

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**CORPORACIÓN SALUD
ASEGURADA POR NUESTRA
ORGANIZACIÓN SOLIDARIA, INC.,
A HEALTH RESOURCES AND
SERVICES ADMINISTRATION
GRANTEE, GENERALLY COMPLIED
WITH FEDERAL GRANT
REQUIREMENTS**

*Inquiries about this report may be addressed to the Office of Public Affairs at
Public.Affairs@oig.hhs.gov.*



Gloria L. Jarmon
Deputy Inspector General
for Audit Services

November 2018
A-02-17-02004

Office of Inspector General

<https://oig.hhs.gov>

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

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 <https://oig.hhs.gov>

Section 8M 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.

Report in Brief

Date: November 2018

Report No. A-02-17-02004

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Review

As part of its oversight activities, the OIG is conducting a series of reviews of certain Community Health Center Program grants because of the risks often associated with these awards.

The Affordable Care Act provided \$9.5 billion in supplemental funding to support ongoing community health center operations, create new community health center sites, and expand health care services at existing community health center sites.

The Health Resources and Services Administration (HRSA) awarded Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc. (SANOS), a not-for-profit organization, \$1.7 million of these funds to provide comprehensive primary care services in Caguas, Puerto Rico.

Our objective was to determine whether SANOS complied with Federal requirements and grant terms related to its Community Health Center Program grants.

How OIG Did This Review

We reviewed \$1.2 million in Community Health Center Program grant funds expended by SANOS from June 1, 2015, to May 31, 2016. Specifically, we reviewed SANOS's financial management controls, procurement activities, and claimed costs.

Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc., a Health Resources and Services Administration Grantee, Generally Complied With Federal Grant Requirements

What OIG Found

SANOS generally complied with applicable Federal requirements and grant terms related to its Community Health Center Program grants. Specifically, SANOS had adequate financial management controls over supplemental grant funds and followed Federal procurement standards. However, we determined that SANOS claimed \$4,000 in unallowable advertising costs.

SANOS claimed these unallowable advertising costs because it believed the costs were allowable and related to the Community Health Center Program.

What OIG Recommends and Auditee Comments

We recommend that HRSA require SANOS to refund \$4,000 to the Federal Government.

In its comments on our draft report, SANOS disagreed with our finding and maintained that the \$4,000 in advertising costs was incurred in accordance with Federal guidance and its budget approved by HRSA. After reviewing SANOS's comments, we maintain that our finding is valid. The cost was not specifically incurred for program outreach and was not necessary to meet the requirements of the award. Therefore, it is unallowable.

In its comments on our draft report, HRSA agreed that advertising costs are not allowable "solely to promote the non-federal entity" and stated that it will work with SANOS to determine the allowability of the advertising costs.

TABLE OF CONTENTS

INTRODUCTION	1
Why We Did This Review.....	1
Objective.....	1
Background.....	1
The Health Center Program.....	1
Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc.	2
How We Conducted This Review	3
FINDING.....	3
Unallowable Advertising Costs	4
RECOMMENDATION	4
OTHER MATTERS.....	4
CORPORACIÓN SALUD ASEGURADA POR NUESTRA ORGANIZACIÓN SOLIDARIA, INC., COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE.....	5
HEALTH RESOURCES AND SERVICES ADMINISTRATION COMMENTS	6
APPENDICES	
A: Audit Scope and Methodology	7
B: Related Office of Inspector General Reports.....	9
C: Federal Requirements for Community Health Center Grantees	10
D: Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc., Comments....	12
E: Health Resources and Services Administration Comments.....	14

INTRODUCTION

WHY WE DID THIS REVIEW

As part of its oversight activities, the Office of Inspector General (OIG) is conducting a series of reviews of Community Health Center Program grants because of the risks often associated with these awards. Appendix B lists recent OIG reports related to these grants.

More than 24 million Americans—1 of 13 nationwide—rely on a health center for primary health care. The Patient Protection and Affordable Care Act¹ provided supplemental funding of \$9.5 billion for the operation and expansion of the Community Health Center Program.

The Health Resources and Services Administration (HRSA) awarded Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc. (SANOS) \$1,675,234 of these supplemental funds through several Community Health Center Program grants.

OBJECTIVE

Our objective was to determine whether SANOS complied with Federal requirements and grant terms related to its Community Health Center Program grants.

BACKGROUND

The Health Center Program

The Health Center Program is authorized under section 330 of the Public Health Service Act (42 U.S.C. § 254b). The Health Center Program provides primary health care services to medically underserved communities and vulnerable populations with limited access to health care through planning and operating grants to Federally Qualified Health Centers (health centers).² Within the U.S. Department of Health and Human Services (HHS), HRSA administers the Health Center Program.

Section 10503 of the ACA provided \$9.5 billion in supplemental funding over a 5-year period (Federal fiscal years (FYs) 2011 through 2015) to support ongoing community health center operations, create new community health center sites, and expand health care services at existing community health center sites. During FYs 2011 through 2015, HRSA awarded

¹ The Patient Protection and Affordable Care Act, P.L. No. 111-148 (Mar. 23, 2010), as amended by the Health Care and Education Reconciliation Act of 2010, P.L. No. 111-152 (Mar. 30, 2010), is known as the Affordable Care Act (ACA).

² Federally Qualified Health Centers are public and private nonprofit health care organizations that receive grants under section 330 of the Public Health Service Act. These centers qualify for enhanced reimbursement from Medicare and Medicaid, as well as other benefits, and serve an underserved area or population.

approximately \$6.2 billion in operational funds to support ongoing Health Center Program operations. HRSA also awarded approximately \$8.6 billion in supplemental funding to community health centers nationwide through various Community Health Center Program grants.

Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc.

SANOS, a not-for-profit organization, was established to provide medical, dental, behavioral, substance abuse and other services to medically underserved populations in the Caguas, Puerto Rico, area. It currently operates two full-time primary care health center sites and a mobile medical unit.

In December 2010 and January 2013, SANOS submitted applications to HRSA for New Access Point grant funds to provide comprehensive primary and preventive care, behavioral health and substance abuse services to address the needs of public housing residents and homeless people in Caguas. In its applications, SANOS submitted budgets to HRSA that included personnel, supply, contract, and other costs.

In May 2013, SANOS submitted an application to HRSA for Outreach and Enrollment grant funds to provide outreach and enrollment assistance, including increasing awareness of health insurance coverage through educational activities at SANOS' community health center and mobile unit, as well as at health fairs, and shopping malls. In June 2014, July 2015, and October 2015, SANOS submitted applications to HRSA for Expanded Services grant funds for behavioral services, medical capacity, and substance abuse expansion projects. In its applications, SANOS submitted budgets to HRSA that included personnel, supply, contract, and other costs, including costs for a medication assisted treatment program and access to a mobile medical unit.

HRSA awarded SANOS \$2,746,119 in Community Health Center Program funding for the period June 1, 2015, through May 31, 2016 (our audit period), including supplemental funding of \$1,675,234 for expansion and continued operations of SANOS' Community Health Center Program.³ SANOS claimed \$1,180,468 of the \$1,675,234 awarded grant funds. The remaining \$494,766 was carried over to the subsequent period. Table 1 (following page) summarizes the award and claimed amounts for the supplemental funding.

³ SANOS received most of its supplemental funding for expansion and continued operations through five grants: New Access Point, Expanded Services (Behavioral Services, Medical Capacity, and Substance Abuse), and Outreach and Enrollment.

Table 1: SANOS Supplemental Community Health Center Program Grants

Grant Type	Total Award Amount	Total Amount Claimed
New Access Point	\$701,397	\$701,397
Expanded Services—Behavioral Services	246,492	217,709
Expanded Services—Medical Capacity	265,214	193,894
Expanded Services—Substance Abuse	406,250	11,587
Outreach and Enrollment	55,881	55,881
Total	\$1,675,234	\$1,180,468

By accepting these Community Health Center Program grant awards, SANOS agreed to claim reimbursement for allowable costs in accordance with grant terms and submit updates on its grant-related activities, including required reports, to HRSA. The grant terms require financial management and procurement controls. See Appendix C for details on the Federal requirements related to grants awarded to community health centers.

HOW WE CONDUCTED THIS REVIEW

We reviewed supplemental Community Health Centers Program grant funds totaling \$1,180,468 expended by SANOS for our audit period. Specifically, we reviewed a nonstatistical sample of 31 financial transactions to determine whether SANOS (1) had adequate financial management controls over these grant funds, (2) followed Federal requirements for procuring goods and services, and (3) claimed allowable costs. We did not review the overall internal control structure of SANOS, or HRSA's grant management program. Rather, we reviewed only those controls related to our objective.

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 objectives.

Appendix A contains the details of our audit scope and methodology.

FINDING

SANOS generally complied with applicable Federal requirements and grant terms related to its Community Health Center Program grants. Specifically, for 30 of the 31 sampled financial transactions, SANOS had adequate financial management controls over supplemental grant funds and followed Federal procurement standards. These financial management controls provided for the segregation of grant expenditures, an accounting system that allowed for prompt recording and reporting of financial transactions, reconciliation of its bank statement to its accounting records, and for proper procedures for reviewing and approving purchases.

SANOS also had adequate procurement controls in place, including written policies and procedures, to avoid conflict of interest. However, we determined that, in 1 of the 31 sampled financial transactions, SANOS claimed \$4,000 in unallowable advertising costs.

SANOS claimed these unallowable advertising costs because it believed the costs were allowable and related to the Community Health Center Program.

UNALLOWABLE ADVERTISING COSTS

Grant funds expended by community health centers must be used for carrying out the approved project in accordance with applicable requirements (42 CFR § 51c.107(a)). Expenses must be allocable to the Federal award or cost objective in accordance with relative benefits received and incurred specifically for the Federal award (45 CFR § 75.405(a)(1)). Advertising costs are allowable if specifically incurred for program outreach and other specific purposes necessary to meet the requirements of the Federal award (45 CFR § 75.421(b)(4)). Costs of advertising designed solely to promote a grantee are unallowable (45 CFR § 75.421(e)(4)).

SANOS claimed unallowable advertising costs to its Community Health Center Program grants for an islandwide advertising campaign coordinated by the Puerto Rico Primary Care Association. The campaign consisted of newspaper, Internet, and radio advertising aimed to promote community health centers associated with the group. SANOS contributed \$4,000 to the campaign and charged it as a training cost. The cost was not specifically incurred for program outreach or necessary to meet the requirements of the award. Therefore, it was unallowable. However, SANOS believed the costs were allowable and related to the Community Health Center Program.

RECOMMENDATION

We recommend that HRSA require SANOS to refund \$4,000 to the Federal Government.

OTHER MATTERS

Federal regulations define program income as gross income earned by a grant recipient that is directly generated by a grant-supported activity or earned because of the award.⁴ On an annual basis, community health centers must file a Federal Financial Report (FFR) with HRSA that indicates their program income (45 CFR § 75.341). Excess program income over expenditures should be used to support grantees' HRSA-approved health center projects. Community health centers must be able to document that the funds were utilized for purposes not specifically prohibited and to further the objectives of the project. The centers must also enter program income into HRSA's Uniform Data System (UDS), a standardized reporting system (42 CFR § 51c.303(j)).

⁴ 45 CFR § 75.2.

The program income that SANOS reported on its FFR was significantly less than the amount it reported in the UDS.⁵ In addition, SANOS' estimated program income, as reported in its budget applications and indicated on its grant award notices, was significantly less than the amounts reported on the FFR and the UDS. Table 2 details the variance in program income and estimated program income that SANOS reported to HRSA.

**Table 2: Reported Program Income and Estimated Program Income
for Fiscal Years 2015 and 2016**

	Fiscal Year 2015	Fiscal Year 2016
Federal Financial Report	\$9,505	\$520,228
Uniform Data System	\$522,045	\$709,000
Notice of Award*	\$3,500	\$1,000

* We note that program income listed on the Notice of Award is for informational purposes and are only estimates.

Due to the inconsistencies in SANOS's reported program income, HRSA is not aware of SANOS's actual program income in excess of grant expenditures. As a result, HRSA cannot ensure that SANOS utilized these funds to further the objectives of the Community Health Center Program.

**CORPORACIÓN SALUD ASEGURADA POR NUESTRA ORGANIZACIÓN SOLIDARIA, INC.,
COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

In written comments on our draft report, SANOS disagreed with our finding that it claimed \$4,000 in unallowable advertising costs. Specifically, SANOS maintained that the cost was in accordance with Federal guidance and its budget approved by HRSA. SANOS stated that the related expense was paid to the Puerto Rico Primary Care Association (PCA) to assist in islandwide coordination efforts to increase enrollment of uninsured people into affordable health plans. According to SANOS, the expense was part of an educational campaign that included training and presentations to community health centers' staff and directors. SANOS indicated that its enrollment increased after the campaign and provided documentation to support its assertion.

SANOS also commented on our Other Matters regarding its reported program income. SANOS indicated that differences in its program income reported on the FFR and UDS occurred because it used different revenue categories and reporting periods, and, in August 2015, a new program site was approved to serve patients.

⁵ Due to timing differences in reporting periods, we could not determine the exact understated amount. The FFR is reported by program year ending May 31 and the UDS is reported by calendar year. SANOS' Office of Management and Budget (OMB) Circular A-133 Financial Statements are reported for the fiscal year ending June 30.

After reviewing SANOS's comments, we maintain that our finding is valid. According to SANOS's supporting documentation, PCA contracted with a health marketing and communications group for its islandwide advertising campaign. The \$4,000 expense was SANOS's portion of PCA's contract with the group and was intended to promote all health centers who participated with PCA. The cost was not specifically incurred for program outreach and not necessary to meet the requirements of the award. Therefore, it is unallowable. Regarding SANOS's comments on our Other Matters section, SANOS's reasoning does not support the inconsistencies in program income amounts it reported.

SANOS's comments are included as Appendix D.⁶

HEALTH RESOURCES AND SERVICES ADMINISTRATION COMMENTS

In written comments on our draft report, HRSA did not indicate concurrence or nonconcurrence with our recommendation. Specifically, HRSA agreed that advertising costs were not allowable "solely to promote the non-federal entity" and stated that it will work with SANOS to determine the allowability of the advertising costs. HRSA's comments are included in their entirety as Appendix E.

⁶ We did not include the attachments to SANOS's comments in Appendix D because they were voluminous. Under separate cover, we provided the attachments to HRSA with our draft report.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

We reviewed supplemental Community Health Center Program funding totaling \$1,180,468 expended by SANOS for our audit period. Specifically, we reviewed financial transactions to determine whether SANOS (1) had adequate financial management controls over grant funds, (2) followed procurement standards in accordance with Federal requirements for goods and services, and (3) claimed allowable costs.

We did not review the overall internal control structure of SANOS, or HRSA's grant management program. Rather, we reviewed only those controls related to our objective.

We performed our fieldwork at SANOS's office in Caguas, Puerto Rico.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- met with HRSA officials to gain an understanding of the Community Health Center Program and requirements;
- met with SANOS officials to gain an understanding of its accounting system, policies and procedures for managing Federal grant funds and health center grant activities;
- obtained and reviewed SANOS's grant application packages, Notice of Grant Award documents applicable amendments, and A-133 reports;
- reviewed SANOS's financial management controls and procurement policies and procedures;
- reviewed costs totaling \$1,180,468 claimed on SANOS's grant expenditure reports to determine whether costs were allowable for reimbursement;
- reviewed a nonstatistical sample of 31 transactions consisting of 23 payroll and 8 non-payroll transactions⁷ for adequacy of supporting documentation and compliance with grant requirements; and

⁷ Supplemental Community Health Center funding received by SANOS was primarily used for payment of payroll and fringe benefits.

- discussed the results of our review with SANOS 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 objectives.

APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

Report Title	Report Number	Date Issued
<i>Henry J. Austin Health Center, Inc., A Health Resources and Services Administration Grantee, Did Not Comply With Federal Grant Requirements</i>	<u>A-02-17-02002</u>	2/1/2018
<i>Housing Works, Inc., Did Not Always Comply With Federal Requirements Related to Its Affordable Care Act-Funded Community Health Center Fund Grant</i>	<u>A-02-15-02001</u>	12/8/2016
<i>HPM Foundation, Inc., Did Not Always Comply With Federal Requirements Related to Its Affordable Care Act-Funded Community Health Center Fund Grant</i>	<u>A-02-14-02022</u>	2/5/2016
<i>Hidalgo Medical Services Did Not Comply With All Federal Requirements Related to Its Capital Development Grant</i>	<u>A-06-14-00056</u>	1/25/2016
<i>Community of Hope Generally Complied With the Requirements of a Capital Development Grant Funded Under the Affordable Care Act</i>	<u>A-03-14-03304</u>	8/18/2015
<i>East Harlem Council for Human Services, Inc., Complied With Federal Requirements Related to Its Affordable Care Act-Funded Community Health Center Fund Grant</i>	<u>A-02-14-02021</u>	5/21/2015
<i>Chase Brexton Health Care Complied With the Requirements of a Community Health Center Grant Funded Under the Affordable Care Act</i>	<u>A-03-14-03303</u>	5/21/2015
<i>Lone Star Circle of Care Complied with Federal Requirements Related to Its Affordable Care Act-Funded Community Health Center Fund Grant</i>	<u>A-06-14-00058</u>	4/7/2015

APPENDIX C: FEDERAL REQUIREMENTS FOR COMMUNITY HEALTH CENTER GRANTEES

- Pursuant to 42 CFR § 51c.112(a), all payments made by the Secretary shall be recorded by the grantee in accounting records separate from the records of all other funds, including funds derived from other grant awards.
- Records must adequately identify the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation (45 CFR § 75.302(b)(3)).
- Unless otherwise approved by OMB, the HHS awarding agency may solicit only the standard, OMB-approved government-wide data elements for collection of financial information (at time of publication the FFR or such future collections as may be approved by OMB and listed on the OMB website). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting (45 CFR § 75.341).
- A community health center supported under this subpart must establish basic statistical data, cost accounting, management information, and reporting or monitoring systems which shall enable the center to provide such statistics and other information as the Secretary may reasonably require relating to the center's costs of operation, patterns of utilization of services, and the availability, accessibility, and acceptability of its services and to make such reports to the Secretary in a timely manner with such frequency as the Secretary may reasonably require (42 CFR § 51c.303(j)).
- A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received and this standard is met if the cost is incurred specifically for the Federal award (45 CFR § 75.405 (a)(1)).
- Grant recipients must expend funds solely for carrying out the approved project in accordance with requirements of the Public Health Service Act, the applicable regulations, terms and conditions of the award, and the applicable cost principles (42 CFR § 51c.107(a)) and be allocable to a particular Federal award or cost objective in accordance with relative benefits received and incurred specifically for the Federal award (45 CFR § 75.405(a)(1)).

- Advertising costs are allowable if specifically incurred for the program outreach and other specific purposes necessary to meet the requirements of the Federal award (45 CFR § 75.421(b)(4)). Specifically, costs of advertising designed solely to promote the non-Federal entity are unallowable (45 CFR § 75.421(e)(4)).

APPENDIX D: CORPORACIÓN SALUD ASEGURADA POR NUESTRA ORGANIZACIÓN SOLIDARIA, INC., COMMENTS



September 4th, 2018

Brenda M. Tierney
Regional Inspector General for Audit Services
Department of Health and Human Services
Office of Inspector General

RE: REPORT NUMBER: A-02-17-02004

Dear Mrs. Tierney:

Thank you for give us the opportunity to answer the letter written on August 22, 2018. The following information is with the purpose of clarify the doubts related to the use of federal funds and other matters that worries us. In SANOS we always perform our work considering complying with all the requirements and regulations. This is something that SANOS' Board of Director looks very closely through the Single Audits and Site Visits. During 12 years incorporated, and seven years managing federal funds as recipients, SANOS have demonstrate a healthy administration of all the funds: federal and not federal.

FINDING, Page 3
SANOS claimed \$4,000 in unallowable advertising costs

SANOS, like other health centers through the Nation, received O/E assistance to expand O/E activities, and to facilitate enrollment of eligible health center patients and service area residents into affordable health insurance coverage through the Health Insurance Marketplaces, Medicaid, or the Children's Health Insurance Program. This grant allowed collaborations with other health centers (grantees and lookalikes) and other providers in our service areas to ensure that O/E activities are coordinated with other local, regional, and/or state-wide O/E efforts and training requirements. Also, the PR Primary Care Association (PCA), Asociación de Salud Primaria de Puerto Rico, was appointed as a resource to assist in the coordination of efforts across Puerto Rico. The \$4,000 paid to the PCA was according with the activities listed in the guidelines and approved in the budget submitted: "to expand the O/E opportunity to all the population and connect the people with the health center closest to them."

Dirección:

Dirección Física: Plaza Salud S.A.N.O.S. Avenida
Rafael Cordero, esquina Troche, Caguas, Puerto Rico

Teléfono: (787) 745 - 0340
Fax: (787) 746 - 1780

As per 42 CFR510c.107, Use of Project Funds, SANOS used the O/E grant to provide to the staff of the project training related to the provision of health services provided or to be provided by the project. With this educational campaign that first included a capacitation to the staff and a presentation to the executive directors, SANOS complied with one of the objectives of HRSA: "to contribute to nationwide efforts to increase access to care through the new affordable insurance options available that begun on 2014". Although, the educational campaign was island wide, the funds were utilized for O/E efforts in SANOS service area as demonstrated in the evidences on files. After these efforts with the PCA, SANOS demonstrated an increase in enrollment and helped the uninsured people to enroll in affordable coverage options as seen in the attached supporting documents.

OTHER MATTERS, Page 4

As it reads in the note (*): *"the program income listed on the Notice of Award is for informational purposes and are only estimates"*.

During both fiscal years, the program income presented in the budget was composed of different categories of revenue. See the attached documents. The NOA only included one category of the program income: the revenue related to services provided to uninsured and vulnerable population (PHP and HCH). The amount presented in the FFR as a Program Income is the sum of all the Center's revenues categories, as appears on the budgets submitted through the EHB and approved by HRSA plus any revenue achieved during the year that are directly related to patients that had an encounter with a Provider.

The difference between the UDS and the FFR reports indicates additional revenue received after the date of the close of program year and the end of natural year. The main difference between these two categories, FFR and UDS, in 2015, was that at the date of submitting the FFR report only the categories of program income related with revenues of Sections 330(h) and 330(i) were included but in August 2015 a change in scope was made, a new Site was approved to serve patients under Section 330(e), and in UDS report all categories of program income were included and reported. The timing difference between FFR and UDS (7 months) made impossible that the program income reported in both reports could be the same.

SANOS certify that all the funds used were based by regulations and activities allowable by the funds and all the analysis were made in base of the existing approved scope of funds and in benefits of our patients: to increase the access to quality health care primary services.

Cordially,



Beatriz de L. Pereira Santiago
Interim Executive Director

Dirección:

Dirección Física: Plaza Salud S.A.N.O.S. Avenida
Rafael Cordero, esquina Troche, Caguas, Puerto Rico

Teléfono: (787) 745 - 0340
Fax: (787) 745 - 1780

APPENDIX E: HEALTH RESOURCES AND SERVICES ADMINISTRATION COMMENTS



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Resources and Services
Administration

Rockville, MD 20857

OCT 25 2018

DATE:

TO: Gloria L. Jarmon
Deputy Inspector General for Audit Services
HHS, Office of Inspector General

FROM: Administrator

SUBJECT: Office of Inspector General Draft Report titled, "Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc., a HRSA Grantee, Generally Complied with Federal Grant Requirements (A-02-17-02004)"

Attached are HRSA's comments on the OIG's draft audit report on Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc. (SANOS). HRSA appreciates the OIG providing it the opportunity to respond to the above referenced report.

If you have any questions, please have your staff contact Sandy Seaton in HRSA's Office of Federal Assistance Management at (301) 443-2432 or by email at sseaton@hrsa.gov.


George Sigouras, MS, Ph.D.

Attachment

**HRSA's Comments on the OIG Draft Report entitled
"Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc., a HRSA
Grantee, Generally Complied with Federal Grant Requirements (A-02-17-02004)"**

HRSA's comments on the OIG recommendation are as follows:

OIG Recommendation:

We recommend that HRSA require Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc. (SANOS) to refund \$4,000 to the Federal Government.

HRSA Response:

HRSA agrees that advertising costs are not allowable "solely to promote the non-federal entity" per the Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS awards. However, HRSA will work with SANOS to determine if the advertising costs are considered outreach and enrollment under the terms and conditions of the federal funds provided for that purpose.