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February 2, 2017

Performance Audit  
Recommendations and Corrective  
Actions for Audit: 14-5

DESIGNATED AGENCIES

State Oversight of Services Could  
Be Improved, But Duplicate  
Payments Not Widespread

Dated: 10/14/2014

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# Overview

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The SAO makes recommendations designed to improve the operations of state government. For our work to produce benefits, auditees or the General Assembly must implement these recommendations, although we cannot require them to do so. Nevertheless, a measure of the quality and persuasiveness of our performance audits is the extent to which these recommendations are accepted and acted upon. The greater the number of recommendations that are implemented, the more benefit will be derived from our audit work.

In 2010, the SAO began to follow-up on the recommendations issued in our performance audits. Experience has shown that it takes time for some recommendations to be implemented. For this reason, we perform our follow-up activities one and three years after the calendar year in which the audit report is issued. Our annual performance reports summarize whether we are meeting our recommendation implementation targets.

<http://auditor.vermont.gov/about-us/strategic-plans-and-performance-reports>

This report addresses the requirements of Act 155 (2012) to post the results of our recommendation follow-up work on our website. The report does not include follow-up on recommendations issued as part of the state's financial statement audit and the federally mandated Single Audit, which are performed by a contractor. However, our current contract for this work requires the contractor to provide the results of its recommendation follow-up.

Audit No., Name & Date	Rec #	Recommendation	Follow-Up Date	Status	Review Comments
<a href="#">14-5 Designated Agencies; State Oversight of Services Could Be Improved, But Duplicate Payments Not Widespread</a>	1	Department of Disabilities, Aging, & Independent Living (DAIL) - Develop a mechanism to determine the extent to which clients are receiving services, including the number, types, and frequency, for which the DAIL is paying an inclusive rate to the Designated Agencies (DAs).	2015	Partially Implemented	DAIL held meetings with the developmental services agencies to reinforce the need for transparency and accountability for the use of funds. DAIL updated the developmental disability services (DDS) spreadsheet manual on July 1, 2015 which provides DAs with more specific instructions for maintaining up to date information on monthly spreadsheets that are submitted for approval of individual plans of care. DAIL is currently participating in the development of a new Medicaid Management Information System (MMIS) to facilitate the reconciliation of payments with services delivered.
		2017		The three-year recommendation follow-up for this audit will be conducted in 2017.	
	2	DAIL - Except for developmental disability home and community based services, develop a process to perform periodic detailed confirmation, on at least a sample basis, that the amount approved equals the amount the DAs billed for services that are coded as pay as billed in the MMIS.	2015	Partially Implemented	DAIL provided a copy of procedures, drafted in December 2015, to monitor developmental disability claims for those paid as billed claims (except developmental disability home and community based services). The confirmation process will include running quarterly MMIS claim reports for the Bridges Program, Specialized Services, and Family Managed Respite. The Developmental Disability Services Division (DDSD) staff will compare the actual rates billed against the DDSD approved rate on file. The actual review of the MMIS claim reports has not been implemented but is targeted to begin in April 2016.
		2017		The three-year recommendation follow-up for this audit will be conducted in 2017.	
	3	DAIL - Update its DA provider manual related to developmental disability programs to reflect current practices. In the interim, written communication should be expeditiously sent to the DAs to specify the number of units that can be charged for 15 minutes of developmental disability (DD) targeted case management services.	2015	Partially Implemented	DAIL issued a memo to the DAs on November 25, 2015 clarifying the correct billing units for DD targeted case management services. The DD Provider Manual is scheduled for completion by July 1, 2016.
		2017		The three-year recommendation follow-up for this audit will be conducted in 2017.	
	4	DAIL - Request and help develop an error status code that prevents developmental disability home and community based services or developmental disability targeted case management claims from being paid when a client is in a nursing home.	2015	Partially Implemented	DAIL submitted a request to the HP Enterprise Services, LLC. on December 9, 2015 for an error status code to be put in place to prevent developmental disability home and community based services or developmental disability targeted case management claims from being paid when a client is in a nursing home.
		2017		The three-year recommendation follow-up for this audit will be conducted in 2017.	
	5	DAIL - Periodically review the error status codes that pertain to DAIL programs including, at a minimum, immediately after the planned revision to the DD Provider Manual is completed.	2015	Not Implemented	According to DAIL, this recommendation will be completed after the revision of the DD Provider Manual which is scheduled for completion on July 1, 2016.
		2017		The three-year recommendation follow-up for this audit will be conducted in 2017.	
	6	DAIL - Include as part of the re-designation review/quality management reviews, procedures that check whether DA DD claims meet DAIL billing requirements and billing limitations, and whether claim documentation meets DAIL standards and seek reimbursement, as appropriate.	2015	Partially Implemented	DAIL reported that a Financial Manager was hired on May 17, 2015. One of the responsibilities will be to perform financial audit reviews. DAIL is currently developing a financial audit process which includes reviews of agency billing and obtaining reimbursements, when appropriate.
		2017		The three-year recommendation follow-up for this audit will be conducted in 2017.	

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<a href="#">14-5 Designated Agencies; State Oversight of Services Could Be Improved, But Duplicate Payments Not Widespread</a>	7	Department of Mental Health (DMH) - Develop a mechanism to determine the extent to which clients are receiving services, including the number, types, and frequency, for which the DMH is paying an inclusive rate to the DAs. For example, this mechanism could entail developing a system that tracks actual services against individuals' service plans or requiring DAs to periodically submit comparison data to DMH.	2015	Not Implemented	Per DMH, the department is working with Berry Dunn, Pacific Health Policy Group (PHPG) and Burns & Associates to understand the current systems in place and what automation for query and reporting can be developed within the new MMIS capacity. The timeframe for completion will parallel the MMIS implementation.
		2017		The three-year recommendation follow-up for this audit will be conducted in 2017.	
	8	DMH - Develop a list of services that each Private Non-Medical Institution can and cannot bill and evaluate whether an MMIS ESC can be implemented to prevent DAs from charging for similar services already provided by these institutions.	2015	Partially Implemented	The Director of Rate Setting, from the Agency of Human Service's Division of Rate Setting, sent memos to all designated agencies on February 9, 2015 identifying which services are and are not included in the Private Non-Medical Institution (PNMI) rate and which can be billed concurrently. However, DMH has not evaluated whether a Medicaid Management Information System (MMIS) error status code (ESC) can be implemented to prevent DAs from charging for similar services already provided by these institutions.
		2017		The three-year recommendation follow-up for this audit will be conducted in 2017.	
	9	DMH - Issue instructions to the DAs specifying under what circumstances a DA can bill for services performed on the same day for the same client in 15-minute increments and about whether or to what extent the DA that provides services to a client for whom a different DA receives an inclusive rate can bill Medicaid for those services.	2015	Partially Implemented	The latest DMH Medicaid manual, revised on July 1, 2014, requires that DAs aggregate the time spent on certain services so that it does not exceed the actual time provided to an individual on the same day. However, this manual does not explicitly address billing when one DA provides services to a client that receives an inclusive rate service from another DA.
		2017		The three-year recommendation follow-up for this audit will be conducted in 2017.	
	10	DMH - Review the ESCs that pertain to DMH programs and ensure that they are up to date in light of the new MH Fee-for-service provider manual and, in the future, periodically review the ESCs to ensure that they remain current.	2015	Not Implemented	DMH reported that it created a Senior Auditor/Program Consultant position that will be responsible for this task. The position is currently being reviewed by the Department of Human Resources. Once this position is filled, DMH plans on developing a process to review all error status codes (ESC) and integrating the results of these reviews into the designated agency reviews.
		2017		The three-year recommendation follow-up for this audit will be conducted in 2017.	
	11	DMH - Include as part of the re designation review/quality management reviews, procedures that check whether DA MH claims meet DMH billing requirements and billing limitations, and whether claim documentation meets DMH standards and seek reimbursement, as appropriate.	2015	Not Implemented	DMH reported that it created a Senior Auditor/Program Consultant position that will be responsible for this task. The position is currently being reviewed by the Department of Human Resources. Once this position is filled, DMH plans on developing a process to review all error status codes (ESC) and integrating the results of these reviews into the designated agency reviews.
		2017		The three-year recommendation follow-up for this audit will be conducted in 2017.	