



Auditing for a Better Oregon

April 21, 2003

James Toews, Acting Assistant Director
Seniors and People with Disabilities
Department of Human Services
500 Summer Street NE, E09
Salem, OR 97301-1075

Dear Mr. Toews:

We recently began a risk assessment of the work performed by Oregon Area Agencies on Aging (AAAs). The goal of the risk assessment was to review the duties and responsibilities of AAAs and determine if there are significant management risks associated with the work they perform. One of the risks we identified is that AAA case managers, as well as case managers in state offices, may not be assessing clients' disabilities and needs appropriately. This letter summarizes work we completed that led us to identify this risk and includes potential mitigating actions the department could take to address this risk.

Background

As you know, the Department of Human Services uses a network of AAAs and state-run offices to administer programs for seniors and people with disabilities. The largest of these programs is Medicaid Long Term Care. The 2001-03 legislatively adopted budget for this program, prior to special session adjustments, was approximately \$609.4 million in federal funds, \$399.4 million in state general funds, and \$39.6 million in other funds. Case managers at these offices are responsible for making eligibility determinations for this program. They do this by interviewing potential clients to collect information on their income and assets, as well as their disabilities.

Case managers record information about clients' disabilities in a computer application called ACCESS. The application calculates a survival priority level (SPL) number, which determines whether potential clients are eligible for services. Until recently, clients with SPL numbers of 17 and below were eligible for services under the Medicaid Long Term Care program.

In January 2003, the department announced cuts to the Medicaid Long Term Care program. Specifically, clients with SPL numbers 15-17 were eliminated from the program effective February 1, 2003 and clients with SPL numbers 10-14 were to be eliminated effective April 1, 2003. Clients with

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SPL numbers 10 and 11 were subsequently reinstated. Prior to the elimination of specific SPL numbers in early January, the potential for program cuts had been discussed in meetings attended by department managers and AAA representatives, as well as in newspaper articles.

Results

Our analysis of the department's assessment data showed that for the period June 2002 through September 2002, 423 clients had an SPL number that decreased from 10 or above to below 10.¹ This represented about 1.2 percent of the total number of clients with at least one assessment in ACCESS through September 2002. For the period November 2002 through February 2003, the data showed that 2,822 clients had an SPL number that decreased from 10 or above to below 10.¹ This represented about 6.5 percent of the total number of clients with at least one assessment in ACCESS through February 2003. This was approximately a five and a half-fold increase in the percentage of clients in ACCESS with an SPL number that dropped from 10 or above to below 10. This provides a strong indication that case managers may have reassessed clients so that they continued to qualify for benefits after programs cuts.

You recently informed us that managers in the Seniors and People with Disabilities program also found a large number of reassessments that resulted in clients remaining eligible for the program. As a result, the department has taken actions to determine whether the reassessments were justified. We understand that program staff has also reassessed some clients whose assessments decreased and determined that these decreases did not appear to be justified.

If case manager assessments are not accurate, the state may be providing services to clients that do not meet eligibility requirements. This could impose a significant cost to the state and federal government. Conversely, some clients may not be receiving services to which they are entitled.

Potential Mitigating Actions

Below are potential mitigating actions the department could implement to address the problem of inaccurate assessments. While department management has already taken, or plans to take, some of these actions, sustaining these efforts over time will reduce the risks associated with inaccurate assessments.

- Develop and regularly review specific management reports that note changes in client assessment information. Follow up with office directors, case manager supervisors, and/or case managers regarding assessments that appear questionable;
- Conduct periodic field reviews during which department staff reassesses a sample of clients to ensure that prior assessments were accurate. Report results to the AAAs and state offices involved;

¹ When determining the number of clients with SPL numbers that decreased from 10 or above to below 10, we began with the most recent SPL number on record for the months of June 2002 and November 2002. We then counted the clients with any SPL number decreases that met this criterion during the subsequent three months. We also counted any clients for whom there were two SPL numbers in the months of June 2002 or November 2002, if the first assessment was 10 or above and the second assessment dropped to below 10.

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- Revise the service priority rule that establishes eligibility requirements so that it is as clear as possible;
- Revise the ACCESS application so that it is as clear as possible and provides the necessary guidance to case managers;
- Conduct periodic training of case managers and their supervisors focusing on the service priority rule and use of the ACCESS tool;
- Consider requiring or encouraging case managers to corroborate information concerning clients' disabilities (e.g. through reviews of medical records and interviews of relatives, neighbors, other caregivers, and/or doctors);
- Develop specific policies requiring AAA and state office supervisors to review the work of their case managers, and consider including such requirements in the contracts the department has with AAAs; and
- Consider imposing graduated sanctions for AAAs, state offices or individual case managers that continue to produce inaccurate assessments. This could include policies and procedures for terminating case managers whose assessments continue to be inaccurate after they have been given adequate training and feedback. In the case of AAAs and their case managers, it may be appropriate to include such procedures in their contracts with the department.

Should you have any questions or concerns regarding this work, please feel free to call Will Garber or me at (503) 986-2255.

Sincerely,

OREGON AUDITS DIVISION

David Dean, MPA

Audit Administrator

DD:bk

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