



Department of Legislative Services  
Office of Legislative Audits

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# Maryland Department of Health (MDH) - Developmental Disabilities Administration (DDA)

## Presentation on Fiscal Management Services (FMS) Vendor Contracts

Fiscal Compliance Audit  
Report Dated July 8, 2019

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## Department of Legislative Services Office of Legislative Audits

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### Background

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Our July 8, 2019 DDA fiscal compliance audit report contained 11 findings (including 5 items repeated from the prior audit) related to the following areas:

- Consumer Budgets
- Provider Payments
- Procurements and Billings related to the
  - Fiscal Management Services Contracts
  - Financial Restructuring Contract
  - Community Services Agency Billings
- Contribution to Care
- Federal Funds
- Provider Consumer Information System

We determined that DDA's accountability and compliance level was unsatisfactory, in accordance with the rating system we established in conformity with State law. The primary factors contributing to the unsatisfactory rating were the significance of our audit findings and the number of repeat findings.

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## Fiscal Management Services (Overview)

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- DDA provides a service delivery option for consumers and their families to self-direct their care to exercise greater control over the services they receive, how they receive them, and who provides them.
- DDA contracted with two Fiscal Management Services (FMS) vendors to assist the self-directed consumers with the fiscal activities associated with their care. The current contracts were entered into in 2006.
- DDA paid the two FMS vendors \$32.3 million (including administrative fees) to provide services to 695 self-directed consumers during fiscal year 2017.



## Fiscal Management Services (Finding 4)

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### Procurement of FMS Vendor Contracts

- The FMS vendor contracts were not approved by the Department of Budget and Management and the Board of Public Works.
- The contracts lacked critical provisions such as the administrative fees to be charged and the period to be covered.
- DDA could not provide a breakdown between the cost of consumer services and administrative fees paid to FMS vendors.
- Accordingly, there was a lack of assurance that services were provided at the most advantageous prices.



## Fiscal Management Services (Finding 4)

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### Monitoring of FMS Vendors

- Required site visits were not performed as a means to ensure consumers received all required services.
  - Independent financial audits of the FMS vendors were not obtained to ensure payments were proper.
  - DDA did not ensure FMIS vendors submitted timely required annual accountings that compared actual costs with DDA advances.
  - Unspent funds totaling \$7.1 million were not returned timely, resulting in lost interest income of \$92,000.
  - Certain service providers were paid at higher rates than were approved by DDA.
  - DDA did not ensure the FMS vendors recorded all provider payments in the MDH MMIS II system, and we identified federal reimbursements totaling \$4.9 million that were not obtained as a result.
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## Fiscal Management Services (Finding 4)

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We recommend that DDA

- Execute contracts for fiscal management services that include all relevant terms and provisions, and obtain required approvals;
- Monitor FMS vendors to ensure that consumers receive the required services, and provider payments are proper and accounted for;
- Ensure FMS vendors record all provider payments in MDH MMIS II timely; and
- Take appropriate corrective action to obtain federal reimbursement for any outstanding claims, and pursue recovery of identified overpayments and any lost investment income resulting from untimely vendor actions.