

# STATE AUDITOR DOUG HOFFER

## PRESS RELEASE

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### **Auditor Hoffer calls on AHS Departments to Improve Oversight of Designated Agencies**

MONTPELIER, VT – Vermont State Auditor Doug Hoffer today released the findings of a performance audit that details the billing practices and state oversight of 11 nonprofit community centers that provide developmental disability and mental health services. These organizations, called the designated agencies, provide a range of services to adults with mental illness, children and adolescents with severe emotional disturbances, and individuals with developmental disabilities.

In fiscal year 2013, the designated agencies were paid \$264 million for programs overseen by the Department of Mental Health (DMH) and the Department of Disabilities, Aging, and Independent Living (DAIL). The audit found that while these departments monitor many facets of the agencies' performance, they don't generally compare the services budgeted to those actually performed for "inclusive rate" services, which comprise over half of all payments.

"Without making these comparisons, the State cannot ensure that Vermont clients are receiving the budgeted services they need and that the public is paying for," Auditor Hoffer said. "The State has a responsibility to confirm that these payments fairly represent the services actually provided."

The performance audit centered around two objectives. First, the audit sought to summarize how DAIL and DMH fund the agencies' services and ensure that clients receive those expected services. And, second, the audit aimed to determine whether the 11 agencies have received duplicate payments from Medicaid.

To evaluate the latter of these objectives, an audit team performed extensive testing of potentially duplicate payments at three of the agencies. The team found that while some duplicate payments existed, they were not widespread. During this process, the audit team also spotlighted numerous

areas of improvement for preventing and detecting duplicate payments, such as updating policy documents that define what payments are allowable, properly setting up the Medicaid payment system to prevent duplicates, and reviewing the validity of claims submitted by the agencies.

“The problems that the auditors identified are not insurmountable, and our office has provided the departments with a number of recommendations,” Auditor Hoffer said. “The State owes it to all Vermonters to ensure that public dollars are being spent appropriately for these important services.”

The report, titled “Designated Agencies: State Oversight of Services Could be Improved, but Duplicate Payments not Widespread,” offers six recommendations to the Commissioner of DAIL and five recommendations to the Commissioner of DMH. To read the full report, click [here](#).

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