

**Developmental
Disabilities
Employment and
Day Services
Report 10-8**

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STATE OF WASHINGTON
JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE

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REPORT SUMMARY

Legislative Mandate

In the 2009-11 Operating Budget (ESHB 1244), the Legislature directed the Joint Legislative Audit and Review Committee (JLARC) to examine the Department of Social and Health Services (DSHS) Division of Developmental Disabilities employment and day services administered by the counties and research best practices for outcome-based contracts.

The DSHS Division of Developmental Disabilities (Division) is located within the Aging and Disability Services Administration (ADSA). The Division assists individuals with developmental disabilities and their families to obtain services and supports such as institutional care, residential care, respite care for family caregivers, and employment and day services.

DSHS Contracts with Counties to Administer Employment and Day Services

DSHS enters into contracts with counties that administer and coordinate local employment and day services. Counties may provide the services or subcontract with a community provider.

County Payment Schedules Vary for Community Providers

The state has given counties flexibility in establishing payment schedules for community providers. Counties are not required to use a standard payment schedule and may negotiate with the providers, factoring in a variety of considerations particular to their geography, economy, structure, etc. As a result, there are a wide variety of schedules in place across counties. Because the payment schedules are structured in a variety of different ways, it is not possible to systematically compare the payment amounts across each of the counties.

The State Pays Counties for These Services with a Mix of State and Federal Funds

In Fiscal Year 2009, the state and federal government paid a total of \$66.9 million to counties for the provision of direct and indirect employment and day services. This total includes \$41.1 million General Fund-State and \$25.8 million General Fund-Federal (Medicaid).

Research Does Not Identify Best Practices for Developmental Disability Outcome-Based Contracts

The Legislature has directed the Division to develop a new outcome-based contract for the provision of employment and day services, by April 1, 2011. To assist the Division, the Legislature asked JLARC to research best practices for outcome-based contracts in developmental disabilities. Based on the research conducted, we did not find best practices for developmental disability outcome-based contracts. There are only a few states that have begun to use outcome-based contracts in this setting, and since this approach is new, best practices have not yet been established.

Contract Accountability and Oversight Could be Improved

Both DSHS and the counties that administer employment and day services have processes that address accountability and oversight. However, the DSHS contract with counties for employment and day services, the monitoring of county subcontracts and county employee service providers, and the data entry process for payments could be improved. We did not examine whether these problems directly impacted services to clients. However, our findings indicate control problems that could pose greater future risks if not addressed now. Based on these findings we have five recommendations for the Division.

Recommendations

The County Program Agreement lacks clarity for monitoring counties that serve as the provider of services and for defining a qualified coordinator who performs the administrative functions for local employment and day services.

Recommendation 1

The Division of Developmental Disabilities should:

- a) Develop a provider monitoring provision in the County Program Agreement for counties that provide employment and day services with county employees; and**
- b) Clarify in the County Program Agreement the qualifications for a coordinator in counties where county employees provide all direct services.**

The County Program Agreement is a contract between DSHS and a county. The Agreement for Okanogan County was signed by the CEO of a private non-profit that subcontracts with the County instead of an employee of the County.

Recommendation 2

The Division of Developmental Disabilities should obtain the signature of an appropriate employee of Okanogan County for the County Program Agreement.

The Division does not currently conduct comprehensive reviews of county subcontracts. JLARC's review found instances where county subcontracts were out of compliance with requirements in the DSHS contracts.

Recommendation 3

The Division should incorporate into the Division's county monitoring process a systematic review of subcontracts for compliance with the DSHS contracts. The Division should also bring the counties and subcontracts that are currently out of compliance into compliance.

JLARC's review of the county on-site monitoring documents found six counties out of compliance with the County Program Agreement.

Recommendation 4

The Division of Developmental Disabilities should review county on-site monitoring of subcontractors to ensure compliance with the County Program Agreement.

JLARC's review of Fiscal Year 2009 payment data found several errors from miscoding billing statements and one other error related to receipt of temporary federal stimulus funding.

Recommendation 5

The Division of Developmental Disabilities should prepare and implement a plan to improve the process used to update data in the state accounting system (AFRS) and the Case Management Information System (CMIS) and the process used to transfer data from CMIS to AFRS.