

LEGISLATIVE AUDIT DIVISION

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MEMORANDUM

TO: Legislative Audit Committee Members
FROM: Lisa Blanford, Performance Audit Manager
DATE: January 2012
CC: Anna Whiting Sorrell, Director, Department of Public Health and Human Services
Mary Dalton, Medicaid and Health Services Branch Manager
Kelly Williams, Administrator, Senior and Long Term Care Division
RE: Performance Audit Follow up (12SP-16): Home and Community Based Services
Waiver Program (orig. 10P-05)
ATTACHMENTS: Original Performance Audit Summary

INTRODUCTION

In August 2010, we presented our performance audit of Home and Community Based Services Waiver Program to the Legislative Audit Committee. This audit made eight recommendations to the Department of Public Health and Human Services (DPHHS). In November 2011, we began gathering preliminary information from the department on its progress implementing recommendations. This memo summarizes the results of our follow-up work, in addition to presenting background information.

Overview

Audit recommendations addressed the need for the department to comply with or reevaluate administrative rules relative to client eligibility, improve processes used to manage client waiting lists, and provide for better allocation of resources available to clients. Audit recommendations also addressed the need to improve management controls to ensure providers are meeting client needs, ensure contracted entities receive regular reviews, and strengthen financial controls to improve accountability for program resources. DPHHS implemented four recommendations, partially implemented one recommendation, and is working towards implementing two additional recommendations. Our follow up work shows the department has not implemented one audit recommendation.

BACKGROUND

The Department of Public Health and Human Services waiver program is designed to help elderly and physically disabled persons remain in their homes instead of being placed in a nursing facility. Individuals must meet Medicaid eligibility requirements and nursing home level of care standards to participate. DPHHS must comply with an agreement with the federal Centers for Medicare and Medicaid Services to remain eligible for nearly \$25 million in annual Medicaid funding.

In fiscal years 2008 and 2009, the program provided waiver services to nearly 4,500 persons. During the same time, the expenditures for the program were over \$62 million with \$14 million of this total coming from the General Fund. The department contracts with other organizations to perform eligibility screening and provide case management activities. The department provides oversight of contractors to ensure contract obligations are met, program policies are followed, and to verify recipients' service needs are provided.

FOLLOW-UP AUDIT FINDINGS

The performance audit report included eight recommendations to the department. These recommendations focused on compliance with federal and departmental rules, improving oversight of contract activities, improving the process associated with the allocation of waiver slots, and improving financial controls.

The following summarizes information relating to follow-up audit work and the implementation status of the recommendations.

Recommendation #1

We recommend the Department of Public Health and Human Services comply with administrative rules that contain enrollment criteria specific to individuals residing in a hospital or nursing facility and, if necessary, reevaluate existing rules for applicability.

Implementation Status – Implemented

Audit activities determined DPHHS had enrolled individuals that resided in hospitals or nursing facilities into the waiver program, in violation of existing administrative rules. The department amended administrative rules to eliminate this conflict. The administrative rule change was effective September 1, 2011.

Recommendation #2

We recommend the Department of Public Health and Human Services develop and implement formal criteria for allocating Home and Community Based Services Waiver Program slots among case management teams.

Implementation Status – Not Implemented

Although the department concurred with this recommendation, the department has not established formal criteria for allocating/reallocating waiver slots among case management teams. Instead, the department relies on informal methods when assigning additional waiver slots. Staff indicates they consider several factors including numbers of people on the waiting list in a particular area and a team's ability to absorb additional consumers. However, documented criteria or factors for allocating slots have not been developed. Additionally, staff could consider other factors such as length of time applicants are on the waiting list, assessment tool scores, or percent of aged population within a case management team's geographical area.

Recommendation #3

We recommend the Department of Public Health and Human Services:

- A. Ensure case management teams submit accurate waiting list information as required by policy.**
- B. Analyze and utilize waiting list information to strengthen management decisions.**

Implementation Status – Being Implemented

Department staff indicates the existing waiting list database will be replaced with web-based case management software, which all contracted case management teams currently use. However, the department has not secured funding to acquire access to this software. Division management plans to meet with the

software developer in January 2012 to determine access costs. In the interim, department staff continues to rely on the existing waiting list database.

A review of the most recent waiting list data shows that case management teams are still submitting inaccurate waiting list scores for clients waiting for a waiver slot. The number of inaccurate waiting list scores has decreased from the numbers identified during the audit, but inaccuracies continue to exist. Although the department is attempting to correct this situation, until the department receives accurate waiting list data, those conditions that existed during the audit continue to exist. This negatively impacts the department's ability to use waiting list data to support management decisions such as seeking added resources or allocating waiver slots.

Recommendation #4

We recommend the Department of Public Health and Human Services ensure annual case management team reviews are completed in accordance with policy and federal agreements.

Implementation Status – Implemented

The department's Quality Assurance Management System has been modified to automatically assign annual case management team reviews and department staff is required to verify that all review activities have been completed before annual reviews can be closed. This change will improve the department's oversight of contracted case management teams.

Recommendation #5

We recommend the Department of Public Health and Human Services:

- A. Standardize the client satisfaction survey.**
- B. Collect and analyze survey responses to evaluate program effectiveness and improve performance.**

Implementation Status – Being Implemented

The department identified five standard questions that will be included in case management team annual client satisfaction surveys beginning in January 2012. The use of these survey questions has been included in updates to the program policy manual. The department's regional program officers will collect responses from these questions and forward them to Helena for review. Department staff plans to use the standardized questions and related responses to identify training needs for case management teams.

Recommendation #6

We recommend the Department of Public Health and Human Services define the frequency of periodic reviews of level of care assessments and ensure reviews are completed.

Implementation Status – Implemented

The department contracts with an entity to evaluate eligibility and each applicant's level of care needs. The department modified this contract to specify DPHHS staff will perform a full review of level of care assessment records every five years. The department also receives monthly reports from the contractor on internal audits of level of care contract compliance.

Recommendation #7

We recommend the Department of Public Health and Human Services use the Medicaid Management Information System to select a sample of client records for reviews of case management teams.

Implementation Status – Implemented

DPHHS modified its procedures to ensure the department's regional program officers are provided with a list of clients enrolled by each case management team prior to selecting records to be examined during annual reviews. The process now relies on independently generated Medicaid Management Information System client lists rather than case management team supplied lists. This change improved the selection process for annual reviews.

Recommendation #8

We recommend the Department of Public Health and Human Services strengthen financial controls for the Home and Community Based Services Waiver Program including:

- A. Requiring detailed waiver program provider billing information.**
- B. Establishing a process to periodically review and reconcile a sample of waiver program provider claims to source documents.**
- C. Using services of the Quality Assurance Division to analyze claims data and patterns of waiver program providers.**
- D. Following up on identified anomalies and unresolved claims pertaining to waiver program services.**

Implementation Status – Partially Implemented

The department has not established a process to periodically compare provider claims to provider-generated source documents to confirm services are accurately billed. It also does not require providers to supply additional details of services provided, other than the Medicaid claim code and units of service provided. Department staff state that there are other checks and balances in place to deter fraudulent billing for services and the requirement to collect detailed billing information from service providers is unnecessary. All services are required to be preauthorized and any claims submissions above these levels are denied. Contracted case managers and the department's regional program officers routinely conduct visits with selected clients to verify services are provided, client needs are met, and assess client satisfaction.

Discussions with the department's Quality Assurance Division staff determined the division regularly conducts screening of all Medicaid claims to verify that preauthorized limits for services are not exceeded and service providers are not exceeding expected billing amounts. The division also screens to ensure service providers are not billing multiple Medicaid accounts for the same services. However, unless requested by a departmental program, the Quality Assurance Division does not review billing details or source documents from service providers. Although waiver program staff explored options for having the Quality Assurance Division perform additional claim reviews targeted specifically at waiver program contracted providers, nothing has been formalized.

PERFORMANCE AUDIT

Home and Community Based Services Waiver Program

Department of Public Health and Human Services

AUGUST 2010

10P-05

REPORT SUMMARY

The Home and Community Based Services Waiver Program is generally a less costly alternative to nursing facility care; however, its more than 2,200 elderly and physically disabled clients would be better served by effective waiting list management, increased oversight of contractors, heightened financial accountability, and other improvements.

Context

The Department of Public Health and Human Services (DPHHS) waiver program is designed to help elderly and physically disabled persons remain in their homes instead of being placed in a nursing facility. Individuals must meet Medicaid eligibility requirements and nursing home level of care standards to participate. The program operates under an agreement with the federal Centers for Medicare and Medicaid Services. DPHHS must comply with the agreement to remain eligible for nearly \$25 million annual federal Medicaid funds.

The program provided waiver services to nearly 2,300 persons during fiscal year 2009. The program is generally limited to the number of slots that DPHHS can fund based on legislative appropriations. The following table illustrates the number of clients and growth in the waiver program over the past four fiscal years.

Fiscal Year	Expansion Slots	Nursing Home Transition Slots	Total Slots	Total Clients Served
2006	45	15	1503	1938
2007	56	14	1573	2046
2008	79	44	1696	2205
2009	23	46	1765	2290

Source: Department of Public Health and Human Services.

Waiver expenditures cover a wide array of services such as case management, homemaker services, adult day health, respite care, nursing services, and environmental modifications. Total expenditures for fiscal years 2008 and 2009 were over

\$62 million. General Fund expenditures for the waiver program for that period were almost \$14 million, or approximately 22 percent of total program expenditures.

DPHHS contracts with a firm to perform eligibility screening to assess whether applicants require a nursing home level of care. The department also contracts with case management teams to manage and oversee services provided to waiver recipients. Case management teams are located throughout the state and are responsible for identifying services recipients need and ensuring those services are provided. The department is responsible for oversight of all contractors to ensure contract obligations are met, program policies are followed, and to verify recipients' service needs are provided.

Our overall objective was to evaluate the efficiency and effectiveness of the waiver program. To accomplish this, we reviewed case files, interviewed department personnel and members of case management teams, evaluated program controls, and examined financial records.

Results

Audit work found the waiver program is generally a less costly alternative to nursing facility placement. While the waiver program has policies and procedures for managing program operations, department personnel and contractors did not always comply with these. Audit work also identified issues with how DPHHS allocates and manages program resources and assures financial oversight of program expenditures.

Audit work identified three primary areas in which waiver program improvements can be made – client waiting list management, program and management controls, and financial accountability. Recommendations to DPHHS address the need to:

- Comply with administrative rules regarding eligibility of nursing home residents for waiver services.
- Improve allocation of waiver slots for eligible waiver applicants among case management teams.
- Ensure case management teams submit accurate waiting list information.
- Review case management team activities in accordance with federal agreements and department policy.

- Improve the client satisfaction survey process.
- Conduct oversight review of level of care needs assessments completed by a contractor.
- Improve the process for selecting clients for quality assurance reviews.
- Strengthen financial controls by requiring more detailed provider information on bills and undertaking steps to review claims submitted for payment.

Recommendation Concurrence	
Concur	8
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the website at <http://leg.mt.gov/audit>. Report Fraud, Waste, and Abuse to the Legislative Auditor's FRAUD HOTLINE Call toll-free 1-800-222-4446, or e-mail lad@mt.gov.