

Preventing Payment Errors & Improving Safety in the Supported Living Program




A performance audit report from the Washington State Auditor's Office

Washington's Developmental Disabilities Administration offers supported living services to about 3,700 developmentally disabled Washingtonians, helping them improve the social and adaptive skills they need to live in the community. The administration contracts with businesses that hire caregivers to assist clients with activities such as maintaining their homes, preparing meals, taking medications, and paying bills. Each year, the state spends more than \$280 million in federal and state money for these Medicaid services.




Improper payments and safety concerns: In our review, we found overpayments and questionable payments to care providers. We also identified two concerns about client safety regarding the background checks and training required for care providers.

Many of the issues identified in our audit are caused by limited, infrequent inspections of supported living services providers' records, and by complex, paper-intensive processes within the administration. Improved monitoring and payment processes can address these issues, and in some instances, improvements already have been made.

AUDIT FINDINGS

-  **\$500,000 in overpayments***
-  **\$11.3 million in questionable payments***
-  **\$5.5 million in unauthorized payments***

RECOMMENDATIONS

-  **Update payment rates and close out old authorizations promptly; ensure staff follow new electronic rate review process.**
-  **Reconcile paid service hours to business payroll records.**
-  **Ensure staff follow new electronic rate review process.**

Note: Amount is the midpoint of a statistical estimate. See Appendix B in full report for lower and upper limits of the estimate.

Improved payment systems and monitoring necessary to prevent errors

We estimate the administration paid as much as \$17 million (6 percent of all payments) in incorrect and questionable payments.

Overpayments: The administration paid an estimated \$500,000 in overpayments, due primarily to errors manually transferring rates into spreadsheets, and then manually transferring again into the payment system. The new electronic system the administration has implemented should eliminate many of these errors.

Questionable payments: Businesses' poor documentation called into question an estimated \$11.3 million in payments. Businesses did not provide records, including caregiver time sheets and work schedules sufficient to support the payments they had received. While insufficient documentation may be the result of poor recordkeeping, it can also indicate a risk that clients did not receive the services for which businesses billed the supported living program. The administration does not have a sufficient mechanism in place to ensure that monthly payments are adequately supported with payroll records.

Weaknesses in the administration's rate approval process resulted in an estimated \$5.5 million in unauthorized payments. A complex, inconsistent, paper-based process created gaps in the documentation process. The administration has implemented a new electronic rate review and approval process that should resolve some of these issues.

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Better monitoring could improve client safety

Background checks: Contrary to administration policy, some businesses hired caregivers who failed their background checks and allowed them to work with vulnerable clients. We found 23 caregivers with disqualifying criminal background checks including assault, felony, theft, malicious mischief, drug charges, abuse, neglect, financial exploitation, and revoked contracts or licenses.

It is unknown whether, in violation of state law, these caregivers had unsupervised access to clients. Given findings from prior investigations, it is reasonable to conclude that they did in at least some cases. We informed administration officials about the caregivers we found. The administration is conducting its own investigations to determine if any of the caregivers had unsupervised access to clients.

AUDIT FINDINGS



23 criminally disqualified caregivers hired



12% of caregivers lack safety training certifications

RECOMMENDATIONS



Check employment records against report of failed background checks.



Administration will improve monitoring under requirements of Initiative 1163.

The administration does not have the staff to review and follow up on all background check results. The administration relies on DSHS's residential care service inspectors to review the most recent background check results for about 10 percent of a provider's employees. Because the review covers the most recent results only and selection is random, staff with disqualifying offenses may go undetected.

To improve client safety, inspectors could focus on caregivers with disqualifying results to determine whether they provided care to clients. In order to conduct the reviews, inspectors could request a report of disqualified caregivers from DSHS' Background Check Central Unit and compare provider employment records to the report as part of their two-year recertification inspection.

Caregiver training: Businesses providing supported living services could not document that all of their caregivers had completed important safety training. Businesses were not able to produce certifications for at least 12 percent of the caregivers in our sample. Initiative 1163 enacted new supported living caregiver training requirements, effective in 2016, which will likely increase caregiver's compliance with safety training.

Over 40,000 individuals work full or part-time providing supported living services.

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