

PUBLIC TESTIMONY SUMMARY

I-900 STATE AUDITOR'S PERFORMANCE AUDIT:

Developmental Disabilities Administration: Improving Payment Systems and Monitoring Necessary to Prevent Errors and Improve Safety (July 31, 2013)

As Heard by the Joint Legislative Audit & Review Sub-Committee on I-900 Performance Audits
on August 14, 2013

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Title: Developmental Disabilities Administration: Improving payment systems and monitoring necessary to prevent errors and improve safety

Audit Scope and Objectives:

SAO states it designed this audit to answer the following question:

Did the Developmental Disabilities Service Administration make improper payments to businesses providing supported living services?

SAO reports that the Department of Social and Health Services' (DSHS) Developmental Disabilities Administration (Administration) oversees the Supported Living program, contracting with businesses that hire caregivers who assist clients with activities such as maintaining their homes, preparing meals, taking medications, and paying bills.

SAO indicates it designed testing strategies to identify incorrect payments and questionable payments with inadequate documentation. SAO reports it selected a random sample of monthly payments made to businesses that provided supported living services in fiscal year 2012. SAO says it asked the businesses to provide two types of documentation: payroll and training records supporting that the business provided services to clients, and that caregivers received certain safety training. SAO also said it asked the Administration for documentation that showed the daily payment rate was properly authorized.

SAO reports that it searched a computer database of all payments made in fiscal year 2012 for: duplicate payments made to businesses, payments made for services to clients who were deceased, and payments for services provided on days when clients were in hospitals or nursing homes. SAO also reports that it searched databases with information relevant to the eligibility of the business and its caregivers to provide supported living services.

SAO Findings:

Issue 1. Improved payment processes and provider monitoring can reduce the risk of incorrect and questionable payments.

- Businesses' poor documentation called into question an estimated \$11.3 million in payments.

- Weaknesses in the Administration’s rate approval process resulted in an estimated \$5.5 million in unauthorized payments.
- The Administration paid an estimated \$500,000 in overpayments due to using the incorrect daily rate for a client.
- About \$164,000 in overpayments were due to payment errors, of which the Administration has recovered \$84,000.

Issue 2. Strengthened monitoring processes could prevent caregivers who fail background checks from working with vulnerable populations.

- Contrary to Administration policy, some businesses hired caregivers who failed their background checks and allowed them to work with vulnerable clients.
- Better monitoring of background check results can reduce the risk of caregivers with disqualifying offenses working with clients.

Issue 3. New training and certification requirements for caregivers in 2016 will likely increase compliance with critical safety training.

- Businesses providing supported living services could not document that all of their caregivers had completed important safety training.
- The Administration needs to improve the monitoring of training compliance.
- New supported living caregiver training requirements in 2016 will likely increase caregivers’ compliance with safety training.

SAO Recommendations:

To prevent overpayments, SAO recommends the Developmental Disabilities Administration:

1. Ensure that staff follow the improved procedures established for:
 - a. Electronic review and approval process for daily client payment rates.
 - b. Updating clients’ payment rates and closing out old payment authorizations.
 - c. Reviewing the Administration’s duplicate payment report and taking actions to stop and recover duplicate payments.

To protect the health and safety of people with developmental disabilities, SAO recommends the Administration:

2. Request that the Department of Social and Health Services’ residential care service inspectors check businesses’ employment records against a report of caregivers with disqualifying background checks as part of their two-year recertification inspection.

To ensure payments to businesses are adequately supported, SAO recommends the Administration:

3. Strengthen monitoring of businesses’ payroll records by creating a procedure for reconciling paid service hours to businesses’ payroll records, to ensure they support invoices for payments.

Agency Responses in Audit Report?	Yes, beginning on page 13.
Legislative Action Requested?	No

Agencies Testifying:

The Department of Social and Health Services (Evelyn Perez, Assistant Secretary, Developmental Disabilities Administration)

The Office of Financial Management (Ryan Black, Budget Assistant)

Summary of Testimony from Audited Agencies:

This audit helps us provide quality services and look into our infrastructure to see how we can improve our systems. The audit had findings in several areas. We have made changes to address many of these. We have moved to a paperless system which should mitigate the problems related to paperwork. The paperless system does date-stamp by person whether the rates are authorized. Duplicate payments will be reviewed as part of the annual cost review process, and staff will be notified of overpayments. They will then prepare a packet and forward these to the Office of Financial Recovery. Providers will receive extra training on accuracy of billing, as well as receiving technical assistance. We are also hiring a project position to randomly audit paid service hours against payroll records. We hope this will provide information on what the real issue is. We have entered into a contract with a consultant to review our current system. The consultant is reviewing similar programs in other states and may make recommendations to the Department. The report will be completed in September.

As far as the background checks, we have provided training and technical assistance to all of our residential providers. We will continue to discuss accuracy and timeliness at each residential provider meeting. In the last year, there has also been a review of one residential agency per month for compliance with background checks. Any findings have been sent to the Administration's residential care services. Resource managers have been involved in any necessary corrective actions.

OFM appreciates the work of the State Auditor and the information from this audit.

Other Parties Testifying:

Darla Helt, Washington State Parent Coalitions

Daryl Fling, Parent of DD Client

Tim Thorp, Washington Federation of State Employees

Summary of Testimony from Other Parties:

We need our loved ones to be safe, wherever they are. There needs to be follow-up on the background check recommendation.

Our son is a 22-year-old non-verbal autistic, and we want to share the struggles about the services our son received from a supported living agency, Kitsap Tenant Support Services (KTSS). Changes need to be made not only for our son but for every client receiving services. Since moving out of our house and into the supported living program, our son has gained over 60 pounds as a result of food and hoarding issues that developed from being starved and fed rotten food. Because of this, he now binges and purges daily and has become assaultive.

The state pays \$436/day for staff to attend to our son in his own home, and the taxpayer pays for additional items. With every additional charge, there is a profit-making potential for the care-giving agency that does not translate into care for our son. The state has no power to make KTSS do anything and few resources to ensure KTSS is doing what they are supposed to do. Our son was starved, had nothing to drink, no soap, no toilet paper, was held prisoner in his house. When we began to question this, we were retaliated on by KTSS, and our son was dumped by the agency with a 30-day notice. It is difficult for our son to exercise his right of choice when an agency like KTSS has a virtual monopoly on the Olympic Peninsula.

The Auditor's report documents incorrect payments and questionable payments regarding client care, but it does not look further into questionable administrative expenses. We agree with the substantive findings of the audit, but our concerns go further. We believe that the current policy is insufficient with regard to administrative expenses. The Secretary of DSHS has stated that the agency does not audit administrative expenses or question how these monies are spent. As highlighted by this report and also by a Disabilities Washington report, we feel there is a link between insufficient oversight and quality of care issues. It would be beneficial to look more closely at one particular supported living agency (KTSS). This for-profit organization is receiving millions of state dollars, but this does not necessarily translate into quality care, as evidenced by their history of health and safety violations.

While we appreciate the findings of the report, we encourage going further. Any key fixes would need to focus on three points: 1) we need to level the regulatory policies of supported living vendors, not treating them differently from adult family homes and nursing homes, including performance-based contracting requirements; 2) improvements to background checks, doing them on a quarterly basis rather than every two years; and 3) improve oversight of how taxpayer dollars are spent on client care administrative expenses.