



State of Rhode Island and Providence Plantations
 Office of Management and Budget
OFFICE OF INTERNAL AUDIT
 One Capitol Hill, Providence, Rhode Island 02908-5889
 TEL #: (401) 574-8170
www.omb.ri.gov/audits

Vendor Compliance Audit

CompanyAutomated Health Systems, Inc.
 Based on..... Contract #3453419
 Engagement Type Vendor Compliance Audit

The Office of Internal Audit (OIA) completed a vendor compliance audit of Automated Health Systems, Inc. (AHS), a health services management company, covering the period of February 2016 through July 2018. The objectives of the audit were to determine if the vendor was complying with the contract terms and invoicing the State appropriately for services performed.

I. Summary of Audit Results

The audit team reviewed HealthSource RI and the Executive Office of Health and Human Services’ fixed price contract with AHS and associated contract amendments for February 2016 through July 2018. The OIA reviewed to verify costs were invoiced in accordance with the defined payments and reports schedule. Although the vendor invoiced in accordance with the contract agreement, the audit did reveal instances of noncompliance with some contract terms. These instances of noncompliance will be communicated to the appropriate contractual parties. All findings are detailed in Section II below.

II. Findings

A. Informal Changes to Contractual Terms

Over the course of the contract, informal agreements between the State and the vendor were made to redefine the information to be submitted by the vendor. Although reporting leniency may have been necessitated, agreements to change the terms of the contract should have been documented to ensure all parties understood the reporting terms. Should another party have to step in to assume responsibility, having an agreement of reporting terms in writing, ensures that any changes in reportable metrics are properly communicated. It also mitigates disputes over deliverables.

Reporting requirements included within the contract provide both a manner to measure vendor performance as well as statistical data on the call center’s volume of work. Reports required per the initial contract include:

- Monthly service level agreements,
- Minimum, predetermined reports on daily, weekly, monthly, and quarterly frequency, as detailed in chart below, and
- Weekly status reports.

Contract amendments also detailed out additional reporting requirements based on the scope of work to be performed.

The OIA sample of reporting metrics revealed the following exceptions¹ :

- Not tracked or not tracked for certain periods of time
- Tracked after the required date, and
- Tracked but not submitted to agency management.

Based on communication with the vendor and agency management during the audit, the reporting changes were agreed to informally.

B. Non-Compliance with Quality Assurance Plan

Per the contract agreement, AHS was responsible for providing and maintaining a quality assurance system acceptable to the State and providing a Quality Program aimed at producing a quality metric reportable to the State. Performance metrics detailed in the contract as well as internal goals were both included in the quality assurance plan. AHS provided a draft quality assurance plan and an internal phone quality assurance procedure, which HSRI verbally approved.

The vendor is not adhering to its quality assurance plan to meet targets for internally established goals, nor is it following its phone quality assurance procedure. The AHS Quality Assurance plan states that each member representative will have a minimum of eight phone calls monitored each month or two phone calls per week. Per the internal procedure, the Lead Customer Service Representative (CSR) has access to a phone monitoring form to document the call review. The CSR is to sign each phone evaluation form as acknowledgement of the review. The vendor does not use phone monitoring forms referenced above. Documentation provided during fieldwork was inconclusive to determine if monitoring of the CSR calls occurred.

Management is not ensuring adherence to its established quality assurance plan and the lack of a quality assurance program can result in poor customer service and unsatisfied customers.

III. Corrective Actions for AHS:

- 1) Document changes to contractual terms in writing.
- 2) Ensure compliance with an established and approved quality assurance plan.
- 3) Adhere to all contractual terms.

¹ Refer to Appendix A for detail on exceptions.

Appendix A

Contract Section	Report Name	Report Description	Frequency of Report	Identified Report Deficiency	Vendor Response	Agency Response
2.2.14	Service Level Agreement- Customer Satisfaction	Maintain ongoing customer service satisfaction surveys related to phone and walk-in service to achieve 90% or greater customer satisfaction levels	Monthly	Report not inconclusive of all required components	Walk-in customer satisfaction level is not tracked	Agency reserves the right to request that the vendor track and provide this information upon request.
2.7.1	Walk-in center customer satisfaction	General satisfaction of the customer with the service received at the walk-in center	Quarterly	Report not provided for dates sampled	Walk-in customer satisfaction level is not tracked	Agency reserves the right to request that the vendor track and provide this information upon request.
2.7.1	Training	A list of all CSR training sessions held, including the date, purpose of training, number of CSRs in attendance and if the trainees were new hires or current employees	Monthly	No tracking for 3 of the 7 months sampled	Training reports were not required during the exception time period	Agency reserves the right to request that the vendor track and provide this information upon request.
2.7.1	Staffing reports	List of all staff, time spent, and staff turn over	Monthly	No tracking for 3 of the 7 months sampled	Staffing reports were not required during the exception time period	Agency reserves the right to request that the vendor track and provide this information upon request.
2.7.1	Customer Satisfaction Reports	Results of quarterly customer satisfaction surveys	Quarterly	Tracking began three months after the vendor assumed responsibility for call-in center.	Provided timely from July 15, 2016 forward	Received as required per contract
2.7.1	Call reasons and resolutions	All calls received categorized by primary call reason and length of time to resolve customer issue	Daily	Tracked but not submitted to agency management.	Reports are available upon request from agency	Received as required per contract
2.3.4.4	Trouble (maintenance) report	No additional detail	Weekly	Report not provided for dates sampled	Not responsible to track	Agency reserves the right to request that the vendor track and provide this information upon request.
2.3.4.5	Call blockage report due to insufficient phone trunks or trunk bandwidth	No additional detail	Weekly	Report not provided for dates sampled	Report not applicable	Agency reserves the right to request that the vendor track and provide this information upon request.
2.3.4.6	Service complaint report	Call type (volume of calls by program type - QHP, Medicaid, Mixed Family)	Weekly	Report not provided for dates sampled	State's Tier 2 team is responsible for tracking, resolving and reporting on escalation resolution	Agency reserves the right to request that the vendor track and provide this information upon request.
2.3.4.7	Encounter type	Broad and specific categories, comparison of this data in OEP v. rest of year	Weekly	Report not provided for dates sampled	Call information logged in system & reportable upon request	Report Received Weekly
2.3.4.8	Customer Complaints	Robust and detailed reporting	Weekly	Report not provided for dates sampled	State's Tier 2 team is responsible for tracking, resolving and reporting on escalation resolution	Agency reserves the right to request that the vendor track and provide this information upon request.
2.3.4.11	Number of days to resolve customer encounter (by department, staff member), or Issue Resolution	No additional detail	Weekly	Report not provided for dates sampled	State's Tier 2 team is responsible for tracking, resolving and reporting on escalation resolution	Agency reserves the right to request that the vendor track and provide this information upon request.
2.10.5.1 (Amendment 4)	Medicaid and QHP Verifications Backlog and Escalation Support	1) the status and total number of escalations and verifications processed and closed separated by Backlog and New; 2) aging of new Medicaid Escalations and Verifications; 3) the total number and aging of requests to add newborns to existing accounts 4) the total number of outbound calls made and inbound calls received pursuant to the work in each section in 2.10 Medicaid and QHP Verifications Backlog and Escalation Support; 5) the average processing times for each task in 2.10 Medicaid and QHP Verifications Backlog and Escalation Support; 6) the number of documents scanned and issues triaged for JIRA tickets; 7) the number of staff performing the work; and 8) actual performance measure of each Service Level Agreements set forth in 2.1.0.8 Service Level Agreements.	Weekly	Agreement effective in March 2017 but metrics not tracked until May 2017.	Verbal agreement to delay initial reporting	Verbal agreement to delay initial reporting