



Office of Multnomah County Auditor

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Date: August 16, 2016

To: Chair Kafoury; Commissioners Bailey, Smith, Shiprack, & McKeel;
COO Madrigal; DCHS Director Wendt; ADVSD Director Brey;
ADVSD Deputy Director Girard

From: Steve March, County Auditor

Re: Report to Management – ADVSD Community Services, In-home Services

This report focuses on the work of ADVSD Community Services In-home Services contract management, particularly as it relates to Oregon Project Independence (OPI). In-home services allow those eligible to remain in their homes instead of going to more expensive care modalities.

We would like to thank ADVSD staff for their help and cooperation throughout the audit, and also recognize that while this report focuses on areas for improvement, there is much left unsaid about quality work being done by dedicated employees.

Overbilling or over-serving clients strains available resources; we found instances of both. We found contract language and terms were vague and lacking enforcement in some instances, and that client satisfaction was difficult to assess.

We appreciate that ADVSD was proactive throughout the audit in addressing our findings, and as detailed in ADVSD's written response to the audit, is taking steps to address our recommendations. ADVSD's written response can be found at the end of this report.

Marc Rose, CFE, and Annamarie McNeil, CPA, performed the audit. This and other audit reports may be found at our website: <https://multco.us/auditor>

**Report to Management:
Vague and Unenforced Contract Terms
Make it Difficult for ADVSD to
Ensure Accurate Billing and Client
Satisfaction for OPI Services**
Annamarie McNeil, Senior Management Auditor
Marc Rose, Senior Management Auditor

Executive Summary

Oregon Project Independence (OPI) in-home services provided by the Community Services unit of the Multnomah County Aging, Disability and Veterans Services Division (ADVSD) help vulnerable seniors and disabled adults with crucial, everyday tasks that give comfort to independent living. ADVSD contracts with in-home care agencies to provide some of these services.

In our review of in-home agencies, we found that one agency overbilled the County and one overserved, and that ADVSD billing procedures weren't sufficient to catch errors or to correct overpayments. We found that while the agencies generally met the expectation of the contracts in terms of business practices, practical information regarding client satisfaction wasn't being collected by ADVSD. It appears that unclear contract language, the lack of enforcement of contract terms on behalf of the County, and lack of timely, accurate information flow contributed to the findings in this audit.

We recommend updating billing and payment procedures to approve invoices more accurately, and to work with agencies to develop more substantial survey data with regard to client satisfaction. ADVSD should consider conducting its own client satisfaction surveys.

Audit Objective

The Auditor's Office chose to audit the agencies providing in-home services under OPI, to ensure that the County, in contracting out these important services, was receiving the value for which it was paying, and to ensure that clients were satisfied with services.

Background

Oregon Project Independence

Oregon Project Independence (OPI) is a state program that provides meals, case management, and in-home services for adults age 60 and over, and for adults under 60 with diagnosed Alzheimer's or a related disorder. OPI services are consistent with the state's approach toward providing people with services in their homes, a more cost-effective approach than providing care in residential facilities such as nursing homes or assisted living facilities. In-home services include assistance with mobility and personal grooming, meal preparation, housekeeping, shopping, laundry, and other similar tasks.

Funding for OPI

The County recognized just over \$2 million in state funding for OPI in FY15, contributed about \$311,000 general fund dollars, and received about \$21,000 in client pay-ins (co-pays), to bring total OPI funding to \$2,363,394. Expenditures to in-home services agencies, the focus of our audit, were \$572,659.

County Role

As an Area Agency on Aging¹, the County administers OPI benefits on behalf of the state. OPI clients can receive in-home care benefits through either in-home care agencies that contract with the County, or through providers in the Oregon Home Care Worker (HCW) registry. In most cases, benefits are managed by third-party case managers at local senior centers, on behalf of the County.

Service Provision by In-Home Agencies

In-home care agencies, under contract with the County, provide services to Multnomah County OPI clients. Under separate contract, local senior centers authorize OPI services and provide case management to OPI clients.

The process for providing services begins when a case manager conducts a client assessment and authorizes in-home service hours. The case manager issues a "106" form to the in-home agency. This form lists the number of authorized monthly hours and the required client pay-in (if any).

¹ Multnomah County is a state designated Area Agency on Aging, one of 17 in Oregon tasked with providing community based services to seniors in accordance with the Older Americans Act of 1965.

Here is an overview of the administrative process for OPI service provision, in practice:

1. Senior center authorizes hours, sends 106 form to in-home agency.
2. In-home agency provides services to the client.
3. In-home agency sends an invoice to the County.
4. County pays the invoice, relying on the agency to accurately report program income received.
5. County sends detailed invoice to the case manager to verify accuracy of hours that were billed by the in-home agency and paid by the County.
6. Case manager sends a form back to the County to indicate approval/disapproval of hours.

This process requires clear contract language, adherence to contract terms, and timely, accurate information flow between the County, senior centers, and in-home agencies.

Is the billing and payment process effective and accurate?

We found that the County's processes aren't sufficient to remedy errors in billing; agencies overbilled and overserved the County; and the process for collecting pay-ins is unclear.

The County's processes aren't sufficient to remedy errors in billing

The County did not have a process to accurately verify in-home service hours billed by providers.

The County did not review backup records at providers to ensure that hours billed matched employee timekeeping records. The County did periodically send an OPI Service report to case managers which detailed the number of billed and authorized hours for each client.

Case managers responded by submitting a form to indicate approval of services, or to report unauthorized services. But with some exceptions, case managers, who work for non-profit agencies at local district centers, are not in a good position to accurately dispute or approve hours billed by providers. A review of agency backup records – employee timekeeping data, primarily – is necessary to verify the hours billed by agencies.

No attempt to recover overpayments when provided hours exceeded authorized amounts

We found some occasions when case managers disputed hours reported by agencies, such as when monthly billed hours exceeded monthly authorized hours for individuals. But we found no evidence that the County attempted to recover those overpayments.

Irreconcilable billing data

The County's largest in-home agency contractor has been submitting invoices since as far back as October 2014, based on a four-week cycle with 2 six-week billing cycles per year, rather than the calendar month cycle used by the County to authorize service hours. The invoices and the associated client hours are for all practical purposes irreconcilable to monthly authorized service hours.

Agencies overbilled and overserved

We visited the three largest in-home service providers and reviewed their records in detail to verify that service hours billed to the County matched the backup documentation. One agency appeared to be overbilling the County – inflating hours; and another agency appeared to be overserving – serving individuals with more hours than the County authorized.

Overbilling

One provider we visited overbilled the County by 15 hours over a two-month sample. This represented a 3.5% error rate in favor of the provider, which extrapolated out over the fiscal year, would cost the County about \$1,950.

Overserving

One provider overserved individuals by a total of 39.5 hours over two months. The agency reported that the overserving was due to staff errors in scheduling and because its record of authorized hours for some clients conflicted with the records of case managers.

The process for collecting client pay-ins is unclear

The County's contracts with in-home care providers specify that agencies establish a system to collect client pay-ins (co-pays). But the contract language is vague about whether agency invoices should reflect the amount billed to clients as pay-ins, or the amount collected from clients as pay-ins. In practice the County has paid agency invoices without knowledge of what the client has actually been billed, instead of relying on the amounts reported as collected by the agencies. The effect is that uncollected pay-in income is guaranteed to the agency by the County.

Are Agencies Meeting the Expectations of Contracts?

Business practices generally met the expectations of contracts, but agencies are strained in capacity to serve clients, and surveys are insufficient to evaluate client satisfaction.

Providers generally meet expectations

We reviewed business practices generally at the three largest providers, to ensure that agencies had plans and processes in place for hiring, training, and conducting background checks. We found that providers consistently had plans and processes in place for these functions.

Providers strained in capacity to serve

We heard from providers that it is increasingly difficult to hire and retain staff. One provider noted that difficulty retaining staff was a constraint on their capacity, particularly the ability to take on new clients.

Surveys, a key deliverable and performance measure, are missing, lacking raw data, or insufficient to evaluate client satisfaction.

One of the deliverables (and a key performance measure) outlined in the contracts with in-home providers is the annual client customer satisfaction survey. Considering the vulnerable situation of many OPI in-home clients – some of whom, according to staff we spoke with, may be tentative to speak up about inadequate care – evaluating client satisfaction is critical.

The County received client customer survey tabulations from three of four providers for fiscal year 2015. However, the largest of the providers, serving 50% of all agency clients for in-home care in FY15, did not turn in client satisfaction survey data.

The tabulated data provided was in aggregate form for two providers, so it is not clear from the data how many clients responded to the survey (sample size), or what percentage of clients responded (response rate).

Questions asked of clients by one provider were not sufficient to fully assess client satisfaction with quality of caregiver services, because they focused only on respect for cultural diversity and the client safety assessment, as prescribed in the contract.

Are Clients Satisfied with Services?

We found that the County needs to clarify contract language with regard to agency surveys, and should do more work on its own to evaluate client satisfaction.

Client survey data are not useful enough

Though surveys indicated that clients were generally satisfied with services, it is difficult to draw conclusions because it isn't clear what proportion of clients returned surveys. And as mentioned previously, the largest of the providers in terms of hours provided did not return a survey in FY15. Further, contract language regarding surveys is specific to respect for cultural diversity, but does not address quality of care or overall satisfaction with services.

State/PSU 2013 survey found high satisfaction, but concern with quantity

Participants in this survey, which included 116 Multnomah County OPI clients, reported that the quality of services provided – housekeeping, shopping, help with bath/shower/bed, meal preparation, among others – was high, but that more services were needed.

Conclusion

In this audit, we found that unclear contract language, the lack of enforcement of contract terms on behalf of the County, and lack of timely, accurate information flow contributed to the findings in this audit, including where agencies overserved and overbilled clients, the pay-in process was unclear, and client satisfaction surveys did not paint an adequate picture of client satisfaction.

Recommendations

The Community Services unit should:

1. Verify in-home agency hours through periodic review of the agencies' backup documents, such as employee timekeeping data.
2. Require agencies to provide billing records based on the County's calendar month invoicing process.
3. Recover funds paid to providers where incorrect billing has occurred.
4. Clarify client pay-in expectations. In particular, as part of payment to agencies for in-home services, expect agencies to collect client portion.

5. Enhance communication with agencies and case managers, so that roles and responsibilities are clear and timely flow of accurate information is ensured.
6. Enforce the contract requirement that agencies provide client satisfaction surveys, and
 - a. Sharpen contract language to be more specific about expectations for client satisfaction surveys, and
 - b. Provide a survey instrument to all agencies, and/or
 - c. Conduct client satisfaction surveys of clients as part of the contract monitoring process.

Scope and Methodology

In this audit we reviewed and conducted analysis of OPI services provided by in-home care agencies in fiscal years 2015 and 2016. However, our detailed analysis was limited to several months in fiscal year 2016.

Our objectives were to answer the following questions:

1. Are agency providers correctly billing for services?
2. Do provider business practices meet expectations of contract?
3. Are clients satisfied with services?

To accomplish these objectives we:

- Interviewed in-home agency managers and district center program managers.
- Reviewed ADVSD records, contracts, policies, etc, and spoke with ADVSD staff.
- Analyzed agency invoices and reconciled with County payments.
- Reviewed in-home agency records on-site, reconciled to invoices.

We conducted this performance audit 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

Aging, Disability & Veterans Services Division

Date: August 15, 2016

To: Steve March, Multnomah County Auditor

From: Peggy Brey, Director

Subject: Response to Report to Management – ADVSD Community Services

Thank you for this comprehensive report. Working with your team was very helpful and will further support our commitment to continuous quality improvement (CQI). Through your review and our CQI efforts, including a root cause analysis, we will address the recommendations provided and continue our focus on customer satisfaction, provider technical assistance and interventions and contract compliance. Following are actions that ADVSD is committing to in response to audit findings:

Recommendation: Verify in-home agency hours through periodic review of the agencies' backup documents, such as employee timekeeping data.

Response: Community Services will conduct an on-site monitoring of all five in-home agencies this fall in order to establish a base line understanding of their processes and systems. This will include a review of their documentation systems. The program is implementing random reviews of in-home agency invoices. The intent of this review is to ensure that the services billed for are actually provided. The reviews will begin in September. We plan to review a minimum of two invoices per agency per year, and will change that number if our findings indicate a greater need. Similar, to the auditor's method of review, we will compare agency staff time sheets to agency invoices, in order to verify services provided. If over-billing is found, the program will require the agency(s) to repay the County. A pattern of this behavior, as indicated by more than one overbilling incident in a year, may result in corrective action and other contractual sanctions, such as additional documentation, prior to payment of invoices. Failure to resolve billing issues would result in termination of the contract.

Recommendation: Require agencies to provide billing records based on the County's calendar month.

Response: Through our review of records as of May, all agencies have been billing the County based on the calendar month. All agencies have agreed to use our billing cycle and we will include billing cycle language in future contract amendments. Billings submitted outside of this cycle will not be paid, rather will be returned to the vendor for correction.

Recommendation: Recover funds paid to providers where incorrect billing has occurred.

Response: There are two types of incorrect billing: over-billing and over-serving (i.e. providing more services than authorized.) This is a significant issue as the state funder requires AAAs to be consistent in program limits.

- a) Over-billing: We have requested and received reimbursement from the agency that the audit identified as over-billing. As described above, we have implemented a plan to systematically review invoices and require re-payment of any over-billing.
- b) Over-serving:
The Community Services program has developed and is testing a new system for verifying that the charges (number of hours served for each client) on in-home agency invoices match the

authorization by the client's Case Manager. This new system involves closer communication with case managers about their clients and is working well so far. Specifically, the system implemented has the Community Services Data Analyst run a monthly report, from Oregon Access, of current OPI clients, and their authorized service hours. This report is compared against the invoice and can identify both consumers who need updates by the OPI case manager and need service plan adjustments between the case manager and the In-Home agency.

Recommendation: Clarify client pay-in expectations. In particular, as part of payment to agencies for In-Home services, expect agencies to collect client portion.

Response: Community Services will meet with In-Home agencies and the District Centers to review the recommendation and implement improvement for collecting client pay-in. Community Services will develop clear guidelines, based on applicable state rule, auditor recommendation, and collaboration with community partners on issues such as: a consistent response to clients' non-payment; roles and responsibilities of each party; and messaging to clients. In-Home agency contracts will be amended to clarify the process and expectations.

Recommendation: Enhance communication with agencies and case managers, so that roles and responsibilities are clear and timely flow of accurate information is ensured.

Response: ADVSD will use monthly contractor meetings to review roles and responsibilities, programs changes and updates. We will have a standing agenda item at our contractor meetings, to follow up on implementation. Program management will ensure that all procedures and updates are documented, training is provided to appropriate staff and contract agencies and the procedure is placed on the ADVSD provider webpage.

Recommendation: Enforce the contract requirement that agencies provide client satisfaction surveys, and

- a. Sharpen contract language to be more specific about expectations for client satisfaction surveys, and**
- b. Provide a survey instrument to all agencies, and/or**
- c. Conduct client satisfaction surveys of clients as part of the contract monitoring process.**

Response: Community Services will be assuming responsibility for conducting satisfaction surveys for in-home agency clients as a component of our monitoring and quality assurance plan. ADVSD is in the process of implementing measurement of customer satisfaction consistently across all programs. The new measurement tool will be implemented by Fall 2016. We expect that the customer satisfaction survey tool will include 3-5 questions that will be used so that we would get comparable information across programs, along with questions that are specific to the program. Once this new process is in place the in-home agency contracts will be amended to remove this requirement. In the meantime, Community Services has worked with all in-home contractors to ensure that they are up to date in conducting satisfaction surveys and that reports are submitted to ADVSD as outlined in their contracts.

Thanks again for the opportunity to work with your team to enhance our partnership and customer experiences.