



State of South Carolina Office of the Inspector General

July 13, 2015

Case # 2014-809-I

Commission Chairman William O. Danielson
Department of Disabilities and Special Needs
3440 Harden Street Extension
Columbia, South Carolina 29203

RE: Allegation of Improper Application and Accounting of Housing Assistance Payments (HAP) by Service Providers Under Contract with the Department of Disability and Special Needs (DDSN)

The purpose of this letter is to provide the results of the State Inspector General's (SIG) review of an allegation of improper application and accounting of HAP by service providers under contract with the DDSN. The SIG initiated this review in August 2014 predicated on a credible allegation that disabled and special needs consumers were not being properly credited for their HAP benefits in violation of U.S. Department of Housing and Urban Affairs (HUD) regulation, CFR Title 24 § 982.451.

The DDSN was first made aware of this HAP benefit issue in April 2014. In an effort to understand this issue, DDSN commenced an audit that same month at three different service providers. This preliminary audit confirmed the misapplication of the HAP benefits, with one provider estimated at misapplying \$300,000 over the previous 22 month period. As a result, DDSN issued a memo on May 29, 2014 to all the service providers, which are primarily County DSN Boards, detailing the policy and procedures to properly apply the HAP to consumers' "room and board" monthly expenses. The preliminary core issue appeared to be the HAP benefits being inappropriately averaged with all HAP beneficiaries at the service provider, rather than individually applied as required by HUD regulations. This resulted in some consumers receiving HAP benefits greater than entitled, while others were reciprocally receiving less than required by law.

The DDSN met with HUD representatives in June and August, 2014, to discuss the misapplication of HAP benefits by the service providers; concerns about how some providers were charging for additional costs within the "room and board" amounts; and the handling of HUD rental subsidy payments for individual consumers in HUD housing operated by these providers. HUD expressed concern that consumers residing in HUD housing may be paying additional expenses without being given proper full credit for the HAP subsidy. At that time, HUD recommended DDSN take all appropriate steps to correct the current actions of the local providers, and, going forward, perform

a thorough audit to determine if policy changes are necessary and/or reimbursements to consumers are warranted.

The SIG assumed the role of providing stakeholders assurance that the methodology to calculate the liabilities and repay consumers, if needed, would be fair and transparent. DDSN, with consultation of all parties involved, developed a plan to use a certified public accounting firm (CPA) to add audit resources, as well as provide another level of independence and objectivity in addressing this sensitive issue and further investigating the potential liabilities.

On October 1, 2014, DDSN contracted with the CPA firm of Burkett, Burkett & Burkett (BBB) to evaluate the service providers' application of the HAP subsidies in calculating the consumers' room and board charges for a two year period. BBB would use applicable HUD rules and regulations to determine any reimbursements that may be due to consumers. The two year period selected for review was the DDSN's fiscal year (FY) 2013 (7/1/2012 - 6/30/2013) and FY 2014 (7/1/2013 - 6/30/2014). The audit engagement began in November 2014; and was conducted in two phases - Phase I and Phase II.

DDSN published a revised Directive 250-09-DD on December 3, 2014, which provided more clarity and specificity of DDSN's HAP application policy and procedures. It specifically instructed service providers to cease any other method of calculating the "room and board" amounts.

Phase I

A review of DDSN records for FYs 2013 and 2014 identified 657 individual consumers that received HUD subsidies. These consumers were served by 18 service providers. BBB selected a small sample of consumers, generally two to four consumers, from each of the 18 service providers. Ultimately, 46 consumers (7%) were sampled, which identified \$66,783 in overcharges. Extrapolating these \$66,783 of overcharges in the sample to the entire population of consumers resulted in an estimated overcharge of \$952,384 for the two year period. Of the 18 service providers tested, BBB identified the ten providers with significant misapplication of the HAP funds (55%).

It is important to understand the misapplied HAP funds at eight of these ten service providers primarily pertained to using an averaging methodology to apply the HAP rather than individually applying the HAP as required by HUD. Because individual HAP varied based on each consumer's financial need, consumers with an individually higher HAP suffered a financial loss because they were credited with the average HAP amount, which was always lower. Reciprocally, consumers with an individually lower HAP actually financially benefited because they were credited with the average HAP, which was always higher. These eight service providers did not financially benefit. One service provider had minimal overcharges due to minor calculation errors. However, there was one service provider that did not apply the HAP subsidy to any consumer and the HAP was absorbed into its general fund totaling \$350,000.

Phase II

The ten providers identified in Phase I misapplying the HAP subsidy were required to properly recalculate room and board charges for all their affected consumers, which totaled 329 consumers. To assist them in that effort, the SIG and BBB coordinated the development of an Excel worksheet template to capture the consumers' data and calculate the "room and board" amounts based on the proper application of the HAP subsidy. At a training session with the ten service providers, written instructions were provided to complete the worksheet template, as well as how to provide supporting documentation necessary for BBB to test each service provider's recalculations.

After all ten service providers completed the Excel worksheets recalculating consumers' "room and board" amounts, BBB sample tested 94 consumers' recalculations (28%) without noting a substantial error. The recalculations of the entire population of the 329 impacted consumers resulted in actual overcharges of \$1,264,245 during the two year period reviewed.

Next Steps

The review to date has confirmed the initial allegation; identified consumers financially harmed (329); and definitively calculated the dollars required to repay consumers during the two year period reviewed to remedy the misapplication (\$1,264,245). However, additional steps are still needed:

1. DDSN should require the ten service providers to conform with policy directive 250-09-DD pertaining to applying HAP. The review revealed that none of the ten were currently conforming to the calculation methodology despite being instructed twice in 2014 (May 29, 2014 and December 3, 2014), continued to misapply the HAP throughout FY 2015 (7/1/2014 - 6/30/2015). In mitigation, DDSN indicated that many of the providers were waiting on DDSN to approve revised room and board rates in order to complete the FY 2015 required room and board calculation.
2. DDSN should require the ten service providers to recalculate their consumers' room and board amounts for those receiving HAP during FY 2015 and provide this data to DDSN on a date certain in the near-term. This is estimated at \$600,000 in additional overcharges, which will bring the estimated overcharges for the three fiscal years (FY 2013; FY 2014; and FY 2015) to approximately \$1.8 million.
3. DDSN should meet with each of the ten service providers to assess DDSN's liability, if any, and other considerations, and then make a determination if DDSN funds should be involved in repayment plans to the consumers.
4. DDSN should require, as well as approve, the ten service providers to develop a repayment plan to the consumers that will not affect their Medicaid eligibility.

5. DDSN should develop a communication plan for consumers with HAP who, by no fault of their own, benefitted from the averaging of HAP. These consumers' costs will now be higher.
6. The DDSN should have its Internal Audit Department design an audit program to verify the repayments to the consumers and the service providers are properly complying with the revised policy directive 250-09-DD.
7. The SIG will conduct a follow-up review in the next 6-12 months to provide assurance the consumer repayment plans are being effectively executed, along with assessing that the service providers are properly complying with the revised policy directive 250-09-DD.
8. The DDSN should forward a copy of the BBB audit report and this letter to the Board Chairman and Director of the service providers with a consumer repayment liability. This will ensure these service providers' executive leadership have full situational awareness of the facts underpinning this new liability to consumers with HAP.

The SIG commends DDSN leadership for its thorough, fair, and transparent approach to addressing this sensitive issue. The SIG also commends the service providers for their active involvement in identifying the overcharges and professionalism in working through issues in this review. Despite some early apprehensiveness by some stakeholders, the SIG observed virtually everyone involved conscientiously having the best interest of the consumer in mind during this review.

If you have any questions or require clarifications, do not hesitate to call me at any time.

Sincerely,



Patrick J. Maley
State Inspector General

PM/BW

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South Carolina Department of Disabilities and Special Needs' (DDSN) Responses to the State of South Carolina Office of the Inspector General (SIG) Recommendations July 16, 2015

1. DDSN will require all service providers to conform with agency policy pertaining to applying Housing Assistance Payment (HAP). Department Directive 250-09 will be amended further to clarify the proper application of HAP subsidies, SNAP benefits, and proper allocation of administrative costs. Training for providers will be conducted on the agency policy in Fall 2015.
2. Providers will be required to recalculate their consumers' room and board amounts for those receiving HAP during FY 2015. Providers will be required to complete the worksheet developed by Burkett, Burkett & Burkett (BBB) for FY 2015, and include any overcharges in the amount to be paid back to individuals and provide this data to DDSN. All room and board calculations for FY 2015 will either be approved as submitted or adjusted per DDSN policy by the end of the first quarter FY 2016.
3. The priority is to ensure repayment to consumers is completed as quickly as possible in a manner that does not harm any consumer's eligibility for other benefits and does not hinder any service provider's ability to continue provision of services. The governing bodies and management of provider organizations are responsible for their financial records, internal controls, and compliance with Federal and State laws and regulations and DDSN policy. DDSN will increase its oversight to ensure these compliances. DDSN will share with the individual provider 50 percent of the cost of reimbursement of consumer overcharges made in FY 2013 and FY 2014, as approved by the DDSN Commission on July 16, 2015.
4. Overcharges will be paid back to individuals as quickly as feasible but not to exceed three years to ensure that no one loses Medicaid eligibility. Providers will be required to develop and submit a repayment plan for FY 2013 and FY 2014 to DDSN by August 14, 2015, for approval. For any repayments for FY 2015, if applicable, DDSN will require a provider to submit a repayment plan within 45 days of receiving approval of room and board rates.

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5. DDSN will develop, in coordination with stakeholders, a plan to communicate with consumers and families who benefited from averaging and who will now have an increase in the amount of rent charged to the consumer as a result of the removal of aggregating HAP subsidies. Consumers who benefitted will not be asked to return any funds.
6. DDSN Internal Audit will design an audit program to confirm repayments and to verify compliance with department policy. DDSN will review FY 2015 room and board calculations for effected providers in the BBB review to ensure compliance with Department Directive 250-09. Internal Audit will also verify individual bank accounts, on a sample basis, to ensure individuals are paid back funds. Room and Board charges will continue to be reviewed as part of routine audit testing.
7. DDSN will assist the SIG in its follow-up audit to ensure that all corrections and repayments are being implemented on the approved time frames and to ensure compliance with DDSN policy.
8. DDSN will provide copies of the SIG letter and BBB audit report to the Board Chairperson and Executive Director of service providers with a consumer payment liability for FY 2013 and FY 2014 by July 22, 2015. DDSN will also provide information regarding liability, if any, for FY 2015 once determined.



State of South Carolina Office of the Inspector General

September 9, 2015

State Director Beverly A Buscemi
Department of Disabilities and Special Needs
3440 Harden Street Extension
Columbia, South Carolina 29203

RE: Allegation of Improper Application and Accounting of Housing Assistance Payments (HAP) by Service Providers under Contract with the Department of Disability and Special Needs (DDSN)

The purpose of this letter is to provide a summary analysis of the HAP audit calculations, an update to the York County Department of Special Needs Board's (York) questioning the Burkett, Burkett & Burkett (BBB) report's HAP liability calculation, and remaining steps pertaining to the HAP Audit. Despite the audit's methodology having each provider prepare its own liability calculation after training and supported by a structured excel spreadsheet to "own" its results, it was clear York still had unresolved questions on the methodology and the final HAP liability calculation. This summary analysis did not find any substantial issue with the BBB liability calculation nor the BBB excel worksheets methodology and mathematical accuracy. This letter is also designed to serve as a summary document for the residual nine providers (**see Attachment E**) in BBB's Phase II to ensure each understands the calculation of its HAP liability in the BBB report.

Background

HAP benefits, as well as SNAP benefits, are required to be individually applied to consumers. Based on analytical review and sampling, the audit identified 10 providers not applying HAP individually. These providers not applying HAP individually had a general pattern to aggregate consumer HAP benefits, which were then reduced from a provider's annual room & board (R&B) calculation. This lowered the monthly R&B to provide an "average HAP" benefit to HAP recipients, which caused a disparate impact on HAP beneficiaries. The average HAP benefit adversely impacted the highest HAP beneficiary based on the greater income need, while the lowest HAP beneficiary based on the least income need received a windfall benefit.

Audit Methodology

The audit methodology was basic accounting of reversing out the error (average HAP benefit), and then recalculate by individually applying each HAP consumer's benefit earned based on income need. This methodology had three basic component procedures: 1) BBB would upwardly adjust the monthly R&B by reversing out the average HAP error; 2) recalculate monthly R&B payment with individual HAP application; and 3) identify the difference between recalculation and the actual monthly R&B payment, if any, due back to HAP beneficiaries. Recalculating the monthly R&B payment and identifying the difference with actual consumer payment was a rote mathematical exercise supported by a template worksheet. However, identifying the average HAP benefit to credit (due to) the provider was complicated by four factors (**see Attachment A for detail explanation**):

1. Provider Gave Average HAP Benefit and also Claimed a Duplicative Higher Fair Market Rent on the Same HUD Unit: This resulted in the audit not crediting a provider with the average HAP benefit and preventing a provider's R&B to be adjusted upward by the average HAP benefit.
2. Provider Never Gave Average HAP Benefit as Originally Asserted: This resulted in the audit not crediting a provider with the average HAP benefit and preventing a provider's R&B to be adjusted upward by the average HAP benefit.
3. Non-HUD Consumers Benefitted from Averaging HAP Benefits: The average HAP benefit was diluted by allocating this benefit to the provider's non-HUD units, which resulted in the audit only allowing the average HAP portion benefitting HAP beneficiaries as a credit back to the provider.
4. Provider Gave Average HAP Benefit but "Capped" R&B Rate Lower Than Cost: Given the Board's fiscal decision to contractually cap the rate and the lack of a clear crosswalk showing how a HAP consumer directly benefitted from the average HAP benefit, the audit did not credit a provider with the average HAP benefit which prevented a provider's R&B to be adjusted upward by the average HAP benefit.

The final BBB HAP liability of \$1,264,245 was driven predominately by 1) those providers who did not provide the average HAP benefit as claimed; and 2) those providers claiming unallowable costs in the form of duplicative rent of Fair Market Rent (FMR) and net HUD expenses for the same HUD unit. If the average HAP application error was the only issue, the liability would be in the low hundreds of thousands versus in excess of a million dollars.

The audit took the posture, which was consistent with HUD program integrity guidelines, that a provider error negatively impacting a consumer required repayment. However, when a provider's error caused a consumer to receive more benefits than entitled, the consumer was not responsible for repayment.

Applying Audit Methodology to York

Audit Calculation: York had the most complicated calculation because it's R&B was impacted by three complicating factors: 1) provider gave average HAP benefit but also claimed duplicative higher FMR on the same HUD unit; 2) non-HUD consumers benefitted from averaging HAP benefits; and 3) provider gave average HAP benefit but capped rate lower than cost.

By York claiming duplicate FMR and net HUD expenses on the same HUD units, any average HAP benefit to HUD consumers [28 HUD units (25%) of 112 total units] credited back to the provider was erased by a greater increase in the R&B from the unallowable duplicative FMR cost, as well as other unallowable costs further lowering the actual R&B cost (**see Attachment B**). As a result of the duplicate FMR and net HUD expense, the non-HUD consumers benefitting from averaging HAP benefits [\$117,923 HAP allocated to 84 non-HUD (\$88,442) and 28 HUD consumers (\$29,480)] and the capped rate (\$650) lower than actual costs were not factors. The audit fully recognized York unilaterally decided to provide a \$163 benefit to all consumers by reducing the actual monthly R&B charge from \$813 to a \$650 capped rate. However, the audit did not use this \$163 to mitigate any HAP liability because this was a York fiscal decision provided to all York consumers independent of the HAP issue.

York Issue #1: York brought up an issue alleging DDSN's own training provided on 5/28/2013 set forth an example of an R&B calculation where HAP was averaged (**see Attachment C**). Although DDSN has assumed some responsibility for this situation by paying 50% of the HAP liability, York argued this training demonstrated it was doing what DDSN instructed it to do. From the SIG's perspective, a fair assessment of this slide pertaining to "HUD Facilities" gives the inference consistent with "averaging HAP" to establish an annual R&B.

DDSN confirmed the authenticity of the 5/28/2013 training document. According to DDSN, the 25 slide power point training focused on the proper treatment of administrative costs, to include individually applying SNAP benefits, rather than the treatment of HUD revenue and expenses relating to R&B contained in this one slide. DDSN has taken ownership of 50% of the HAP liability in recognition DDSN could have done a better job in providing guidance and oversight of the application of HAP. However, DDSN argued this one slide creating the inference of averaging HAP is not persuasive of York's total abdication of responsibility. As evidence, DDSN pointed out the thrust of the 5/28/2013 training pertained to individually applying SNAP benefits, which York has not demonstrated it has done correctly to date. Further, DDSN noted eight of the 18 providers individually apply HAP appropriately. As a result, DDSN staff's recommendation of a 50% ownership of the HAP liability remained unchanged.

York Issue #2: York suggested it be allowed to recalculate its R&B costs to show the actual costs for HUD consumers (HAP beneficiaries), which would far exceed the \$650 cap and serve to mitigate the BBB HAP liability. York's 2015 newly revised calculations for two HUD consumers was approximately \$1150/month (**see Attachment D**). Rather than use after the fact recalculations, York's own 2013 R&B data submitted to DDSN was examined. This historical data denoted the actual costs for HUD consumers was \$1003/month, which was composed of \$586 rent (\$196,897 total HUD expense divided by 28 HUD consumers divided by 12 months) and \$417 "all other costs" (simple average of 6 HUD consumers "all other costs"). Although the 2013 actual cost of \$1003/month HUD unit cost differs with York's new 2015 \$1150/month re-calculation, both highlight York's key point that actual benefits received by HUD consumers (HAP beneficiaries) far exceeded the \$650 cap by \$353. To provide an alternate perspective on the same underlying facts, a 2013 HUD (HAP beneficiary) consumer, on average, brought \$1000 of benefits [\$650 cash; \$350 HAP benefit (\$117,923/28/12)] to bear each month, yet had a monthly contract to pay \$650 as approved by York's board.

Nevertheless, this \$353 variance is noteworthy of review. Reviewing this variance issue, \$163 pertained to York's unilateral benefit to all consumers from its fiscal decision to cap the rate at \$650 (\$813 - \$650). Second, York's claimed duplicative FMR and net HUD costs for the same HUD unit, as well as

other unallowable costs, eliminated any consideration for York to be credited with the average HAP benefit (\$350/month) back to offset its HAP liability.

To consider York's suggested option to use actual costs for HUD consumers, which was \$1003/month in the 2013 R&B, York would first have to recognize it would be essentially clawing back its \$163/month benefit unilaterally given to all consumers. Second, York would want credit for its average HAP error, while completely overlooking its other greater unallowable cost errors, such duplicate rent costs.

The audit agrees with York that HAP recipients' \$1003/month in actual benefits was greater than York's actual cost \$813 R&B and capped \$650 rate. However, HAP recipients are not responsible for York's fiscal cap rate decision of the unilateral \$163 benefit to all consumers, which should not be clawed back retroactively, nor are they responsible for unallowable cost errors or not applying the HAP individually error, regardless of whose fault it may be. When HAP was not applied individually and York used it in its "big soup" of averages to **set a contract rate for all consumers**, this perceived inequity by York was of its own doing and can't be retroactively undone in fairness to the HAP consumer who just wanted an accurate contract rate, accounting, and pay their bill.

York Issue #3: York asserted the BBB spreadsheet was flawed as illustrated by a calculation of a single consumer who never paid HUD tenant rent or R&B, yet still received a HAP refund. A review of this consumer's spreadsheet determined this calculation was due to an entry error in preparing the excel spreadsheet. This consumer was new to York, arriving the last two months of FY 2013-2014, whose monthly income had not caught up with his enrollment in York. The net effect should be a \$624 reduction in York's HAP liability. Other than this entry error anomaly, the spreadsheets were valid in terms of methodology and mathematical accuracy.

York Issue #4: York asserted although it did not apply SNAP benefits individually, it netted SNAP benefits from actual food costs. The netted food costs (total cost – SNAP) lowered the monthly R&B calculation, which had the same effect of "averaging HAP" benefits. However, the aggregated SNAP benefit netted against total food costs was not itemized in the annual R&B calculation, and the details were not readily discernable given the data was contained on voluminous food receipts from 2012. As a result, the audit did not provide any "average SNAP" credit to York to increase its R&B calculation. Yet, due to SNAP requiring individualized application to correlate with financial need, the audit credited HAP consumers with their individual SNAP benefit. The audit recognized some credit was due to the provider, but the amount was not mathematically discernable. As a result, DDSN considered this issue as part of its equation to pay 50% of the HAP/SNAP liability to address situations/distortions/inequities like this, which erred on the side of the consumer.

Although the "average SNAP" used in providers' annual R&B calculation was not available, the actual SNAP benefits paid to HAP beneficiaries in 2013 and 2014 (contained in BBB spreadsheets) can serve as a proxy for the "average SNAP" R&B calculations. For York, the actual 2013 and 2014 actual SNAP benefits to HAP recipients totaled \$36,036. However, consideration for crediting this \$36,036 available proxy to York is, again, undermined by York's significant unallowable costs exceeding this amount (**see Attachment B**).

The SIG emphasizes the impact of this averaging and recalculating is not just a technical math exercise to meet some compliance requirement. Providers averaging HAP and SNAP had a detrimental impact on DDSN consumers who were the most economically disadvantaged. As an example, the 32 York HAP

beneficiaries' aggregate SNAP benefits totaled \$36,036 during the review period. When averaged, it provided a \$643/year SNAP benefit to HAP beneficiaries. However, 12 of these consumers had zero SNAP benefits based on having too much income yet benefitted \$643/year, while six consumers had SNAP benefits in excess of \$1500/year based on low income yet only received the same \$643/year benefit (\$857/year reduction).

Way Forward to Wrap-Up

The other nine providers' audit judgments were much simpler than York. Nevertheless, York's unresolved questions on the methodology and final HAP liability calculation raised the issue whether any of the other nine providers may have unresolved questions. An offer should be extended to the residual nine providers to make sure all understand and are allowed an opportunity for dialogue as a quality control to ensure the best audit evidence is used for DDSN's final call on liability and any adjustments to the BBB report.

Most of the 10 providers had potential unallowable costs, most all in the direction of raising their respective R&Bs to adversely impact all consumers, in their 2013 and 2014 R&B calculations. This matter is separate and apart from the focused objective of addressing the HAP issue of just reversing out the average HAP error and then applying HAP individually. This identified unallowable cost issue, which could be significant, requires additional DDSN audit work to engage providers with identified potential unallowable costs and reconcile to discern if consumers were adversely impacted in 2013 and 2014. DDSN has already begun this audit with providers.

This HAP audit highlighted financial management weaknesses contributing to the HAP issue, as well as other issues, requiring DDSN to enhance its leadership posture to provide clearer guidance, heightened oversight, and audit of providers' annual R&B requests. Accurate annual R&Bs are the cornerstone to protect consumers and avoid future costly audits, operational disruptions, and unexpected significant liabilities by discovering errors in the future that may have been ongoing for many years.

Sincerely,



Patrick J. Maley
State Inspector General

Attachment A

Attachment A – Complicating Factors with Average HAP Benefit Due to the Provider

Identifying the average HAP benefit credit due to the provider was complicated by these four factors:

1. Provider Gave Average HAP Benefit and also Claimed a Duplicative Higher Fair Market Rent on Same HUD Unit: In building the annual R&B monthly charge to consumers, each unit's "rent" is added. For non-HUD consumers, providers use a "fair market rent (FMR)" because the provider may own a home with no mortgage expense, while HUD consumers require the "net HUD expense" (HUD rent less HAP benefit). In examining the R&B, a provider calculated HUD consumers at FMR **and** also claimed a duplicative net HUD expense. The impact of a higher R&B cost from crediting the average HAP benefit to the provider was erased by a greater reduction in the R&B from the unallowable duplicative FMR cost on the same HUD unit. As a result, the audit did not allow a provider's R&B to be adjusted upward by the average HAP benefit.
2. Provider Never Gave Average HAP Benefit as Originally Asserted: Despite a provider originally claiming to "aggregate HAP" and provided an average HAP benefit with a reduced the monthly R&B, a review of its R&B calculation failed to identify the average HAP reduction of the monthly R&B. As a result, the audit did not allow a provider's R&B to be adjusted upward by the average HAP benefit.
3. Non-HUD Consumers Benefitted from Averaging HAP Benefits: The vast majority of providers had both HUD and non-HUD consumers, which generally had their respective costs combined into one monthly R&B. So, when the average HAP benefit reduced an overall R&B, all provider consumers (HUD & non-HUD) benefitted from an average HAP reduction, which further diluted the average HAP benefit to HAP beneficiaries. As a result, the audit only allowed the average HAP portion benefitting HAP beneficiaries as a credit back to the provider in a pro-rated manner, which then increased the monthly R&B used for the individual HAP application calculation.
4. Provider Gave Average HAP Benefit but "Capped" R&B Rate Lower Than Cost: The average HAP benefit was reduced from the R&B to arrive at a monthly R&B charge. However, the provider then made a discretionary judgment to cap the R&B at a rate lower than actual costs. Given the board's fiscal decision to contractually cap the rate and the lack of a clear crosswalk showing how a HAP consumer directly benefitted from the average HAP benefit, the audit did not allow any R&B to be adjusted upward by the average HAP benefit. DDSN fundamentally viewed a board's decision to cap a rate different from a rate solely based on actual costs, thus preventing any upward adjustment to the R&B capped rate. This conservative audit judgment created an argument by a provider that a HAP consumer did benefit from its pro-rated portion of average HAP to reduce the R&B prior to the lower cap adjustment, which certainly had to influence the provider in setting its lower capped rate. This arguable benefit was captured for providers impacted, which DDSN factored into its decision to pay 50% of the provider's HAP liability.