

# Audit Report

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## Maryland Department of Health Developmental Disabilities Administration

October 2022

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### Public Notice

**In compliance with the requirements of the State Government Article Section 2-1224(i), of the Annotated Code of Maryland, the Office of Legislative Audits has redacted a cybersecurity finding and related auditee response from this public report.**



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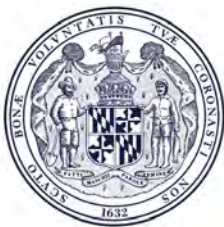
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DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Gregory A. Hook, CPA  
Legislative Auditor

October 26, 2022

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee  
Delegate Mark S. Chang, House Chair, Joint Audit and Evaluation Committee  
Members of Joint Audit and Evaluation Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Maryland Department of Health (MDH) – Developmental Disabilities Administration (DDA) for the period beginning May 1, 2018 and ending May 31, 2021. DDA plans, develops policies and regulations, and funds a statewide system of services for individuals with developmental disabilities (referred to as consumers) and their families.

Our audit disclosed that DDA lacked adequate procedures to ensure that consumers received their services and that the related provider payments were proper. Specifically, DDA did not ensure that its coordination of community services (CCS) agencies completed annual service plans and quarterly monitoring visits for all consumers, and we found that a significant number of consumers did not receive all required plans and visits. For example, at least one monitoring visit was not completed for 95 percent of DDA consumers during fiscal years 2020 and 2021. In addition, DDA did not have an adequate process to ensure that amounts billed by its CCS agencies properly reflected the consumer services (such as monitoring visits) provided, and did not take action when questionable CCS agency billings were identified.

DDA also did not conduct audits of service providers to ensure payments were consistent with actual services delivered and in accordance with consumers' approved service plans. Our test of provider billings for services rendered to 12 consumers during January 2021 disclosed a lack of available documentation to

support billings for 5 consumers. In addition, DDA did not verify the propriety of payments totaling \$6.1 million made for services provided to consumers in isolation because they had tested positive for COVID-19. Furthermore, DDA did not have a comprehensive process to verify adjustments to provider payments processed in Provider Consumer Information System II.

DDA continued to obtain fiscal management services from two vendors that were improperly procured in 2006. DDA also did not monitor the services provided by the two vendors to ensure that consumers received the required services, that provider payments were proper, and that related federal reimbursements were obtained. For example, our testing disclosed that DDA failed to recover approximately \$8.8 million in federal fund reimbursements related to services it paid to the two providers. Finally, DDA did not forward funds totaling \$1.3 million pertaining to unclaimed refunds of improper contribution to care collections to the Comptroller of Maryland, as required.

Furthermore, we found certain risks in DDA's information systems. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted that finding from this audit report. Specifically, State law requires the Office of Legislative Audits to redact cybersecurity-related findings in a manner consistent with auditing best practices before the report is made available to the public. The term "cybersecurity" is defined in the State Finance and Procurement Article, Section 3A-301(b), and using our professional judgment we have determined that the redacted finding falls under the referenced definition. The specifics of the cybersecurity finding were previously communicated to DDA as well as those parties responsible for acting on our recommendations.

Based on our current audit assessment of significance and risk to our audit objectives, our audit also included a review to determine the status of seven non-cybersecurity-related findings contained in our preceding audit report. We determined that DDA satisfactorily addressed four of these findings. The remaining three findings are repeated in this report. In addition, our audit included a review to determine the status of one of the two findings contained in our Monitoring of Coordination of Community Services Agencies performance audit report (dated January 2, 2019). We determined that DDA did not satisfactorily address this finding; therefore, it is repeated in this report.

In our preceding audit report, dated July 8, 2019, we reported that DDA's accountability and compliance level was unsatisfactory in accordance with the rating system that we established in conformity with State law. Based on the results of our current audit, we have concluded that DDA's accountability and

compliance level remains unsatisfactory. The significance of our audit findings, rather than the number of findings, is the primary factor contributing to the current unsatisfactory rating.

MDH's response to this audit, on behalf of DDA, is included as an appendix to this report. We reviewed the response to our findings and related recommendations, and have concluded that the corrective actions identified are sufficient to address all audit issues.

We wish to acknowledge the cooperation extended to us during the audit by DDA. We also wish to acknowledge MDH's and DDA's willingness to address the audit issues and implement appropriate corrective actions.

Respectfully submitted,

A handwritten signature in black ink that reads "Gregory A. Hook". The signature is written in a cursive, flowing style.

Gregory A. Hook, CPA  
Legislative Auditor



## Table of Contents

<b>Background Information</b>	7
Agency Responsibilities	7
Organizational and Audit Approach Changes	7
Developmentally Disabled Services Delivery Process	8
Ransomware Security Incident	9
Federal Liability	10
Status of Findings From Preceding Audit Reports	10
<b>Findings and Recommendations</b>	13
<b>Consumer Services</b>	
* Finding 1 – The Developmental Disabilities Administration (DDA) did not ensure that Coordination of Community Services (CCS) agencies properly completed annual consumer service plans and conducted quarterly face-to-face monitoring visits.	14
* Finding 2 – DDA did not have an adequate process to ensure the amounts invoiced by CCS agencies properly reflected consumer services provided and did not take appropriate action when a significant number of improper or unsupported payments were identified.	17
<b>Provider Payments</b>	
* Finding 3 – DDA did not conduct required audits of providers to ensure payments were for services actually delivered and included in the consumers’ approved plans.	18
Finding 4 – DDA did not verify the propriety of \$6.1 million in enhanced payments for consumers who were isolated due to COVID-19.	19
Finding 5 – DDA did not use available output reports to verify the propriety of critical adjustments that were processed in Provider Consumer Information System II.	20
 * Denotes item repeated in full or part from preceding audit report	

**Fiscal Management Services**

- \* Finding 6 – Fiscal management services contracts procured in 2006 were not comprehensive, properly approved, and adequately monitored. As a result, DDA did not recover unspent funds totaling \$3.2 million and obtain federal reimbursements totaling \$8.8 million. 21

**Contribution to Care**

- Finding 7 – DDA did not forward approximately \$1.3 million in unclaimed refunds to the Comptroller of Maryland, as required. 24

**Information Systems Security and Control**

- Finding 8 – Redacted cybersecurity-related finding. 25

**Audit Scope, Objectives, and Methodology**

26

**Agency Response**

Appendix

\* Denotes item repeated in full or part from preceding audit report



## Background Information

### Agency Responsibilities

The Developmental Disabilities Administration (DDA) is an agency within the Maryland Department of Health (MDH). DDA's mission is to provide leadership to assure the full participation of individuals with developmental disabilities (consumers) and their families in all aspects of community life, and to promote their access to quality support and services necessary to foster personal growth, independence, and productivity.

DDA plans, develops policies and regulations, and funds a Statewide system of services for consumers and their families. DDA coordinates its work with other government, voluntary and private health, education, and welfare agencies. DDA funds services to consumers through a combination of private licensed Medicaid providers, not-for-profit licensed Medicaid providers, local health departments, and fiscal management services vendors (entities that assist consumers in a self-directed support services delivery system). Consumer services include an array of options such as residential living arrangements and support, and employment assistance. During fiscal year 2021, DDA expenditures totaled approximately \$1.48 billion (see Figure 1), of which \$1.42 billion related to provider payments for services on behalf of consumers.

**Figure 1**  
**DDA Fiscal Year 2021 Activity**  
**Expenditures (in millions)**

General Fund	\$ 667
Federal Fund	803
Special Fund	7
<b>Total</b>	<b>\$ 1,477</b>
<b>Total Individuals Served</b>	<b>25,294</b>

Source: DDA Records

DDA consists of a headquarters unit, four regional offices that administer community-based services, and two intellectual disabilities residential centers – the Holly Center and the Potomac Center. We conduct a separate audit of the two intellectual disabilities residential centers. The scope of this audit included the DDA headquarters unit and the four regional offices.

### Organizational and Audit Approach Changes

Effective July 1, 2021, the MDH transferred oversight of the Secure Evaluation and Therapeutic Treatment (SETT) Program of the Court Involved Service Delivery System from DDA to the MDH Office of the Secretary – Operations Administration budgetary unit. Although certain SETT functions (non-payroll related services) were previously included within the scope of the DDA audit, to promote audit efficiency, such SETT activity for the period beginning May 1, 2018 and ending June 30, 2021 was included our audit of the Intellectual

Disabilities Residential Centers, under the oversight of the MDH Healthcare System.

## Developmentally Disabled Services Delivery Process

### Consumer Eligibility and Provider Services

Generally, DDA's delivery of consumer services can be described as a three-step process; see Figure 2. To obtain DDA services, a consumer submits an application to a DDA regional office. Eligible consumers select one of the

Coordination of Community Services (CCS) agencies under contract with DDA. The CCS agency works with the consumer to develop an annual plan that describes the specific services the consumer is to receive from DDA providers. Due to funding limitations, consumers are generally placed on a waiting list until funding becomes available for their services.

DDA provides services in accordance with three Medicaid

waiver programs, which allow DDA to receive federal funding to cover a portion of the service costs and allows services to be delivered in a non-institutional setting to people with different needs or different income levels.

**Figure 2**  
**DDA Consumer Service Delivery Process**

#### 1. Application/Eligibility

- Individuals with disabilities (consumers) submit an application to DDA. A Coordinator of Community Services (CCS) agency reviews the consumer's medical profile and assigns the consumer a category based on priority; the consumer is then generally placed on a waiting list.
- Once funding has been identified, the consumer applies for Medicaid eligibility under DDA's waiver programs.

#### 2. Consumer Plan and Budgets

- Consumers work with a CCS agency to develop and implement an annual plan.
- A vendor under contract with DDA reviews each consumer's medical profile and provides the consumer with a score for each required service based on an established DDA methodology. The level-of-need score is entered into DDA's automated system to calculate the amount of funding to be allocated to the consumer.

#### 3. Service Delivery

- The majority of consumers are directed by DDA to providers operating under the Fee Payments System; the providers are paid based on rates established in State regulations.
- Consumers may also elect to select their own providers for certain DDA services. These consumers are assigned a fiscal management vendor which manages the payments to the providers.

The majority of consumers receive services under DDA's traditional services model (the Fee Payments System), in which consumers receive services from providers licensed by the MDH Office of Health Care Quality. DDA also offers a self-directed service model, which allows consumers to select their own providers for certain services. Consumers who elect self-direction are assigned a fiscal management services vendor which manages the payments to providers.

### **Transition to New Provider Payment Model**

DDA is in the process of transitioning from a prospective payment model to a fee-for-service payment model. Under the prospective payment model providers are paid in advance based on estimates of the services to be provided and the associated rates established in State regulations. At year-end, providers submit records of actual services provided which are reconciled by MDH's Division of Cost Accounting and Reimbursements to the estimated payments, and future payments are adjusted for any differences. Under the Fee-For-Service (FFS) model providers are reimbursed for actual services provided to consumers based on rates established in State regulations.

The transition to the FFS model included the replacement of DDA's legacy Provider Consumer Information System II (PCIS2) with MDH's integrated care management tracking system, the Long Term Services and Supports System (LTSS), and establishing new provider payment rates based on the actual costs of providing the services. DDA transitioned CCS activities and billings from PCIS2 to LTSS in August 2018, and began transitioning service providers to LTSS in December 2019. The service provider transition was still in process as of March 2022. According to DDA records, provider payments for fiscal year 2021 totaled \$1.43 billion, of which \$1.15 billion was paid prospectively and \$281.2 million was FFS.

### **Ransomware Security Incident**

In December 2021, MDH experienced a broad security incident which resulted from a ransomware attack.<sup>1</sup> This incident affected the entire MDH computer network and disrupted Information Technology (IT) operations for all MDH servers and end user computers, resulting in substantial impact on all MDH business operations including DDA. MDH notified the Department of Information Technology's (DoIT) Office of Security Management, which initiated incident response measures. The aforementioned incident and related

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<sup>1</sup> As defined by the Federal Department of Homeland Security Cybersecurity and Infrastructure Security Agency, ransomware is an ever-evolving form of malware designed to encrypt files on a device, rendering any files and the systems that rely on them unusable. Malicious actors then demand ransom in exchange for decryption.

controls will be subject to review as part of our next audit of the MDH Office of the Secretary and Other Units.

The incident did not significantly impact our DDA audit and we were generally able to obtain information needed to satisfy our audit objectives and related conclusions. However, certain records related to finding 4 in this report were not available at the time of our review due to the incident (see additional comments in the finding).

## **Federal Liability**

DDA has a federal liability of approximately \$34.2 million for which State general funds may be needed. In June 2018, the federal Centers for Medicare and Medicaid Services (CMS) notified MDH that it was disallowing claims made between July 1, 2010 and June 30, 2013 totaling \$34.2 million related to add-on services for certain consumers that DDA approved without considering the consumers' level of need. The Maryland Office of Attorney General, on behalf of MDH and DDA, appealed CMS' decision to the Department of Health and Human Services (DHHS) Departmental Appeals Board; however, as of January 2022, DHHS had not responded to this appeal.

CMS will assess interest accrued on any amounts it determines were properly disallowed beginning on the date of initial disallowance (June 2018). Consequently, the total federal liability may exceed \$34.2 million. During the fiscal year 2021 closeout process, MDH reported the potential liability to the Comptroller of Maryland – General Accounting Division, but had not identified funding sources for the liability.

## **Status of Findings From Preceding Audit Reports**

Based on our current assessment of significance and risk relative to our audit objectives, our audit included a review to determine the status of 10 of the 11 findings contained in our preceding audit report dated July 8, 2019. As disclosed in Figure 3 on page 12, for the non-cybersecurity-related findings we determined that DDA satisfactorily addressed 4 of these 7 findings. The remaining 3 findings are repeated in this report.

Our audit also included a review to determine the status of one of the two findings that were contained in our January 2, 2019 performance audit report on DDA's monitoring of Coordination of Community Services agencies. We determined that DDA did not address this finding; therefore, it is repeated in this report.

In our preceding audit report, we reported that DDA's accountability and compliance level was unsatisfactory, in accordance with the rating system we established in conformity with State law. Based on the results of our current audit, we have concluded that DDA's accountability and compliance level remains unsatisfactory. The significance of our audit findings, rather than the number of findings, is the primary factor contributing to the current unsatisfactory rating.

**Figure 3**  
**Status of Preceding Findings**

Preceding Finding	Finding Description	Implementation Status
<b>Developmental Disabilities Administration</b>		
Finding 1	DDA did not ensure level-of-need scores used to determine consumers' service budgets were assigned in accordance with DDA's established criteria and were properly recorded in its PCIS2 system. Our testing disclosed that certain scores could not be supported.	Not repeated
Finding 2	DDA did not identify recurring overpayments made over several years totaling at least \$1.7 million that were later self-reported by a provider. In addition, DDA did not subsequently determine the full extent of the overpayments to this provider and whether similar overpayments were made to other providers.	Not repeated
Finding 3	DDA did not conduct audits of providers to ensure payments were consistent with actual services delivered and in accordance with the consumers' approved individual plans.	<b>Repeated</b> (Current Finding 3)
Finding 4	Fiscal management services contracts were not comprehensive and properly approved, and DDA did not monitor the related vendors to ensure the required services were provided and the propriety of payments. In addition, all related federal reimbursements were not obtained, including federal funds totaling \$4.9 million.	<b>Repeated</b> (Current Finding 6)
Finding 5	DDA did not adequately justify a \$2.7 million sole source contract awarded to an incumbent vendor to continue assisting in the financial restructuring of DDA operations, and could not support a significant increase in the contract rates for one vendor employee.	Not repeated
Finding 6	DDA did not have an adequate process to ensure that amounts invoiced by Coordination of Community Services (CCS) agencies properly reflected consumer services provided.	<b>Repeated</b> (Current Finding 2)
Finding 7	DDA had not taken sufficient action to identify and return improper contribution to care collections identified during our preceding audit.	Not repeated
Finding 8	DDA did not recover certain federal funds timely, resulting in lost interest income of approximately \$126,000. These delays were due, in part, to untimely Medicaid eligibility redeterminations.	Not repeated (Not followed up on)
Finding 9	DDA did not verify the accuracy and completeness of critical adjustments that were processed in PCIS2, resulting in errors such as overpayments going undetected, and did not adequately restrict user access in the system.	Status Redacted <sup>2</sup>
Finding 10	The PCIS2 database and its supporting server were running on outdated software versions.	Status Redacted <sup>2</sup>
Finding 11	PCIS2 database and application backups were not stored offsite, and DDA did not have a complete information technology disaster recovery plan for recovering computer operations.	Status Redacted <sup>2</sup>
<b>DDA – Monitoring of Coordination of Community Services Agencies</b>		
Finding 1	DDA's guidance to, and training of, CCS agencies on consumer monitoring responsibilities did not contain clear instruction about the level of detail required to complete the monitoring forms and did not address specific documentation the CCS agencies should obtain when conducting the reviews.	Not repeated (Not followed up on)
Finding 2	DDA did not adequately monitor its CCS agencies' efforts to determine whether the CCS agencies were ensuring that consumers received the required services from service providers.	<b>Repeated</b> (Current Finding 1)

<sup>2</sup> Specific information on the current status of this cybersecurity-related finding has been redacted from this publicly available audit report in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.

## Findings and Recommendations

### Consumer Services

#### Background

The Developmental Disabilities Administration (DDA) uses Coordination of Community Services (CCS) agencies (consisting of 7 private companies and 12 local health departments (LHDs)) to oversee its programs, and ensure that consumers receive high quality services. According to State records, DDA paid CCS agencies approximately \$70.3 million during fiscal year 2021, including \$64.4 million paid to 7 private companies that served 90 percent of DDA consumers (see Figure 4).

The CCS agencies are primarily responsible for developing and updating consumers' annual service plans, monitoring consumers, and assisting consumers with the initial Medicaid waiver application and annual eligibility reassessments.

#### Consumer Service Plans

CCS agencies work with consumers to develop the service plan. State regulations require the plan to be updated at least annually. The plan identifies the services and support each consumer requires to meet their needs and goals. For example, the plan specifies the consumer's feeding, medication, hygiene, and toileting needs. The plan also serves as the basis for determining the amount of DDA funding consumers receive.

#### Consumer Monitoring

State regulations require the CCS agencies to conduct face-to-face monitoring visits with each consumer at least once per quarter. The primary purpose of the monitoring visits is to assess whether the consumers are receiving their services

**Figure 4**  
**Summary of Consumers Served by CCS**  
**Agencies in Fiscal Year 2021**

CCS Agency	Count and Percentage of Consumers		Fiscal Year 2021 Payments to CCS Agency
Private Company 1	12,820	51%	\$45,103,541
Private Company 2	3,494	14%	6,015,493
Private Company 3	2,437	10%	4,667,372
Private Company 4	1,576	6%	4,592,405
Private Company 5	1,816	7%	3,845,174
Private Company 6	182	<1%	119,352
Private Company 7	96	<1%	30,615
12 Local Health Departments	2,571	10%	5,931,128
<b>Totals</b>	<b>24,992<sup>3</sup></b>		<b>\$70,305,080</b>

Source: DDA Records

<sup>3</sup> The population of 24,992 consumers consisted of the following: 17,955 consumers that were receiving CCS for community-based services, 6,993 consumers that were on the waiting list during the year, and 44 consumers that were receiving transition coordination services to transition from a facility to the community.

and making progress towards the goals identified in their annual plans. The CCS agencies make additional contacts with consumers as necessary.

CCS agencies document these activities in the Long Term Services and Supports System (LTSS). CCS agencies are paid for each 15-minute unit of service provided to consumers and the number of comprehensive assessments (evaluations performed during the initial application process to determine the individual's eligibility) completed based on rates established in State regulations. During fiscal year 2021 the established CCS billing rates ranged from \$20.72 to \$22.69 per unit (depending on the location of the consumer's residence), and \$450 for each comprehensive assessment.

### **Medicaid Eligibility**

CCS agencies assist consumers with the Medicaid waiver application (completing the forms and gathering required supporting documents) and, once enrolled in Medicaid, monitor and follow up with these consumers and assist with annual Medicaid eligibility reassessments (getting financial information from consumers to enable the reassessments).

#### **Finding 1**

**DDA did not ensure that CCS agencies properly completed annual consumer service plans and conducted quarterly face-to-face monitoring visits.**

#### **Analysis**

DDA did not ensure that CCS agencies properly completed annual consumer service plans and conducted quarterly face-to-face monitoring visits. Similar conditions regarding DDA monitoring of the CCS agencies have been commented upon in our four prior audit reports dating back to November 2009. Our current review disclosed that DDA still did not have a process to verify that the CCS agencies provided these critical services to all consumers. As a result, we noted that consumer service plans and quarterly monitoring visits frequently were not completed, and the monitoring visits that were completed were not always adequately documented.

Although the LTSS<sup>4</sup> automatically notified the CCS agencies when plans and monitoring visits were due for each consumer, the CCS agencies did not complete annual service plans and conduct quarterly monitoring visits as required. Specifically, our analysis of DDA records for fiscal years 2020 and 2021 disclosed that approximately 18,800 consumers required annual service plans and

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<sup>4</sup> As previously noted, CCS activities (including consumer plans and related monitoring) were transitioned from PCIS2 to LTSS in August 2018.



15,500 consumers required quarterly monitoring visits from the CCS agencies<sup>5</sup>, yet many consumers had not received the required services.

- The CCS agencies did not update the annual service plans for 1,635 consumers in fiscal year 2020 and 2021, including 1,069 consumers who were actively receiving home and community based services during this period. According to DDA records, the fiscal year 2021 service budgets for these 1,069 consumers totaled approximately \$45.5 million. DDA could not readily explain why these plans were not completed or document actions taken to address the failure to complete these plans with the applicable CCS agencies.
- The CCS agencies did not document that the required monitoring had been conducted. Specifically, we noted that 95 percent (14,737) of consumers were missing at least one required monitoring form, including 53 percent (8,240) for whom 4 or more forms were not completed (see Figure 5 on the following page). Our January 2019 performance audit report noted similar high levels of non-compliance in this area.<sup>6</sup> In total, 47 percent (58,492) of the 123,896 forms required for fiscal years 2020 and 2021 were not recorded.
- The CCS agencies did not sufficiently document the quarterly monitoring forms that were recorded. We tested the most recently completed quarterly monitoring forms (generally during the period from January 2020 to June 2021) for 20 judgmentally selected consumers with fiscal year 2020 service budgets totaling \$1.2 million. While the monitoring forms indicated that all 20 consumers received their services, the forms for 5 consumers lacked detailed comments to support the CCS agencies' conclusions. Specifically, these 5 forms contained only generic statements such as "the consumer continued to make progress towards these goals" and did not reference the documentation (for example, service provider records) used by the CCS agencies in making these determinations. DDA management concurred with our conclusion that these 5 monitoring forms were not sufficiently detailed.

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<sup>5</sup> DDA consumers are generally placed on a waiting list until funding is available for their services. Quarterly monitoring visits are only required for consumers who actively receive home and community based services from providers.

<sup>6</sup> Specifically, our January 2019 report noted that at least one form was missing for 97 percent of consumers, including 57 percent who were missing 4 or more forms during calendar years 2016 and 2017.

**Figure 5**  
**Quarterly Monitoring Forms Recordation for 15,487 Consumers**  
**During Fiscal Years 2020 and 2021**

	Count of Consumers	Percent of Total Count of Consumers	
All Forms Not Recorded	771	5%	8,240 of 15,487 Consumers (53%) had 4 or fewer quarterly monitoring forms recorded
7 of 8 Forms Not Recorded	1,099	7%	
6 of 8 Forms Not Recorded	1,572	10%	
5 of 8 Forms Not Recorded	2,068	13%	
4 of 8 Forms Not Recorded	2,730	18%	
3 of 8 Forms Not Recorded	2,565	17%	14,737 of 15,487 Consumers (95%) did not have all 8 quarterly monitoring forms recorded
2 of 8 Forms Not Recorded	2,312	15%	
1 of 8 Forms Not Recorded	1,620	10%	
All Forms Were Recorded	750	5%	

Source: DDA's Records from LTSS

In our opinion, these conditions occurred primarily because DDA had not established effective oversight of the CCS agencies. However, we also noted that DDA lacked an effective mechanism to address instances of noncompliance because the CCS agency contracts did not provide for liquidated damages, penalties, or other actions. Furthermore, in our opinion, under the current payment structure established in State regulations, the CCS agencies were not incentivized to provide all of the required services. Specifically, amounts billed to DDA were based on time charges (in 15 minute intervals), and not contingent on completing specific activities (such as, consumer plans and monitoring visits). DDA management advised us that they were considering alternative payment structures, but had not yet pursued the necessary changes to regulations.

### **Recommendation 1**

**We recommend that DDA establish a process to ensure that CCS agencies provide all critical services to consumers in accordance with State regulations. Specifically, DDA should ensure that the CCS agencies complete**

- a. consumers' annual service plans timely,**
- b. all quarterly monitoring forms as required for each consumer (repeat), and**
- c. quarterly monitoring forms which contain detailed comments regarding consumers' progress on achieving personal goals and outcomes (repeat).**

### **Finding 2**

**DDA did not have an adequate process to ensure the amounts invoiced by CCS agencies properly reflected consumer services provided and did not take appropriate action when a significant number of improper or unsupported payments were identified.**

### **Analysis**

DDA did not have an adequate process to ensure that amounts invoiced by CCS agencies were proper and did not take appropriate action when a significant number of improper or unsupported payments were identified. A similar condition was noted in our preceding audit report. In response to our prior report, in August 2019 DDA implemented a review process that was intended to ensure that the amounts billed by the CCS agencies were supported by activity notes recorded in LTSS. However, the review was only conducted for two months in our current audit period (August 2019 and January 2021) and it was not sufficiently comprehensive. We found that the review did not assess the reasonableness of the amounts billed by the CCS agencies versus the delivery (or lack of delivery) of all the required services (such as annual plans and quarterly monitoring visits). As noted in Finding 1, the CCS agencies collectively did not complete these services for a significant number of DDA consumers.

In addition, DDA did not take sufficient action when a significant number of improper or unsupported payments were identified. For example, in January 2021, the CCS agencies collectively submitted approximately 43,500 claims totaling \$3.2 million to DDA for services provided. DDA reviewed 295 of these claims (totaling \$22,041) and determined that 25 percent (73 claims) were either for non-billable activities (such as, certain administrative tasks) or lacked adequate supporting documentation. Since DDA did not use statistical sampling to select claims for review, it could not project the results of its review to the entire population of claims paid. DDA also did not expand its review to

determine the extent that additional non-billable activities were invoiced by the CCS agencies or seek reimbursement totaling \$6,718 related to these 73 claims.

## **Recommendation 2**

**We recommend that DDA**

- a. establish a comprehensive review process to ensure that CCS agency billings are proper (repeat);**
- b. consider the use of statistical sampling for selecting claims to review or expand its review when questionable billings are identified; and**
- c. pursue recovery of any improper or unsupported payments, including those noted above.**

## **Provider Payments**

### **Finding 3**

**DDA did not conduct required audits of providers to ensure payments were for services actually delivered and included in the consumers' approved plans.**

### **Analysis**

DDA did not conduct required audits of providers (non-CCS providers) to ensure payments were for services that were actually delivered and included in the consumers' approved plans. The audits are required by DDA's *Home and Community Based Services Waivers* from the federal Centers for Medicare and Medicaid Services (CMS) and provide a mechanism to identify overpayments and instances in which the services provided to consumers differed from the service plans. According to DDA records, payments to providers for community-based services totaled approximately \$1.43 billion during fiscal year 2021.

We requested documentation (such as case notes and attendance sheets) from DDA providers to support billings totaling approximately \$49,100 for services provided in January 2021 for 12 judgmentally selected consumers with material fiscal year 2021 service budgets. The providers could not furnish documentation to support billings for 5 consumers totaling \$13,300. For example, one provider that billed DDA \$10,200 could only furnish documentation of the services provided for 6 of the 31 days billed, resulting in unsupported payments totaling \$8,200. In addition, we could not readily determine whether the services received by these 12 consumers were in accordance with their annual service plans.

A similar condition regarding the failure to perform these audits was commented upon in our preceding two audit reports dating back to November 2016. In

January 2020 DDA awarded a contract to a vendor to perform utilization audits, but terminated the contract in August 2020 before the vendor had conducted the audits. In June 2022, subsequent to the completion of our audit fieldwork, DDA awarded a new \$22.6 million contract for these services.

### **Recommendation 3**

**We recommend that DDA**

- a. conduct audits of providers to ensure payments to providers were consistent with actual services delivered and in accordance with the consumers' approved plans (repeat); and**
- b. take appropriate corrective action to recover related unsupported payments identified, including the aforementioned \$13,300.**

### **Finding 4**

**DDA did not verify the propriety of \$6.1 million in enhanced payments for consumers who were isolated due to COVID-19.**

### **Analysis**

DDA did not verify the propriety of enhanced payments made for consumers who were isolated because they had tested positive for COVID-19. At the onset of the pandemic, CMS approved modifications to DDA's *Home and Community Based Services Waivers*, which included a 50 percent increase to the rates DDA paid for certain services provided to these consumers. According to its records, between March 2020 and October 2021, DDA paid approximately \$6.1 million for services provided to 2,202 consumers in COVID-19 isolation.

Providers recorded isolation services they performed in Provider Consumer Information System II (PCIS2), which automatically applied the increased rates when calculating the provider payments. Our review disclosed that DDA did not require providers to submit evidence of a consumer's positive COVID-19 test result to support the increased rates, nor did DDA independently verify the positive status of these consumers using the State of Maryland's COVID-19 test results database, to which it would have had access. We requested the test results from this database for the aforementioned 2,202 consumers, but as of March 2022, the Maryland Department of Health (MDH) could not provide these results due to the December 2021 ransomware security incident previously mentioned in this report.

#### **Recommendation 4**

**We recommend that DDA take appropriate steps to verify the propriety of COVID-19 isolation payments and pursue recovery of payments made for consumers without evidence of a positive COVID-19 test.**

#### **Finding 5**

**DDA did not use available output reports to verify the propriety of critical adjustments that were processed in PCIS2.**

#### **Analysis**

DDA did not use available output reports to verify the propriety of critical adjustments manually processed by DDA for various reasons, such as to adjust provider payments. In response to our prior audit report DDA established an independent review of certain adjustments. However, DDA did not use available system output reports of all adjustments recorded in PCIS2<sup>7</sup> to select adjustments for review. Rather, DDA selected adjustments for review from its adjustment tracking database, which assigned a ticket number to adjustment requests received from DDA service providers. As a result, adjustments without a corresponding ticket number were not subject to review.

According to PCIS2, there were 4,389 adjustments totaling approximately \$105.4 million processed during fiscal years 2019 through 2021. Our analysis disclosed that 1,385 of these adjustments (which resulted in either increasing or decreasing the related provider payments by \$46.1 million) were not included in the tracking database and, consequently, were not subject to selection for independent review. Our test of 12 adjustments totaling \$7.2 million that we judgmentally selected from the aforementioned 1,385 adjustments did not identify any erroneous or improper transactions.

#### **Recommendation 5**

**We recommend that DDA use available output reports to ensure that all critical adjustments in PCIS2 are subject to selection for independent review.**

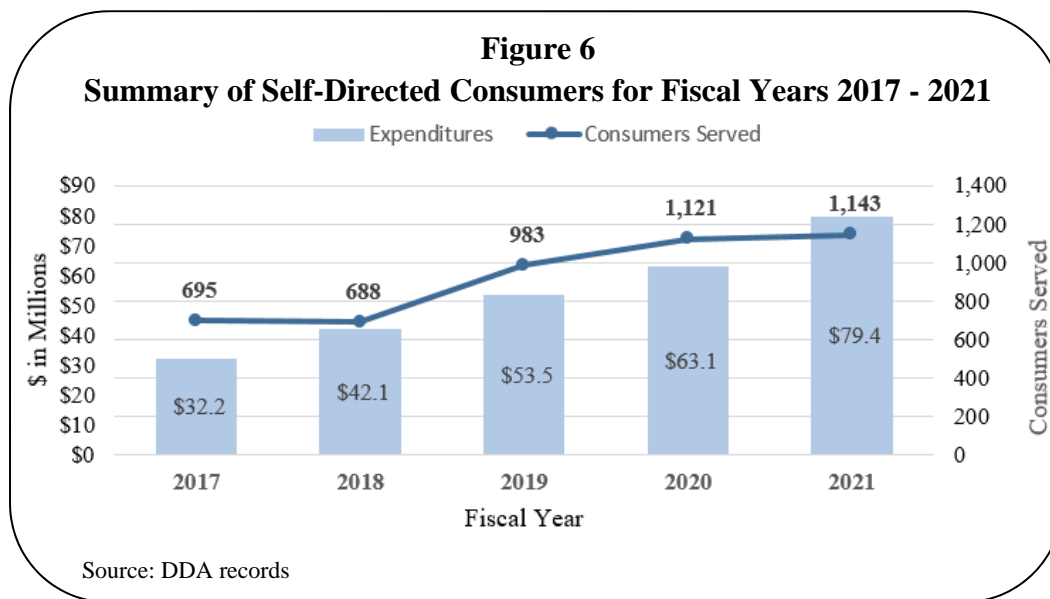
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<sup>7</sup> As previously noted, during the audit period DDA began transitioning providers from PCIS2 to LTSS; however, as of March 2022 the transition was not complete.

## Fiscal Management Services

### Background

While DDA directs most consumers to appropriate service providers, consumers may also elect to select their own providers for certain DDA services. DDA used two fiscal management services (FMS) vendors to administer the fiscal activities of consumers who elected to self-direct their delivery of care. These FMS vendors were responsible for all fiscal operations, including monitoring consumer budgets, paying for provider services, and recovering any applicable federal funds. On a quarterly basis, DDA advanced funds to FMS vendors to cover administrative fees and provider payments on behalf of these self-directed consumers. According to DDA records, there has been a significant increase in self-directed services over the past several years and during fiscal year 2021, DDA paid the FMS vendors approximately \$79.4 million (including FMS administrative fees) to provide services to 1,143 self-directed consumers (see Figure 6).



### Finding 6

**FMS services contracts procured in 2006 were not comprehensive, properly approved, and adequately monitored. As a result, DDA did not recover unspent funds totaling \$3.2 million and obtain federal reimbursements totaling \$8.8 million.**

### Analysis

During the period covered by this audit, DDA continued to obtain FMS services from two vendors under contracts procured in 2006 that were not comprehensive

and for which required approvals were not obtained. In addition, DDA did not adequately monitor the vendors to ensure the required services were provided, that provider payments were proper, and that federal reimbursements were obtained. As a result, we noted a number of discrepancies, including DDA failing to recover unspent funds totaling \$3.2 million and obtain federal reimbursements totaling \$8.8 million.

#### FMS Vendor Contracts Were Not Comprehensive and Properly Approved

During the audit period, DDA continued to use FMS vendor contracts procured in 2006 that were not approved by the Department of Budget and Management and the Board of Public Works as required. In addition, these 2006 contracts did not include critical provisions such as the fees to be charged and the period to be covered by the agreements, resulting in a lack of assurance that these services are being provided at the most advantageous prices.<sup>8</sup>

#### DDA Did Not Monitor the Vendors nor Ensure Related Payments Were Proper

DDA did not monitor the vendors to ensure that consumers received appropriate FMS services and that the related payments (administrative fees and consumer services) were proper, and it did not pursue recovery of certain unspent funds.

- DDA did not perform annual site visits nor obtain independent financial audits of the two FMS vendors as required by the *Community Pathways Waivers* received from CMS. The annual site visits and audits ensure consumers receive all required services (including self-directed services) and that related service budgets and payments are proper. Consequently, DDA did not have an effective mechanism to ensure self-directed consumers received all required FMS services and that payments processed on their behalf were proper.
- DDA did not recover \$3.2 million in unspent funds advanced to one FMS vendor in fiscal year 2020. DDA required the FMS vendors to submit annual accountings that compared their actual costs (administrative fees and consumer services) to the amounts previously advanced by DDA, and to return any unspent funds. Our review of the annual accountings submitted by the two vendors disclosed that one FMS vendor reported that \$3.2 million in advanced funds related to fiscal year 2020 had not been spent and were to be returned to DDA. As of March 31, 2022, DDA had not attempted to recover

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<sup>8</sup> After a recent procurement solicitation for these services, in June 2022 DDA awarded contracts to three vendors to provide these services to self-directed consumers. Finding 6 relates to issues found with the prior two contracts in place during our audit period. The three new contracts will be subject to review during our next audit of DDA.



the funds by billing the vendor, entering into a payment plan, or withholding future payments.

- DDA did not ensure that administrative fees paid to the FMS vendors were proper. According to the FMS vendors' records, administrative fees totaled \$2.3 million during fiscal years 2019 and 2020. As noted above, the 2006 contracts did not specify the amount of administrative fees DDA was to pay, which were included in the funds DDA advanced to the FMS vendors. DDA could not provide a breakdown between the cost of consumer services and administrative fees advanced to the vendors. In addition, although the vendors reported the total administrative fees for each consumer when they submitted their annual accountings, DDA did not verify that these amounts were accurate and reasonable in relation to the services provided.
- DDA did not verify that the service provider payments reported by the vendors were accurate based on supporting documentation and did not ensure payments for consumer services were consistent with established DDA rates. Our test of 30 billings totaling \$122,000 for 15 self-directed consumers did not disclose any unsupported or excessive payments.

#### Federal Funds Were Not Recovered for All Vendor Provider Payments

DDA did not ensure the FMS vendors recorded all provider payments into the MDH Maryland Medicaid Information System II (MMIS II) so that federal reimbursement could be obtained for the cost of the services (federal Medicaid reimbursement is based on MMIS II information). Specifically, DDA did not compare the claims entered into MMIS II by the FMS vendors with the provider expenditures separately reported to DDA by the vendors to ensure all claims had been recorded.

Our comparison of DDA's fiscal year 2019 and 2020 self-directed services expenditures with the related provider payments recorded in MMIS II identified \$8.8 million in related federal fund reimbursement requests that had not been made as of March 31, 2022 because the provider payments had not been recorded in MMIS II. As a result, State general funds were used to finance federal fund expenditures. DDA advised that these payments may have been for services that were not eligible for federal reimbursement. However, DDA could not provide any documentation to support this assertion as of August 31, 2022. Since claims must be submitted within two years of the service, a portion of these claims may no longer be eligible for federal reimbursement.

Similar conditions were commented upon in our preceding audit report. In its response to our prior audit report, MDH on behalf of DDA concurred with our

prior findings and indicated the recommendations had already or would be implemented by the end of calendar 2019.

## **Recommendation 6**

**We recommend that DDA**

- a. ensure contracts are executed that include all relevant contract provisions (including the contract term and authorized administrative fees) (repeat);**
- b. monitor vendor activity and compliance to ensure that all key requirements and terms are complied with, including site visits and audits, and timely return of unspent funds, and that FMS vendor payments are proper and supported (repeat);**
- c. ensure FMS vendors record all provider payments into MMIS II timely (repeat); and**
- d. take appropriate corrective action to recover unspent funds and obtain available federal reimbursement for any outstanding claims (including the aforementioned \$8.8 million), and consider recovering any lost investment income resulting from untimely vendor actions (repeat).**

## **Contribution to Care**

### **Finding 7**

**DDA did not forward approximately \$1.3 million in unclaimed refunds to the Comptroller of Maryland, as required.**

### **Analysis**

DDA did not forward approximately \$1.3 million in unclaimed refunds of improper contribution to care (CTC) collections to the Comptroller of Maryland, as required by State law. CTC is the monthly amount that certain consumers in residential care are required to pay providers, based on the consumer's ability to pay. In fiscal year 2014, DDA discovered that it had been incorrectly directing service providers to collect CTC from certain consumers. DDA ultimately determined that approximately \$4.1 million needed to be refunded to consumers for improper CTC collections between January 2013 and June 2014.<sup>9</sup>

DDA began notifying affected consumers in December 2018, and as of March 2022, had refunded approximately \$2.8 million of these funds. DDA advised that

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<sup>9</sup> The issue of improper CTC collections was originally disclosed in our November 2016 DDA audit report. As noted in that report, DDA management advised that these improper collections had been occurring for many years and estimated that improper CTC collections could total \$4.2 million annually. However, DDA declined to investigate the extent of these collections that occurred prior to calendar year 2013.

the remaining \$1.3 million had not been refunded because the consumers had not responded to DDA's request to verify the amounts they were owed.

State law provides that unclaimed property, such as unclaimed refunds, shall be reported and remitted by the property holder to the Comptroller of Maryland. In general, property is assumed to be abandoned when there is no owner contact with the holder regarding the property for three years. We were advised by Comptroller of Maryland - Compliance Division officials that DDA's determination that the CTC was improperly collected from consumers was sufficient for DDA to designate the funds as unclaimed property. However, as of March 2022, DDA did not forward these funds to the Comptroller of Maryland as required.

#### **Recommendation 7**

**We recommend that DDA forward funds totaling approximately \$1.3 million pertaining to unclaimed refunds of improper CTC collections to the Comptroller of Maryland, as required.**

### **Information Systems Security and Control**

We determined that Finding 8 related to "cybersecurity", as defined by the State Finance and Procurement Article, Section 3A-301(b) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of the following finding, including the analysis, related recommendation(s), along with MDH's responses, have been redacted from this report copy.

<b>Finding 8</b> <b>Redacted cybersecurity-related finding.</b>
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## **Audit Scope, Objectives, and Methodology**

We have conducted a fiscal compliance audit of the Developmental Disabilities Administration (DDA) of the Maryland Department of Health (MDH) for the period beginning May 1, 2018 and ending May 31, 2021. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine DDA's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included federal funds, provider fee payment systems, contract procurement and monitoring, and disbursements for consumer services. The scope of the work performed in each of these areas was based on our assessments of significance and risk. We also determined the status of 10 of the 11 findings contained in our preceding audit report and 1 of the 2 findings contained in our performance audit of DDA's monitoring of its coordination of community services agencies, dated January 2, 2019.

Our audit did not include certain support services provided to DDA by MDH. These support services (such as payroll, maintenance of accounting records, and related fiscal functions) are generally included within the scope of our audit of the MDH Office of the Secretary and Other Units. In addition, our audit did not include an evaluation of internal controls over compliance with federal laws and regulations for federal financial assistance programs and an assessment of DDA's compliance with those laws and regulations because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including DDA.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of May 1, 2018 and ending May 31, 2021, but may include transactions

before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of DDA's operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We also extracted data from MDH's Long Term Services and Supports System (LTSS) and from DDA's Provider Consumer Information System II (PCIS2) for the purpose of selecting test items and assessing user access. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

DDA's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations, including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to DDA, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of

internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings related to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect DDA's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to DDA that did not warrant inclusion in this report.

As a result of our audit, we determined that DDA's accountability and compliance level was unsatisfactory. The significance of our audit findings, rather than the number of findings, is the primary factor contributing to the current unsatisfactory rating. Our rating conclusion has been made solely pursuant to State law and rating guidelines approved by the Joint Audit and Evaluation Committee. The rating process is not a practice prescribed by professional auditing standards.

State Government Article Section 2-1224(i) requires that we redact in a manner consistent with auditing best practices any cybersecurity findings before a report is made available to the public. This results in the issuance of two different versions of an audit report that contains cybersecurity findings – a redacted version for the public and an unredacted version for government officials responsible for acting on our audit recommendations.

The State Finance and Procurement Article, Section 3A-301(b), states that cybersecurity is defined as “processes or capabilities wherein systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation”. Based on that definition, and in our professional judgment, we concluded that certain findings in this report fall under that definition. Consequently, for the publicly available audit report all specifics as to the nature of cybersecurity findings and required corrective actions have been redacted. We have determined that such aforementioned practices, and government auditing standards, support the redaction of this information from the public audit report. The specifics of these cybersecurity findings have been communicated to DDA and those parties responsible for acting on our recommendations in an unredacted audit report.

MDH's response to our findings and recommendations, on behalf of DDA, is included as an appendix to this report. Depending on the version of the audit report, responses to any cybersecurity findings may be redacted in accordance with State law. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise MDH regarding the results of our review of its response.

## APPENDIX



*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Secretary*

October 21, 2022

Mr. Gregory A. Hook, CPA  
Legislative Auditor  
Office of Legislative Audits  
The Warehouse at Camden Yards  
351 West Camden Street, Suite 400  
Baltimore, MD 21201

Dear Mr. Hook:

Enclosed, please find the Maryland Department of Health's response to the draft audit report on the Maryland Department of Health – Developmental Disabilities Administration for the period May 1, 2018 through May 31, 2021.

If you have any questions, please contact Frederick D. Doggett at 410-767-0885 or email at [frederick.doggett@maryland.gov](mailto:frederick.doggett@maryland.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis R. Schrader".

Dennis R. Schrader  
Secretary

Enclosure

cc: Frederick D. Doggett, Director, Ofc. of Internal Controls, Audit Compliance & Security,  
Bernard Simons, Deputy Secretary, Developmental Disabilities Administrations  
Robert White, Deputy Director, Developmental Disabilities Administration



# Maryland Department of Health Developmental Disabilities Administration

## Agency Response Form

### Consumer Services

**Finding 1**  
DDA did not ensure that CCS agencies properly completed annual consumer service plans and conducted quarterly face-to-face monitoring visits.

We recommend that DDA establish a process to ensure that CCS agencies provide all critical services to consumers in accordance with State regulations. Specifically, DDA should ensure that the CCS agencies complete

- a. consumers' annual service plans timely,
- b. all quarterly monitoring forms as required for each consumer (repeat), and
- c. quarterly monitoring forms which contain detailed comments regarding consumers' progress on achieving personal goals and outcomes (repeat).

Agency Response			
Analysis	Factually Accurate		
Please provide additional comments as deemed necessary.			
Recommendation 1a	Agree	Estimated Completion Date:	7/1/2023
Please provide details of corrective action or explain disagreement.	<p>The Maryland Department of Health's Developmental Disabilities Administration (DDA) fully agrees with the suggestions in Recommendation 1.</p> <p>As discussed in our regular work sessions with the Office of Legislative Audits on this topic and throughout this audit, we thank OLA staff for their insightful analysis and helpful recommendations in ensuring that Coordination of Community Services (CCS) agencies complete consumers' annual service plans timely, that quarterly monitoring forms are completed with detailed comments. We continue to have ongoing conversations about improving DDA's oversight of CCS agencies, including CCS agency contracts.</p> <p>As noted in our response to the Behavioral Health Administration and Medical Care Programs Administration Administrative Service Organization for Behavioral Health Services Audit Report, MDH will confer and coordinate with the Department of General Services (DGS) and its Office of State Procurement on developing and implementing a</p>		

**Maryland Department of Health  
Developmental Disabilities Administration**

**Agency Response Form**

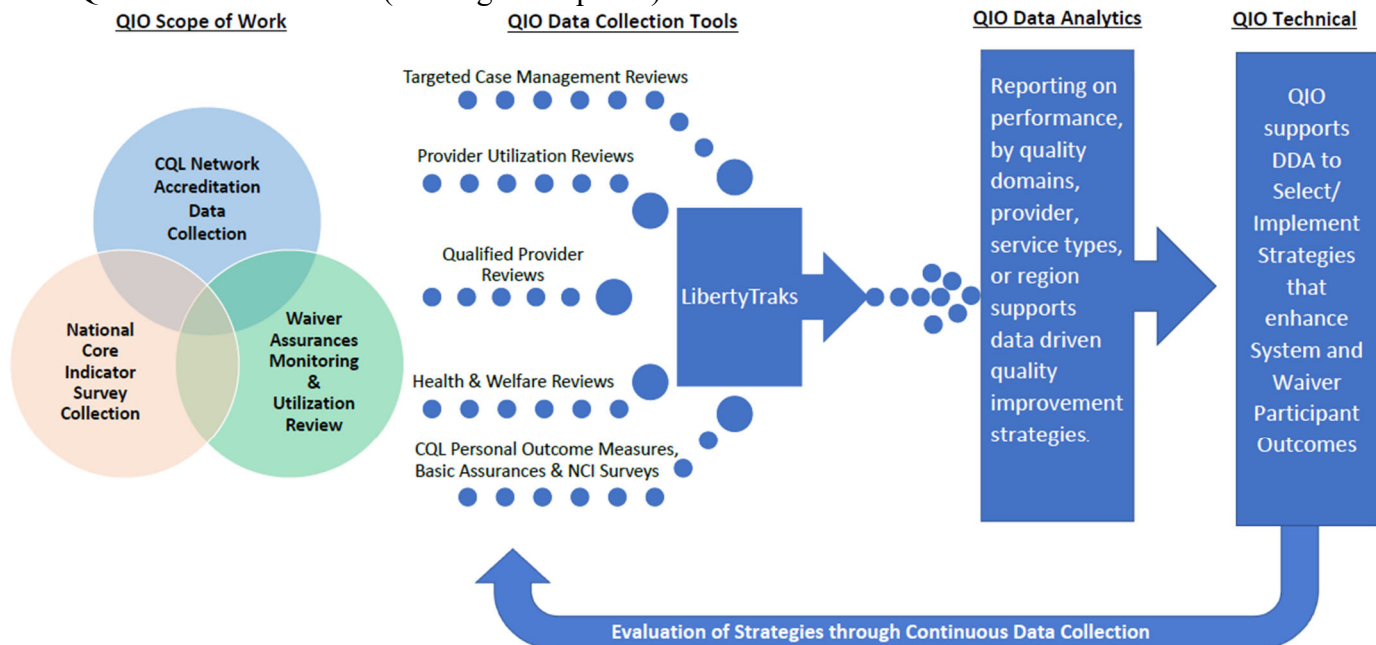
	<p>contract administration/management process as well as any attendant interim departmental policies by December 31, 2022. We will continue to work to improve service level agreements requirements and other contract management mechanisms in forthcoming requests for procurement that are in process. In addition, we will research contract administration and management national best practices to include in these policies and procedures. We will solicit and consult with the Office of Legislative Auditors and the Office of State Procurement for assistance in this process.</p> <p>Our principal solution to addressing the findings and Recommendation 1 has been outlined through our solicitation, procurement, and now implementation of a Quality Improvement Organization Services vendor (QIO). This vendor was approved by the Board of Public Works at its June 8, 2022 meeting (DGS Agenda Item 41-S, page 220). The request for proposal provides for certain critical services that we believe align with the OLA Recommendation 1, and will result in the satisfactory resolution of some issues identified in this report, including:</p> <ol style="list-style-type: none"><li>1. Provision of strategies that enhance the quality of life and help ensure the health and well being for individuals with intellectual and developmental disabilities;</li><li>2. Development of audit standards for the DDA's services including review of cases and analysis of patterns of services related to assessed need and quality review;</li><li>3. Ongoing utilization reviews to safeguard against unnecessary utilization of care and services and to assure efficiency, economy and quality of care; and</li><li>4. Administration of the DDA's National Core Indicators Surveys. These services will provide quality assurance to the DDA and will ensure DDA is compliant with previous related previous audit findings.</li></ol> <p>The QIO vendor began its implementation work on July 1, 2022, and will continue through June 2023. DDA would be pleased to update OLA at its convenience on the status of this vendor's progress. Please see the below chart for a high-level overview of the QIO vendor's activities.</p>
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# Maryland Department of Health Developmental Disabilities Administration

## Agency Response Form

	In addition to the QIO vendor's work, we will continue to review and improve our current regulations, policies, and procedures regarding corrective measures when consumers' annual service plans are not completed timely. We will work to create an enhanced person-centered plan (PCP) report template that tracks the timeliness of these plans by the CCSs, and other oversight measures on a weekly and monthly basis.		
<b>Recommendation 1b</b>	Agree	<b>Estimated Completion Date:</b>	6/30/2023
<b>Please provide details of corrective action or explain disagreement.</b>	MDH agrees, and notes its above response to Recommendation 1a. As mentioned above, as DDA develops mechanisms and processes for enforcement and compliance of quarterly monitoring forms with CCS, we will provide off-cycle and regular quarterly progress updates to OLA on this issue. We believe that there are a number of corrective action solutions in development that may satisfactorily address Recommendation 1b. CCSs are administrative services under the Medicaid State Plan, as such, we anticipate developing and implementing service level agreements for accountability.		
<b>Recommendation 1c</b>	Agree	<b>Estimated Completion Date:</b>	3/31/2023
<b>Please provide details of corrective action or explain disagreement.</b>	Please see the responses to Recommendation 1a and 1b, above. In addition, the Coordination of Community Services Billing Documentation Verification Quality Review Guidance provides specific examples of how the coordinator must provide detailed comments regarding consumers' progress on achieving their chosen outcomes for the services identified in their Person-Centered Plans. In addition, we will take further steps as appropriate to continue implementation of Recommendation 1c.		

QIO Vendor Flowchart (Finding 1a response)



# Maryland Department of Health Developmental Disabilities Administration

## Agency Response Form

### Finding 2

**DDA did not have an adequate process to ensure the amounts invoiced by CCS agencies properly reflected consumer services provided and did not take appropriate action when a significant number of improper or unsupported payments were identified.**

**We recommend that DDA**

- a. establish a comprehensive review process to ensure that CCS agency billings are proper (repeat);**
- b. consider the use of statistical sampling for selecting claims to review or expand its review when questionable billings are identified; and**
- c. pursue recovery of any improper or unsupported payments, including those noted above.**

Agency Response			
<b>Analysis</b>	<b>Factually Accurate</b>		
Please provide additional comments as deemed necessary.	Yes, please see the discussion of the QIO in Recommendations 1a and 1b, above.		
<b>Recommendation 2a</b>	Agree	<b>Estimated Completion Date:</b>	3/31/2023
Please provide details of corrective action or explain disagreement.	Please see the discussion of the QIO and service level agreements in Recommendation 1a and 1b, above. The QIO will conduct Financial Accountability Reviews (Section 2.3.3.1 - Page 12 of RFP, and Section 2.2.5.2 on page 5 of the RFP) as part of the contract scope. Based on the current work plan, the QIO will complete the development of the tools that will be used to conduct comprehensive reviews on a quarterly basis in November 2022. Upon approval of the tools, the QIO will begin piloting their review process for Targeted Case Management in late November 2022, followed by the review of all TCM agencies in February 2023. The DDA and the QIO will work with the MDH Office of Internal Controls, Audit Compliance & Security (IAC/S) to validate the process upon completion of the February 2023 review.		
<b>Recommendation 2b</b>	Agree	<b>Estimated Completion Date:</b>	3/31/2023
Please provide details of corrective action or explain disagreement.	MDH will consider the use of statistical sampling for selecting claims for review or to expand its review when questionable billings are identified.		
	The scope of the QIO contract requires that the sample size is consistent with the U.S. Department of Health and Humans Services Office of		

# Maryland Department of Health Developmental Disabilities Administration

## Agency Response Form

	Inspector General's toolkit for State Medicaid Fraud Control Units recommendations requiring a confidence level of 90 - 95 percent. The QIO contract requires a confidence level of 95 percent. The sample size will be validated using an online tool to ensure that the confidence level has been satisfied. Moreover, the random sample will be stratified by waiver, region, and service type. The DDA's QIO will provide findings to the DDA for remediation and/or a plan of correction on a bi-annual basis. If questionable patterns emerge, the sample size will be expanded for additional review.		
<b>Recommendation 2c</b>	Agree	<b>Estimated Completion Date:</b>	3/31/2023
<b>Please provide details of corrective action or explain disagreement.</b>	The DDA with the assistance of the QIO will set up guidance for CCS on how to pursue recoupment of any improper or unsupported billing. In addition, the DDA will pursue recoupment of funds related to improper billings identified by the OLA auditors upon validation.		

# Maryland Department of Health Developmental Disabilities Administration

## Agency Response Form

### Provider Payments

#### Finding 3

**DDA did not conduct required audits of providers to ensure payments were for services actually delivered and included in the consumers' approved plans.**

**We recommend that DDA**

- a. conduct audits of providers to ensure payments to providers were consistent with actual services delivered and in accordance with the consumers' approved plans (repeat); and**
- b. take appropriate corrective action to recover related unsupported payments identified, including the aforementioned \$13,300.**

Agency Response			
<b>Analysis</b>	<b>Factually Accurate</b>		
Please provide additional comments as deemed necessary.	Please see additional comments for Findings 1 and 2 above.		
<b>Recommendation 3a</b>	Agree	<b>Estimated Completion Date:</b>	1/31/2023
Please provide details of corrective action or explain disagreement.	The DDA agrees to comply with the recommendation to conduct audits of providers to ensure payments to providers were consistent with actual services provided and in accordance with the consumers' approved plans. As of July 1, 2022, the DDA has contracted with a Quality Improvement Organization (QIO). The QIO will conduct Financial Accountability Reviews (Section 2.3.3.1 - Page 12 of RFP, and Section 2.2.5.2 on page 5 of the RFP) as part of the contract scope. Based on the current work plan, the QIO will conduct reviews on pilot providers of DDA services in November of 2022, followed by reviews of all providers in January 2023. The DDA and the QIO will work with the IAC/S to validate the process upon completion of the January 2023 review		
<b>Recommendation 3b</b>	Agree	<b>Estimated Completion Date:</b>	12/31/2022
Please provide details of corrective action or explain disagreement.	The DDA agrees to comply with the recommendation to take appropriate corrective action to recover related overpayments identified, including the aforementioned \$13,300. The DDA will pursue recoupment of funds related to overpayments identified by the OLA auditors upon validation.		

**Maryland Department of Health  
Developmental Disabilities Administration**

**Agency Response Form**

**Finding 4**

**DDA did not verify the propriety of \$6.1 million in enhanced payments for consumers who were isolated due to COVID-19.**

**We recommend that DDA take appropriate steps to verify the propriety of COVID-19 isolation payments and pursue recovery of payments made for consumers without evidence of a positive COVID-19 test.**

<b>Agency Response</b>			
<b>Analysis</b>	<b>Factually Accurate</b>		
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 4</b>	<b>Agree</b>	<b>Estimated Completion Date:</b>	<b>3/31/2023</b>
<b>Please provide details of corrective action or explain disagreement.</b>	The DDA has taken the first steps to conduct a review of the \$6.1 million in enhanced payments to see where documentation has been submitted/provided. If documentation is not available, we will conduct a statistical sample.		

# Maryland Department of Health Developmental Disabilities Administration

## Agency Response Form

### Finding 5

**DDA did not use available output reports to verify the propriety of critical adjustments that were processed in PCIS2.**

**We recommend that DDA use available output reports to ensure that all critical adjustments in PCIS2 are subject to selection for independent review.**

Agency Response			
<b>Analysis</b>	<b>Factually Accurate</b>		
Please provide additional comments as deemed necessary.			
<b>Recommendation 5</b>	Agree	<b>Estimated Completion Date:</b>	3/31/2023
Please provide details of corrective action or explain disagreement.	<p>The DDA has revised procedures to now require that all adjustments are validated by a second party using the ticket system. The DDA will validate the process and every adjustment will be subject to review. Random audits will continue to be done quarterly, and corrective action taken as appropriate for observed findings. The DDA will share the results of the next quarterly review with IAC/S in order to test the new process.</p>		



# Maryland Department of Health Developmental Disabilities Administration

## Agency Response Form

### Fiscal Management Services

#### **Finding 6**

**FMS services contracts procured in 2006 were not comprehensive, properly approved, and adequately monitored. As a result, DDA did not recover unspent funds totaling \$3.2 million and obtain federal reimbursements totaling \$8.8 million.**

**We recommend that DDA**

- a. ensure contracts are executed that include all relevant contract provisions (including the contract term and authorized administrative fees) (repeat);**
- b. monitor vendor activity and compliance to ensure that all key requirements and terms are complied with, including site visits and audits, and timely return of unspent funds, and that FMS vendor payments are proper and supported (repeat);**
- c. ensure FMS vendors record all provider payments into MMIS II timely (repeat); and**
- d. take appropriate corrective action to recover unspent funds and obtain available federal reimbursement for any outstanding claims (including the aforementioned \$8.8 million), and consider recovering any lost investment income resulting from untimely vendor actions (repeat).**

Agency Response			
Analysis	Factually Accurate		
Please provide additional comments as deemed necessary.			
<b>Recommendation 6a</b>	Agree	<b>Estimated Completion Date:</b>	7/1/2022
<b>Please provide details of corrective action or explain disagreement.</b>	<p>MDH agrees with Recommendation 6 and has been working on resolving the issues in Recommendation 6 over the past 18 months. We have provided regular updates to OLA and we thank them for their support and advice throughout this process.</p> <p>3 vendors were approved by the Board of Public Works at its June 8, 2022 meeting with an effective date of July 1, 2022 (DGS Agenda Items 43-S and 44-S-MOD). Information about the Financial Management and Counseling Service (FMCS) transition to the new approved vendors can be found on our website, and in our Guidance document. All participants currently self-directing their DDA services will need to choose an FMCS agency in an open enrollment period from August through November 15,</p>		

# Maryland Department of Health Developmental Disabilities Administration

## Agency Response Form

	<p>2022. We anticipate that all current participants will completely be migrated by January 1, 2023 from the previous vendors.</p> <p>As of October 21, 2022, 1632 out of 1892 participants self-directing their services have selected a provider of choice.</p>		
<b>Recommendation 6b</b>	Agree	<b>Estimated Completion Date:</b>	7/1/2022
<b>Please provide details of corrective action or explain disagreement.</b>	<p>DDA will monitor vendor activity and compliance to ensure that all key requirements and terms are complied with, including site visits and audits, and timely submission of annual accountings and return of unspent funds, and that FMS vendor payments are proper and supported.</p> <p>The DDA hired a FMCS Program Manager whose job it is to ensure that all contract requirements are being met, including site visits and audits as required. Furthermore, the QIO will audit payments for waiver services as part of their financial accountability reviews, and the FMCS agencies will be required to have audits of their financial statements performed by an independent CPA firm as outlined in the scope of work for the New FMCS contract (OPASS 21-19022)</p>		
<b>Recommendation 6c</b>	Agree	<b>Estimated Completion Date:</b>	1/31/2023
<b>Please provide details of corrective action or explain disagreement.</b>	<p>Under the scope of the new contracts, FMCS agencies will be required to bill fee-for-service, meaning that claims will be submitted directly to MMIS for payment. Prospective payments will no longer be used and eliminating the need for reconciliation and delaying the submission of federal claims</p>		
<b>Recommendation 6d</b>	Agree	<b>Estimated Completion Date:</b>	3/31/2023
<b>Please provide details of corrective action or explain disagreement.</b>	<p>DDA's Deputy Director for Finance will take appropriate corrective action to obtain available federal reimbursement for any outstanding claims, any annual accountings not received, and identified overpayments, and consider recovering any lost investment income resulting from untimely vendor actions. The Deputy Director is currently investigating the aforementioned \$8.8 million and will obtain federal reimbursement for any number of qualified claims.</p>		

**Maryland Department of Health  
Developmental Disabilities Administration**

**Agency Response Form**

**Contribution to Care**

**Finding 7**  
**DDA did not forward approximately \$1.3 million in unclaimed refunds to the Comptroller of Maryland, as required.**

**We recommend that DDA forward funds totaling approximately \$1.3 million pertaining to unclaimed refunds of improper CTC collections to the Comptroller of Maryland, as required.**

<b>Agency Response</b>			
<b>Analysis</b>	<b>Factually Accurate</b>		
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 7</b>	<b>Agree</b>	<b>Estimated Completion Date:</b>	<b>1/31/2023</b>
<b>Please provide details of corrective action or explain disagreement.</b>	DDA's Deputy Director for Finance will verify unclaimed CTC refunds and forward the necessary information to the unclaimed property division of the Comptroller's office as required.		

# **Maryland Department of Health Developmental Disabilities Administration**

## **Agency Response Form**

### **Information Systems Security and Control**

The Office of Legislative Audits (OLA) has determined that finding 8 related to “cybersecurity”, as defined by the State Finance and Procurement Article, Section 3A-301(b) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with State Government Article 2-1224(i). Although the specifics of the finding including the analysis, related recommendation(s), along with MDH’s responses, have been redacted from this report copy, MDH’s response indicated agreement with the finding and related recommendation(s).

**Finding 8**  
**Redacted cybersecurity-related finding.**

**Agency Response has been redacted by OLA.**

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Audit Manager

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