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*Auditing for a Better Oregon*

August 4, 2003

James Toews, Assistant Director  
Seniors and People with Disabilities  
Department of Human Services  
500 Summer Street NE, E02  
Salem, OR 97301-1075

Dear Mr. Toews:

We recently completed a risk assessment relating to work performed by Oregon Area Agencies on Aging. We previously sent you a letter concerning the potential for inaccurate assessments of clients' disabilities and needs (see Management Letter No. 410-2003-04-02 dated April 21, 2003). This letter discusses additional risks we identified. It includes only those risks that we rated medium or above. We have included background information on each risk, as well as potential mitigating actions the Seniors and People with Disabilities Division could take to address the risks. This letter is intended to be informational in nature and not an all-inclusive or formal presentation of audit findings or recommendations.

We appreciate the time and effort you and your staff provided as we completed the risk assessment. Should you have any questions regarding this work, please feel free to contact me at (503) 986-2255.

Sincerely,  
OREGON AUDITS DIVISION

David Dean, MPA  
Audit Administrator

DD:brk  
enclosure

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Management Letter No. 410-2003-08-01

**1. The Seniors and People with Disabilities Division (SPD) may not be making adequate efforts to ensure that Area Agencies on Aging provide Medicaid long-term care services at the least possible cost.**

Background: Chapter 410 of the *Oregon Revised Statutes* states that older citizens and disabled citizens should retain the right of free choice in planning and managing their lives. Chapter 410 and state regulations also provide that care should be provided at least cost consistent with client choice. However, work we performed indicates that SPD may not have an effective mechanism in place to ensure that AAAs authorize Medicaid long-term care services at least cost while still honoring client choice.

SPD management stated that the division's first priority for the next year is monitoring, training and technical assistance to assure that assessment and eligibility rules are followed. Management noted that broadening the skills of case managers so that they assist clients in utilizing the broadest possible array of informal supports before paid care is provided is a secondary priority.

Potential Mitigating Actions:

- Develop and implement statewide policies and procedures that would result in all case managers providing Medicaid long-term care services at least cost consistent with client choice. This should include the use of non-paid, informal supports when they are available.

**2. SPD may not be adequately ensuring that AAAs fulfill requirements relating to services provided under the Older Americans Act and Oregon Project Independence.**

Background: AAAs must meet certain requirements (termed "assurances") when providing services funded under the Older Americans Act (OAA) and Oregon Project Independence (OPI). Examples of these assurances include the following:

- Ensure that there is no means test (OAA).
- Ensure that older persons are provided the opportunity to voluntarily contribute to the cost of services (OAA).
- Perform outreach activities in areas where there is a significant population of older native Americans (OAA).
- Focus on the needs of low-income minority older individuals (OAA).
- Ensure that elderly and disabled persons obtain a determination of eligibility upon request (OPI).
- Utilize SPD service priorities (OPI).

SPD managers stated that, during past field reviews, SPD assessed whether AAAs were fulfilling assurances. But they also acknowledged that they have more to do in this regard and added that they plan to conduct additional field reviews in the future.

Potential Mitigating Actions:

- Implement procedures for ensuring that AAAs fulfill assurances. This could include requiring AAAs to submit reports of program activity and conducting regular, ongoing field reviews.

**3. Reports that SPD generates from ACCESS may not provide sufficient information to meet AAAs' needs, may not be accurate, or both.**

Background: Information provided by SPD staff showed that some reports derived from the department's ACCESS computer application data were incorrect. According to SPD management, SPD is working on correcting such errors.

One AAA indicated that reports SPD provides do not meet the AAA's needs. As a result, this AAA hired an additional staff person to produce needed information. SPD management noted that SPD staff is developing several new reports that should provide AAAs with better information.

Potential Mitigating Actions:

- Take appropriate steps to ensure that AAAs record data in ACCESS accurately.
- Continue efforts to ensure that reports derived from ACCESS are accurate.
- Obtain feedback from AAAs to ensure that reports SPD produces meet their data needs.

**4. SPD may not be taking adequate steps to ensure that clients who are eligible for veterans' benefits obtain them.**

Background: Federal regulations state that agencies administering Medicaid must require applicants and recipients to take all necessary steps to obtain any annuities, pensions, retirement, and disability benefits to which they are entitled, unless they can show good cause for not doing so. This includes veterans' compensation and pensions.

We contacted six AAAs that administer Medicaid to obtain information on how they process Medicaid long-term care (LTC) applications for veterans. Three of these AAAs do not appear to be taking adequate steps to ensure that veterans apply for veterans' benefits. This increases the risk that these individuals will never apply for veterans' benefits, which could offset funding the state would otherwise have to provide for Medicaid LTC.

Potential Mitigating Actions:

- Ensure that AAA staff screens each Medicaid applicant to determine if he or she is eligible for veterans' benefits.
- Establish policy and procedures requiring AAAs to (1) confirm that Medicaid clients who are eligible for veterans' benefits apply for them, and (2) follow up with veteran applicants as necessary to determine if they have obtained veterans' benefits.

**5. SPD may not be adequately ensuring that AAAs and case managers conduct annual Medicaid client reassessments.**

Background: Federal regulations require that state agencies administering Medicaid conduct assessments of clients not less than once a year. During its last audit of Oregon's Medicaid waiver, the federal Centers for Medicare and Medicaid Services found that AAA case managers did not always conduct annual client reassessments. As a result, SPD now requires AAAs to review 1 percent of all Medicaid case files annually to verify that annual assessments are completed.

Potential Mitigating Actions:

- SPD should periodically monitor assessment data on all Medicaid clients to determine whether case managers are assessing clients at least annually.
- SPD should take appropriate action to prompt AAAs with late assessments to complete them.