

OFFICIAL STATE CABINET AGENCY RESPONSE TO THE PERFORMANCE AUDIT ON IMPROVING PAYMENT SYSTEMS AND MONITORING NECESSARY TO PREVENT ERRORS AND IMPROVE SAFETY – DEVELOPMENTAL DISABILITIES ADMINISTRATION

JULY 9, 2013

This coordinated management response to the audit report received June 10, 2013, is provided by the Department of Social and Health Services (DSHS) and the Office of Financial Management.

RECOMMENDATION 1: Ensure that staff follow the improved procedures established for:

- a. Electronic review and approval process for daily client payment rates
- b. Updating client payment rates and closing out old payment authorizations
- c. Reviewing the Developmental Disabilities Administration's duplicate payment report and taking actions to stop and recover duplicate payments

RESPONSE

We agree that the supported living payment process must be improved to prevent overpayments.

The Developmental Disabilities Administration (DDA) in DSHS has already developed, successfully piloted and implemented an automated, paperless system. DDA put this new electronic rate approval system into operation in June 2013. The new process requires all rate and payment approvals to be endorsed by each approver to ensure accuracy before the next stage of review. Each review is recorded by person, date and time.

Both rate and payment information will be incorporated into a single system when Phase 2 of the state's modern provider payment system — ProviderOne — is launched. The automated system will mitigate the error risks that occur when reconciling between the rate and payment systems under the current process. Payments greater than \$300 will no longer need to be broken into two payments, ensuring greater system reliability and traceability. Rate changes processed through the electronic rate approval system described above will be sent electronically to ProviderOne.

Duplicate payment reports will be reviewed as part of the annual cost report review. Resource managers will be notified of any overpayments that have not already been processed through the Office of Financial Recovery and an overpayment package will be sent to the Office of Financial Recovery for processing. Providers will receive information and training at the quarterly regional residential providers meeting on accuracy of billing, including duplicate payment avoidance.

Action Steps and Time Frame

- Implement electronic rate approval system. Complete. *June 2013*
 - Incorporate rate and payments into a single electronic system. *In 2014 (dependent on ProviderOne Phase 2 launch).*
 - Establish process for regular review of duplicate payments and training for billing providers on duplicate payment avoidance. *By October 2013.*
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RECOMMENDATION 2: Request that the Department of Social and Health Services' residential care service inspectors check businesses employment records against a report of caregivers with disqualifying background checks as part of its two-year recertification inspection.

RESPONSE

We agree the department can improve the health and safety of people with developmental disabilities through timely background checks. DDA believes this can be best accomplished through the following actions.

Provider training on accuracy and timeliness of background checks

DDA has provided training and technical assistance to all its residential providers. This initial training was completed in December 2012. DDA will continue to discuss accuracy and timeliness of background checks at its quarterly provider meeting held in all three regions.

Review agency compliance of background check requirements

This year, DSHS/Operations Review and Consultation (ORC) has conducted a review of one residential agency per month for compliance with the background check requirements for 12 months. ORC findings are sent to DDA and residential care services. DDA follows up with corrective actions with the residential agency.

Updated policy on background checks and training for providers

DDA has updated its policy that provides additional background check information to its contracted residential providers.

Action Steps and Time Frame

- Establish ongoing training plan for all residential providers on accuracy and timeliness of background checks. *Complete. Ongoing during quarterly meetings.*
- Establish process for auditing residential agencies on background check requirements. *Complete. Ongoing monthly.*
- Train all residential providers on the updated policy for additional background checks. *By October 2013.*

RECOMMENDATION 3: Strengthen monitoring of businesses' payroll records by creating a procedure for reconciling paid service hours to businesses' payroll records to ensure they support invoices for payments.

RESPONSE

We agree that monitoring businesses' payroll records should be strengthened. DDA and the Management Services Division are working on a plan to conduct additional audits of contracted agencies to review agency payroll records and reconcile paid instruction and support service hours to agency payroll records.

Action Steps and Time Frame

Develop a plan to conduct additional and ongoing audits of contracted agencies' payroll records. *By early 2014.*