

**PERFORMANCE AUDIT
OF THE DIVISION OF
DEVELOPMENTAL
DISABILITIES**

REPORT 03-6

**REPORT
DIGEST**

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STATE OF WASHINGTON

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In the 2002 Supplemental Operating Budget, the Legislature directed JLARC to conduct a performance audit of the Developmental Disabilities Division (DDD) in the Department of Social and Health Services (DSHS).

DDD has recently come under considerable scrutiny; this audit completes JLARC's fourth analysis of the Division. In the summer of 2002, the federal government completed its review, with DSHS conducting its own, in-house reviews as well.

These reviews, including this final JLARC audit, point to the need for dramatic changes in the management practices of the Division. While there may be disagreement on what brought on the need for this change, there is agreement that change is essential. In direct response to a consultant's recommendation, in October 2002—as this audit was being conducted—the Secretary of DSHS reorganized, moving the Division into the newly created Aging and Disabilities Services Administration.

MAJOR FINDINGS

For this reorganization to be successful, substantial efforts must now be made to establish basic and credible practices previously missing. This report, and JLARC's interim report published in December 2002, point to the need for change in three areas: 1. Changes in case management practices; 2. Changes in the way "packages" of services or benefits are viewed; and 3. Changes in the management of federal Medicaid dollars.

Case Management

Case managers in this Division work with clients with complex needs. Caseloads are growing; procedures are poorly defined; and effective automated systems to help case managers manage their caseloads are missing. JLARC found that, because an assessment process is not consistently applied, it is impossible to determine if clients with similar needs are receiving similar services. Procedures for the use of existing assessment tools are so poorly defined or followed that inconsistency is a predictable outcome. The case managers we spoke with in our field visits all expressed frustration with the current assessment process and with its tools and its procedures.

JLARC is also concerned with another aspect of the assessment process. When asked who was assessed, case managers frequently responded that they performed a service assessment on those they knew needed a service. This runs contrary to the basic purpose of an assessment: to determine **if** a service is needed.

The impacts of a poor assessment process ripple through the Division. Just as there is no way to determine if clients with similar needs are getting similar services, there is no way to determine if levels of service are too high, too low, or appropriate. Basic budget questions cannot be answered. JLARC was asked to review case manager staffing levels. Without an accurate understanding of the service needs of clients—an acuity measure—we could not determine if case manager resources are appropriate. Ultimately, it is the service needs of clients that dictate appropriate case manager levels. Comparisons between Washington and other states on case management levels become meaningless without such information

Managing the Public Benefits Package

Through analysis of information found in five different information systems—systems that are not integrated and do not normally “talk to each other”—JLARC determined that only two-thirds of the public benefits going to disabled clients are actually managed by DDD. Even after this extensive analysis, we know that we have not captured all funding sources in this calculation, such as special education.

Each type of service may be critical to a client, especially for community-based clients. Clients receive, and may require, a “package” of services. While housing services (paid for through DDD) are critical, so too are medical services (coordinated by Medical Assistance in DSHS) and economic supports, such as Supplemental Security Income (SSI), tracked by Economic Services in DSHS. While case managers are very aware of the importance of each to a client, they have no information system to inform them what a client’s “complete service package” might be. Thus they are unable to coordinate that package.

The Federal Medicaid Program

With \$1.1 billion of DDD’s \$1.2 billion biennial budget comprising either federal funds or the state match required to receive those funds, the federal Medicaid program now dominates. The changes that JLARC and others have identified as needed by this Division must be made while paying close attention to Medicaid guidelines. Such guidelines are not always clear and easy to understand by those faced with the task of making changes, yet meeting them will be essential to change efforts.

The federal government has determined that DDD does not currently adhere to those guidelines, and has told the state to return \$26 million in “disallowed” payments. Continued participation in Medicaid’s “waiver” program requires meeting these guidelines. Without such participation, the federal match on some of the most expensive services provided to developmentally disabled clients is at stake. As advocates sue DSHS, seeking additional funding claimed to be required to meet these guidelines, legislative fiscal control over the program may also be at risk.

CONCLUSION

Success for DDD has been defined as an ability to get some level of services to clients. Expenditures for needed infrastructure—information systems, case management systems, assessment systems—were seen as secondary. Now, as the caseload increases and the complexity of the Medicaid program becomes more obvious, the Division suffers from the absence of that infrastructure. Accurate client counts do not exist, nor do consistently applied assessment procedures.

Developing this infrastructure—these supports, policies, and procedures—will not happen overnight. Some components such as computer systems will have a price tag attached. The cost of not developing these supports will be the continuation of a system that knows too little about its clients, their service needs, and whether or not those needs are being met.

RECOMMENDATION 1

DSHS should develop an **assessment process** for developmentally disabled clients that is consistently applied, to all clients, in all parts of the state. Clients must be assessed before a determination of service need is made.

RECOMMENDATION 2

DSHS should submit to the Legislature a plan for implementing a **case management system** in DDD.

RECOMMENDATION 3

A detailed report on the impacts of the recent **reorganization** of DSHS—bringing DDD into the new Aging and Disabilities Services Administration—should be submitted to the Legislature for its review.