.hhs.gov>

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

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

EXECUTIVE SUMMARY

BACKGROUND

The American Recovery and Reinvestment Act of 2009 (Recovery Act), P.L. No. 111-5, was enacted February 17, 2009, to preserve and create jobs; to assist those most affected by the recession; to increase economic efficiency by investing in technological advances in science and health care; to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and to stabilize State and local budgets. The Recovery Act provides approximately \$145.7 billion to the Department of Health & Human Services (HHS).

To promote transparency and accountability, section 1512 of the Recovery Act requires each recipient of Recovery Act funds to report on its use of funds to the applicable Federal agency not later than 10 days after the end of each calendar quarter. The reports should include, among other things, the total amount of Recovery Act funds received, funds expended, project status, final project report indicator, and the number of jobs created or retained with Recovery Act funds. To implement section 1512, the Office of Management and Budget (OMB) issued guidance to Federal awarding agencies for reporting Recovery Act data.

The Health Centers Consolidation Act of 1996 (P.L. No. 104-299) consolidated the Health Center Program under Section 330 of the Public Health Service Act, codified at 42 U.S.C. § 254(b). Within HHS, the Health Resources and Services Administration (HRSA) administers the Health Center Program. Under the Recovery Act, HRSA received \$2.5 billion in fiscal year (FY) 2009, including \$2 billion to expand the Health Center Program to serve more patients, stimulate new jobs, and meet the significant increase in demand for primary health care services among the Nation's uninsured and underserved populations. HRSA has provided guidance on compiling and reporting Recovery Act data to health centers awarded Recovery Act funds which incorporates OMB's guidance to Federal awarding agencies.

Hudson River HealthCare, Inc. (Hudson River), is a nonprofit health center organized in 1975 to provide medical, dental, and addiction services to residents throughout New York State's Hudson Valley. Hudson River is primarily funded by patient service revenues and Federal, State, and local government grants. During FY 2009, HRSA awarded Hudson River a 2-year Recovery Act grant totaling \$917,282 for increases in health care services.

Our review covered recipient data submitted during the second and third reporting periods. The second reporting period covered October 1 through December 31, 2009, and the third reporting period covered January 1 through March 31, 2010.

OBJECTIVE

Our objective was to determine whether Hudson River's processes for compiling and reporting selected data provided reasonable assurance of compliance with section 1512 requirements of the Recovery Act.

SUMMARY OF FINDINGS

Hudson River's processes for reporting the selected data elements in the second and third reporting periods generally provided reasonable assurance that it complied with section 1512 requirements of the Recovery Act. Specifically, Hudson River accurately reported funds received, funds expended, project status, and the final project report indicator. However, Hudson River:

- overstated the number of jobs retained by 38.02 full-time equivalents (FTE) in the second reporting period by inappropriately counting jobs funded with non-Recovery Act funds, and
- overstated the number of jobs retained by 37.47 FTEs in the third reporting period by inappropriately counting jobs funded with non-Recovery Act funds.

According to Hudson River officials, these deficiencies occurred because Hudson River misinterpreted HRSA guidance on compiling Recovery Act data. The reporting errors could have resulted in the public being misled or confused by Hudson River's use of Recovery Act funds.

RECOMMENDATIONS

We recommend that Hudson River:

- follow current HRSA reporting guidance and
- ensure that similar errors are not made in subsequent reporting periods.

HUDSON RIVER COMMENTS

In written comments on our draft report, Hudson River concurred with our recommendations and described completed and ongoing actions to address our findings. Hudson River's comments are included in their entirety as the appendix.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	1
American Recovery and Reinvestment Act.....	1
Section 1512 Reporting Requirements	1
Office of Management and Budget Implementing Guidance	1
Health Resources and Services Administration	2
Hudson River HealthCare, Inc.	2
OBJECTIVE, SCOPE, AND METHODOLOGY	3
Objective.....	3
Scope.....	3
Methodology.....	3
FINDINGS AND RECOMMENDATIONS	4
DATA ELEMENTS REPORTED	4
Recovery Act Reporting Requirements	4
Data Elements Accurately Reported.....	5
Data Elements Inaccurately Reported.....	5
Conclusion	5
RECOMMENDATIONS	6
HUDSON RIVER COMMENTS	6
 APPENDIX	
HUDSON RIVER COMMENTS	

INTRODUCTION

BACKGROUND

American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (Recovery Act), P.L. No. 111-5, was enacted February 17, 2009, to preserve and create jobs; to assist those most affected by the recession; to increase economic efficiency by investing in technological advances in science and health care; to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and to stabilize State and local budgets. The Recovery Act provides approximately \$145.7 billion to the Department of Health & Human Services (HHS).

Section 1512 Reporting Requirements

To promote transparency and accountability, section 1512 of the Recovery Act requires quarterly reporting by recipients of certain funds made available under the Recovery Act. A recipient includes any non-Federal entity, other than an individual, that receives Recovery Act funds directly from the Federal Government. Section 1512 reporting requirements apply mainly to recipients of grants, contracts, and loans for discretionary programs. Section 1512(c) requires each recipient to report to the applicable Federal agency, not later than 10 days after the end of each calendar quarter:

- the total amount of Recovery Act funds received and the amount that was expended or obligated;
- a detailed list of all projects for which Recovery Act funds were expended or obligated, including the project name, description, and completion status and an estimate of the number of jobs created or retained; and
- detailed information on payments to subrecipients and vendors.

Office of Management and Budget Implementing Guidance

To implement section 1512 of the Recovery Act, on June 22, 2009, OMB issued memorandum M-09-21, which requires recipients to report detailed information on their projects.¹ This guidance applies to recipients of grants, loans, tribal agreements, cooperative agreements, and other forms of assistance. During the second reporting period, October 1 through December 31, 2009, OMB updated its guidance (memorandum M-10-08) to incorporate lessons learned from the first reporting period (ended September 30, 2009) and address recommendations of the Government Accountability Office. The update simplified the manner in which job estimates are

¹ Section 3.1 of M-09-21 requires that the information reported by recipients and subrecipients of Recovery Act funds be submitted through FederalReporting.gov, reviewed by the funding agency, and published on Recovery.gov. Programs subject to the reporting requirements in section 1512 of the Recovery Act are listed in Supplement 1 of M-09-21.

calculated and reported. Specifically, recipients now report job estimates on a quarterly, rather than a cumulative basis; all other data elements are still reported cumulatively. Recipients are no longer required to sum various data on hours worked across multiple quarters of data when calculating job estimates. In addition, recipients are no longer required to make a subjective judgment on whether jobs were created or retained as a result of the Recovery Act.

Health Resources and Services Administration

The Health Centers Consolidation Act of 1996 (P.L. No. 104-299) consolidated the Health Center Program under Section 330 of the Public Health Service Act, codified at 42 U.S.C. § 254(b). Pursuant to 42 U.S.C. § 254(b), the Health Center Program is a national program designed to provide comprehensive primary health care services to medically underserved populations through planning and operating grants to health centers. Within HHS, the Health Resources and Services Administration (HRSA) administers the Health Center Program.

The Health Center Program provides grants to nonprofit, private, or public entities that serve designated medically underserved populations, including migrant and seasonal farm workers, the homeless, and residents of public housing. Health centers funded by HRSA are community based, patient-directed organizations that meet the definition of “health center” under 42 U.S.C. § 254(b).

Under the Recovery Act, HRSA received \$2.5 billion in fiscal year (FY) 2009, including \$2 billion to expand the Health Center Program to serve more patients, stimulate new jobs, and meet the significant increase in demand for primary health care services among the Nation’s uninsured and underserved populations.

On December 29, 2009, HRSA issued the third edition of the *Health Center Quarterly Reporting Manual* (the reporting manual), which incorporates OMB’s revised guidance.² The reporting manual provides guidance to assist health centers awarded Recovery Act funds report section 1512 Recovery Act data elements. In addition, the reporting manual requires recipients to report on a limited number of health center program performance elements to allow HRSA to report on and demonstrate the impact of health center activities funded under the Recovery Act. To further assist recipients in reporting Recovery Act data elements, HRSA holds a quarterly technical conference call that addresses reporting requirements.

Hudson River HealthCare, Inc.

Hudson River HealthCare, Inc. (Hudson River), is a nonprofit health center organized in 1975 to provide medical, dental, and addiction services to residents throughout New York State’s Hudson Valley. Hudson River is funded primarily by patient service revenues, and Federal, State, and local government grants. During FY 2009, HRSA awarded Hudson River a 2-year Recovery Act grant totaling \$917,282 for increases in health care services.

² Subsequent to our review period, on June 23, 2010, HRSA issued the fifth edition of the *Health Center Quarterly Reporting Manual* for the quarter ending June 30, 2010.

OBJECTIVE, SCOPE, METHODOLOGY

Objective

Our objective was to determine whether Hudson River's processes for compiling and reporting selected data provided reasonable assurance of compliance with section 1512 requirements of the Recovery Act.

Scope

Our review covered recipient data submitted during the second and third reporting periods. The second reporting period covered October 1 through December 31, 2009, and the third reporting period covered January 1 through March 31, 2010. We reviewed Hudson River's processes in compiling and reporting Recovery Act data elements for the second reporting period and the actions taken to enhance data quality for the third reporting period. Specifically, we selected the data elements for funds received, funds expended, project status, final project report indicator, and jobs created or retained to ensure compliance with section 1512 requirements of the Recovery Act. To gain an understanding of Hudson River's compiling and reporting of Recovery Act data elements, we conducted a limited review of the internal controls related to our audit objective.

We performed our fieldwork at Hudson River's administrative office in Peekskill, New York, during May 2010.

Methodology

To accomplish our objective, we:

- reviewed relevant Federal laws, regulations, and guidance;
- reviewed Hudson River's HRSA Increased Demand for Services (IDS)³ grant application and award;
- reviewed Hudson River's Recovery Act reported data elements and comments reported on FederalReporting.gov;
- interviewed personnel to gain an understanding of Hudson River's Recovery Act reporting processes;
- performed analytical procedures to determine the reasonableness of the reported data elements when compared with supporting documentation for expenditures and funds received;

³ The IDS award made available by the Recovery Act supports health centers in addressing the increased demand for services nationwide, as well as creating employment opportunities in underserved communities over a 2-year period.

- reconciled the number of jobs created or retained to payroll records to determine the reasonableness of the number of jobs reported; and
- discussed our findings with Hudson River’s officials.

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

Hudson River’s processes for reporting the selected data elements in the second and third reporting periods generally provided reasonable assurance that it complied with section 1512 requirements of the Recovery Act. Specifically, Hudson River accurately reported funds received, funds expended, project status, and the final project report indicator. However, Hudson River:

- overstated the number of jobs retained by 38.02 full-time equivalents (FTE) in the second reporting period by inappropriately counting jobs funded with non-Recovery Act funds, and
- overstated the number of jobs retained by 37.47 FTEs in the third reporting period by inappropriately counting jobs funded with non-Recovery Act funds.

According to Hudson River officials, these deficiencies occurred because Hudson River misinterpreted HRSA guidance on compiling Recovery Act data. The reporting errors could have resulted in the public being misled or confused by Hudson River’s use of Recovery Act funds.

DATA ELEMENTS REPORTED

Recovery Act Reporting Requirements

OMB memorandum M-09-21, section 2.5, states that all data contained in each quarterly recipient report will be cumulative to encompass the total amount of funds expended to date. However, OMB later issued memorandum M-10-08 allowing for recipients to report job estimate information on a quarterly basis, rather than a cumulative one.

OMB memorandum M-10-08 states that the estimated number of jobs created or retained should be expressed as FTEs. Specifically, OMB memorandum M-10-08 states that in calculating an FTE, the number of actual hours worked in funded jobs are divided by the number of hours representing a full work schedule for the kind of job being estimated. These FTEs are then adjusted to count only the portion corresponding to the share of the job funded by Recovery Act funds. All other reporting elements continue to be reported cumulatively.

HRSA's reporting manual restates OMB's guidance that FTEs will be reported only to the extent that Recovery Act funds are used.

Data Elements Accurately Reported

Hudson River was in compliance with HRSA guidance in the reporting of second period data elements for funds received, funds expended, project status, and final project report indicator. Specifically, Hudson River accurately reported \$240,432 of funds received and expended and it reported the IDS grant project status as less than 50 percent completed. Therefore, Hudson River correctly reported the final project indicator as "not completed."

Data Elements Inaccurately Reported

Overstated the Number of Jobs Retained for the Second Reporting Period

Hudson River overstated the number of jobs retained by inappropriately counting jobs funded with non-Recovery Act funds. Specifically, in April 2009, Hudson River used non-Recovery Act funds to purchase a mental health facility located in Yonkers, New York, which had planned to close. Hudson River officials stated that they would not have had the organizational capacity to administer the facility without Recovery Act funds. The officials stated that they believed Recovery Act funds were indirectly related to Hudson River's being able to retain jobs at the facility and included these jobs in Hudson River's Recovery Act reporting data. However, the methodology used by Hudson River to calculate its second period jobs was inconsistent with HRSA guidance to report only the jobs funded by Recovery Act funds. As a result, Hudson River overstated the number of jobs reported by 38.02 FTEs (51.06 FTEs reported less 13.04 FTEs that should have been reported).

Overstated the Number of Jobs Retained for the Third Reporting Period

Hudson River overstated the number of jobs retained by inappropriately counting jobs funded with non-Recovery Act funds. Specifically, Hudson River continued to inappropriately report the number of FTEs for jobs retained at the Yonkers, New York, mental health facility. As a result, Hudson River overstated the number of jobs reported by 37.47 FTEs (51.06 reported less 13.59 FTEs that should have been reported).

Conclusion

Hudson River had implemented a review process for gathering and reviewing data elements before submitting data to FederalReporting.gov. However, the process was not designed to detect errors caused by the misinterpretation of HRSA guidance on calculating Recovery Act FTE jobs retained.

HRSA questioned the number of jobs reported in the second and third reporting periods in emails and in comments to Hudson River on FederalReporting.gov. After the second reporting period, HRSA emailed Hudson River that there was an error in the number of jobs Hudson River

reported. After the second and third reporting periods, HRSA commented on [FederalReporting.gov](https://www.federalreporting.gov) that Hudson River's reported FTE jobs appeared to be high in relation to Recovery Act funds received. HRSA referred Hudson River to updated guidance and requested that it either revise or explain its jobs numbers. According to Hudson River officials, HRSA's email and posted comments did not specifically indicate why Hudson River's reported numbers were overstated. However, the officials acknowledged they did not immediately respond to the email, reply to the comments, or contact HRSA to obtain additional clarification. Subsequent to the third reporting period, Hudson River officials responded to HRSA's comments and, based on ensuing discussions, the officials stated that they realized why they had overstated Hudson River's FTE jobs numbers.

The reporting errors could have resulted in the public being misled or confused by Hudson River's use of Recovery Act funds.

RECOMMENDATIONS

We recommend that Hudson River:

- follow current HRSA reporting guidance and
- ensure that similar errors are not made in subsequent reporting periods.

HUDSON RIVER COMMENTS

In written comments on our draft report, Hudson River concurred with our recommendations and described completed and ongoing actions to address our findings. Hudson River's comments are included in their entirety as the appendix.

APPENDIX

APPENDIX: HUDSON RIVER COMMENTS



July 29, 2010

Mr. James P. Edert
Regional Inspector General for Audit Services
Office of Inspector General, Region II
Jacob Javitz Federal Building
26 Federal Plaza, Room 3900
New York, NY 10278

Dear Mr. Edert:

Hudson River HealthCare Inc. (HRHCare) is in receipt of your report "*Results of Limited Scope Review of Hudson River HealthCare, Inc.'s Process for Compiling and Reporting Selected Recovery Act Data*" dated July 27, 2010. As directed in your cover letter, HRHCare is submitting comments on the report and its recommendations.

Recommendation 1: OIG recommends that HRHCare follow current HRSA reporting guidance.

HRHCare is in concurrence with this recommendation and intends to comply with all HRSA guidance on reporting of Recovery Act data. Previously, HRHCare participated in all HRSA-sponsored quarterly calls and reviewed all HRSA-developed manuals. HRHCare will continue to engage in these activities to ensure compliance with all HRSA reporting guidance. In addition, HRHCare will respond to any HRSA communications regarding quarterly reports to ensure that any questions regarding submitted data are responded to promptly and appropriately.

Recommendation 2: OIG recommends that HRHCare ensure that similar errors are not made in subsequent reporting periods.

HRHCare is in concurrence with this recommendation. As directed by HRSA, HRHCare submitted a revised quarterly report on July 10th, 2010 that is consistent with the HRSA reporting guidance.

If you have any additional questions regarding this response, please contact me at 914.734.8747 or at anolon@hrhcare.org.

Sincerely,

Anne K. Nolon
President & CEO