



REGIONAL CENTERS FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Performance Audit, November 2013 Report Highlights



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PURPOSE

Assess the effectiveness of Department of Human Services (Department) processes and systems for ensuring the regional centers (1) operate cost effectively and (2) transition residents to private providers in a timely manner when the residents are ready.

BACKGROUND

- The Department operates three regional centers for people with developmental disabilities, which are located in Wheat Ridge, Pueblo, and Grand Junction.
- The regional centers provide 24-hour residential services, medical care, and behavioral services to about 300 adults who have complex and severe medical and behavioral needs that may not be able to be served by private providers.
- Since 2011, the Department has placed increased emphasis on transitioning clients from the regional centers to private providers to ensure clients are served in the least restrictive environment available and to be efficient stewards of State funds.

OUR RECOMMENDATIONS

The Department should:

- Improve monitoring and analysis of regional center costs to ensure public funds are used efficiently.
- Ensure the regional centers that are Intermediate Care Facilities for Individuals with Intellectual Disabilities are fully reimbursed by Medicaid for service costs.
- Work with the Department of Health Care Policy and Financing (HCPF) to ensure reimbursements to the regional centers for the Home and Community-Based Services for Persons with Developmental Disabilities (HCBS-DD) waiver align with costs.
- Improve transition readiness assessments, transition processes, and performance monitoring of the regional centers related to transitioning clients to private providers.

The Department and HCPF agreed with these recommendations.

AUDIT CONCERN

The Department lacks: (1) routine processes for analyzing the regional centers' costs so that it can implement cost saving measures and ensure the regional centers are reimbursed by Medicaid for reasonable costs, and (2) sufficient assessment tools and processes to ensure that clients who are ready and willing to transition out of the regional centers to private providers are transitioned in a timely manner.

KEY FACTS AND FINDINGS

- The Department has not analyzed the regional centers' costs to determine the reasons for cost variances or implement cost saving measures. In Fiscal Year 2012, the average daily cost to serve clients varied significantly among the three regional centers, from a high of \$846 to a low of \$471, mostly due to differences in costs for direct care staff and facilities. The cost to serve clients in the regional centers was also higher than the cost of serving similar clients through private providers, which averaged \$380 per client per day.
- Medicaid reimbursement rates for the regional centers are not based on accurate, actual cost information and do not align with costs. This has caused significant revenue short-falls for one regional center and surpluses for another. In Fiscal Year 2012, the total Medicaid reimbursements paid to the two HCBS-DD regional centers exceeded their costs by about \$1.3 million, or 6 percent, which are questioned costs.
- HCPF erroneously made Medicaid payments to private providers for services on behalf of seven clients who resided in a regional center, resulting in questioned costs totaling \$2,955.
- The regional centers did not maintain clear or consistent documentation of the rationale for classifying clients as "ready" or "not ready" to transition to a private provider, and the Department's tool for assessing clients' readiness to transition needs to be more comprehensive. As of July 2013, the regional centers had identified about 110 of the about 300 regional center clients as "ready" to transition to a private provider.
- The regional centers have not met Department time line goals for transitioning clients to private providers. For example, for 57 clients who had been determined "ready" and wanted to transition to a private provider, we identified delays in the transition process, ranging from 32 to 441 days.
- The Division for Regional Center Operations has not adequately tracked or monitored the transition process to ensure it is timely. We identified errors for about 224 (65 percent) of the 346 client records in the Division's data.