



**Department of Legislative Services
Office of Legislative Audits**

**Department of Health and Mental
Hygiene – Developmental
Disabilities Administration (DDA)**

Report dated November 20, 2009

Presented to
Senate Finance Committee

by
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Department of Legislative Services Office of Legislative Audits

Audit Overview

- DDA plans, develops policies and regulations, and funds a statewide system of services for individuals with developmental disabilities and their families.
- Through private contractors, DDA funds services to the developmentally disabled, various community-based programs that include community residential services, day habilitation services, and vocational training.
- The report included 14 findings, 4 of which were repeated from the preceding audit report. These four repeated findings appear as five findings in this report.



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Key Audit Issues

- DDA did not maximize its ability to obtain federal funds. For example, the opportunity was lost to obtain \$3 million in federal funds due to the failure to submit rejected claims identified during the prior audit.
- DDA lacked documentation supporting the waiting list information reported to the General Assembly.
- Inadequate monitoring of contractors/providers resulted in certain clients losing Medicaid eligibility (resulting in the State paying all service costs) and in payments for services provided after certain clients' dates of death.
- DDA did not take timely collection action to recover funds totaling \$3.6 million from providers related to the Wage Disparity Initiative.



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Federal Funds

- DDA lost the opportunity to obtain federal funds totaling approximately \$3 million, because claims identified in our prior audit were not corrected and resubmitted within required federal timeframes. (Finding 1)
 - DDA did not investigate the cause of claims rejected for eligibility reasons (e.g., a client not eligible on the date of service). During December 2008, such rejected claims totaled \$1.5 million. (Finding 2)
 - Federal funds totaling \$433,000 were not recovered due to the improper application of a DHMH Medicaid edit to DDA claims. (Finding 2)
 - DDA did not have adequate processes to ensure that certain provider claims were submitted for Federal reimbursement processing. (Finding 3)
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Waiting List Initiative

DDA did not maintain adequate documentation supporting waiting list information reported to the General Assembly in January 2009 and certain inaccuracies with the list were identified. (Finding 4)

- DDA could not provide detail for the reported 17,250 individuals waiting for one or more services as of January 2008, which was the date of the information used to prepare the January 2009 report.
- DDA did not perform a review of the waiting list during our audit period to ensure that the individual's needs and priority categories reflect current health and home conditions. Beginning in December 2008, DDA initiated such a review and it noted that 250 individuals who had been on the waiting list were actually deceased and should have been removed from the list.



Client Resource Coordinators (CRCs)

DDA did not ensure that CRCs performed required eligibility assessments for certain clients, resulting in lost federal Medicaid eligibility and in certain instances payments for deceased clients. (Finding 6)

- An OLA test of a DDA report of clients who lost their Medicaid eligibility identified 72 clients who lost eligibility because the CRCs did not perform the required reassessment. These clients were subsequently funded solely with State funds.
- DDA also did not monitor the CRCs to ensure that they met with clients, as required by State regulations. Had DDA ensured that such meetings occurred, it could have been alerted to certain improper provider billings and payments. For example, (as noted in Finding 7) we identified 7 providers that received \$235,000 for 8 clients who were deceased on the dates services were reportedly provided.



Wage Disparity Initiative

DDA did not take timely action to recover \$3.6 million from providers for its Wage Disparity Initiative. (Finding 10)

- For fiscal years 2005 – 2007, DDA annually obtained reports of the amount spent to increase wages of direct service workers for private providers to determine whether the funding was used for its intended purpose. However, DDA did not take any action to recover funds not used for the Initiative's purpose until December 2008. At such time, DDA billed providers for \$3.6 million. As of May 2009, \$2.9 million remained uncollected.
 - Legislation passed in 2001 required DDA to increase private provider rates to reduce the disparity between direct service workers for private providers compared to similar employees in State institutions. The increased funds were to be used exclusively for this purpose.
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Other Issues

- A DDA report to the General Assembly did not disclose that, after completing the Transitioning Youth Program, clients received full DDA services, bypassing individuals that had been on the waiting list for longer periods of time (e.g., over 20 years) and with potentially more severe needs. (Finding 5)
- DDA did not have adequate procedures to verify that clients in the Family and Support Services and the Individual Family Care programs received required services. Programs for these programs during FY 2009 totaled \$41 million, primarily from general funds. (Finding 8)
- Proper security had not been established to control access to DDA's provider consumer information system (PCIS2) as well as to restrict the capabilities of users. (Findings 11 – 12)



Conclusion

DDA needs to:

- maximize the recovery of federal funds, promptly investigate and resubmit rejected claims, and ensure that assessments of client Medicaid eligibility are conducted, as appropriate.
- maintain documentation to support information reported to the General Assembly and ensure the accuracy of the reported information.
- monitor the work of contractors and the services performed by providers for compliance with related legal requirements.
- collect amounts due from providers and establish proper controls over its automated provider consumer information system (PCIS2).