

M00B0103
Office of Health Care Quality
Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$9,304	\$9,690	\$10,410	\$720	7.4%
Adjusted General Fund	\$9,304	\$9,690	\$10,410	\$720	7.4%
Special Fund	336	615	146	-470	-76.3%
Adjusted Special Fund	\$336	\$615	\$146	-\$470	-76.3%
Federal Fund	5,878	6,624	6,865	240	3.6%
Adjusted Federal Fund	\$5,878	\$6,624	\$6,865	\$240	3.6%
Adjusted Grand Total	\$15,517	\$16,930	\$17,420	\$491	2.9%

- The Governor's fiscal 2013 allowance increases by \$0.5 million, or 2.9%, over the fiscal 2012 working appropriation, mainly due to increased personnel expenses.
- General fund support increases by \$0.7 million, or 7.4%; special fund support decreases by \$0.5 million, or 76.3%; and federal fund support increases by \$0.2 million, or 3.6%.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 11 Actual</u>	<u>FY 12 Working</u>	<u>FY 13 Allowance</u>	<u>FY 12-13 Change</u>
Regular Positions	180.70	180.70	185.70	5.00
Contractual FTEs	<u>4.17</u>	<u>13.04</u>	<u>11.80</u>	<u>-1.24</u>
Total Personnel	184.87	193.74	197.50	3.76

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	7.25	4.01%
Positions and Percentage Vacant as of 12/31/11	8.50	4.70%

- The fiscal 2013 budget includes an increase of 5 regular positions in the Ambulatory Care unit (1 position), the Nursing Home unit (1 position), the Developmental Disabilities unit (2 positions), and the Assisted Living unit (1 position).
- Full-time equivalent (FTE) contractual positions decrease within the Administration unit (1.24 FTEs).

Analysis in Brief

Major Trends

Staffing Deficits and Increased Workload Limit the Agency’s Efficacy: The Office of Health Care Quality (OHCQ) has faced chronic staffing shortages over the past few years due to the combination of an increased workload, a structural deficiency in positions allotted for survey and inspection activities, and chronic vacancies among surveyor positions. However, the agency was able to meet 50% of its Managing for Results performance measures in fiscal 2011. It also met some requirements set forth in State and federal laws and regulations.

Issues

Staffing Concerns Persist: OHCQ still faces a staffing shortfall required to perform all of the surveys that OHCQ is in charge of, namely nursing homes, assisted living facilities, and facilities for individuals with developmental disabilities. This issue examines the specific areas that are currently understaffed, identifies the potential risks of understaffing, and highlights positive results from new management styles implemented due to recent audit findings.

Recommended Actions

1. Concur with Governor’s allowance.

M00B0103
Office of Health Care Quality
Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

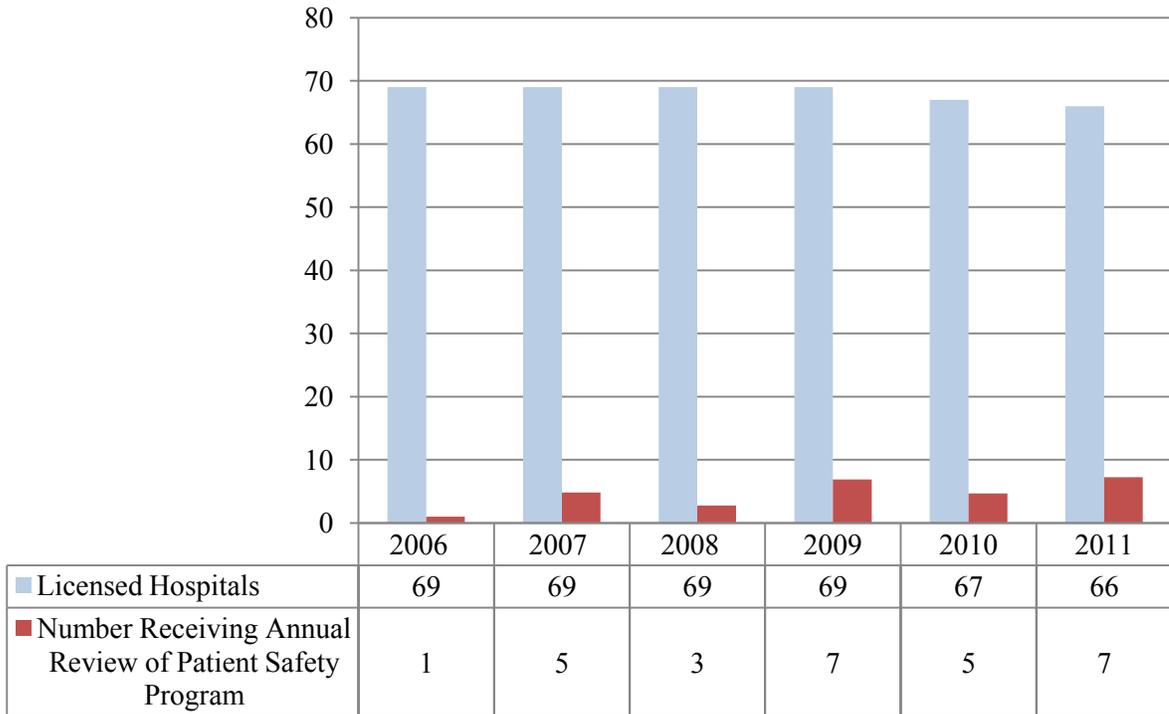
The Office of Health Care Quality (OHCQ) is the agency within the Department of Health and Mental Hygiene (DHMH) mandated by State and federal law to determine compliance with the quality of care and life standards for a variety of health care services and programs. Facilities and services are reviewed on a regular basis for compliance with the *Code of Maryland Regulations* (COMAR) as well as for compliance with federal regulations in those facilities participating in Medicare and Medicaid. The types of facilities licensed and regulated by OHCQ include nursing homes, hospitals, ambulatory surgical centers, endoscopic centers, birthing centers, home health agencies, health maintenance organizations (HMO), hospice care, physical therapy centers, developmental disability homes and facilities, mental health facilities, substance abuse treatment facilities, and forensic laboratories.

Performance Analysis: Managing for Results

OHCQ protects the safety of consumers through a survey and enforcement process of a variety of health-related entities. It also protects the public and ensures the health of Marylanders through the timely resolution of consumer complaints.

In fiscal 2004, OHCQ assumed responsibility for the implementation of the Maryland Patient Safety Program, which requires hospitals to establish an internal patient safety program that tracks adverse events and near misses. OHCQ has a Managing for Results (MFR) goal to conduct annual reviews of hospital patient safety programs in 11% of all licensed hospitals by the end of fiscal 2013. As shown in **Exhibit 1**, OHCQ was successful in reaching its goal as the agency reviewed 11% of licensed hospitals in fiscal 2011. While the agency has made some progress since the inception of the program in fiscal 2005, retention of staff in this unit and increased hospital complaint workload has made it difficult for OHCQ to reach its goal in prior years. The Patient Safety Program is part of the Hospital and HMO Quality Assurance units at OHCQ and is budgeted for 2 nurse surveyors to conduct onsite surveys of patient safety review programs, 1 of which has been filled since the inception of the program. In fiscal 2009, the other nurse surveyor position was filled, contributing to the increase in that year. However, the long standing nurse assigned to patient safety resigned from OHCQ mid-year in fiscal 2010. Although the nurse was reinstated, another position became vacant in December 2010. This turnover resulted in the decreased oversight of Patient Safety Programs, in fiscal 2010, as seen in Exhibit 1. This position has since been filled, contributing to the agency's ability to meet its MFR goal in fiscal 2011.

**Exhibit 1
Licensed Hospitals and Annual Review of Patient Safety Program
Fiscal 2006-2011**



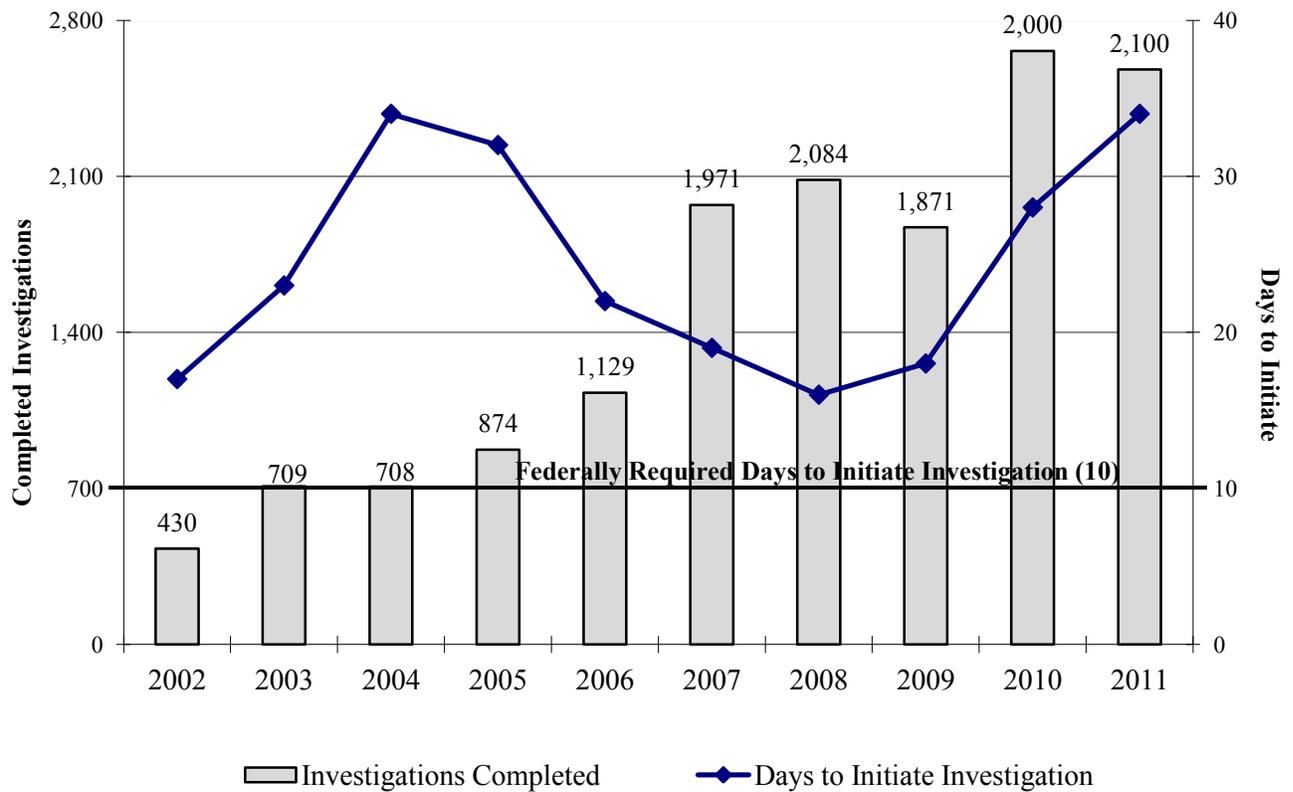
Source: Department of Health and Mental Hygiene

Hospitals are required to report Level 1 adverse events to OHCQ, including events that result in death or serious disability, retained foreign bodies after a surgery, or wrong-side/wrong-person surgery. Hospitals submit a root cause analysis (RCA) for each adverse event, which are reviewed by OHCQ and logged into a database. OHCQ targets hospitals that fail to report Level 1 adverse events by conducting an onsite review of the hospital’s patient safety program. Due to limited staff resources and increasing complaints in the hospital unit, timely RCA reviews can be made, but patient safety program reviews are difficult to complete.

Nursing Homes

OHCQ’s Long Term Care unit (LTCU) evaluates, monitors, licenses, and certifies all nursing homes in the State. One of the performance goals of OHCQ is to minimize delays in handling complaint investigations in nursing homes. The investigation of complaints and incidents alleging actual harm from consumers or advocates and facility-reported incidents is required by both federal and State regulations. The MFR goal is to initiate complaint investigations alleging actual harm within 10 days of receipt of the complaint, which coincides with requirements set forth in federal regulations for Medicare and Medicaid. The number of complaint investigations completed annually and the average number of days it took OHCQ to initiate the investigation, are shown in **Exhibit 2**.

Exhibit 2
Nursing Home Complaint Investigations
Fiscal 2002-2011



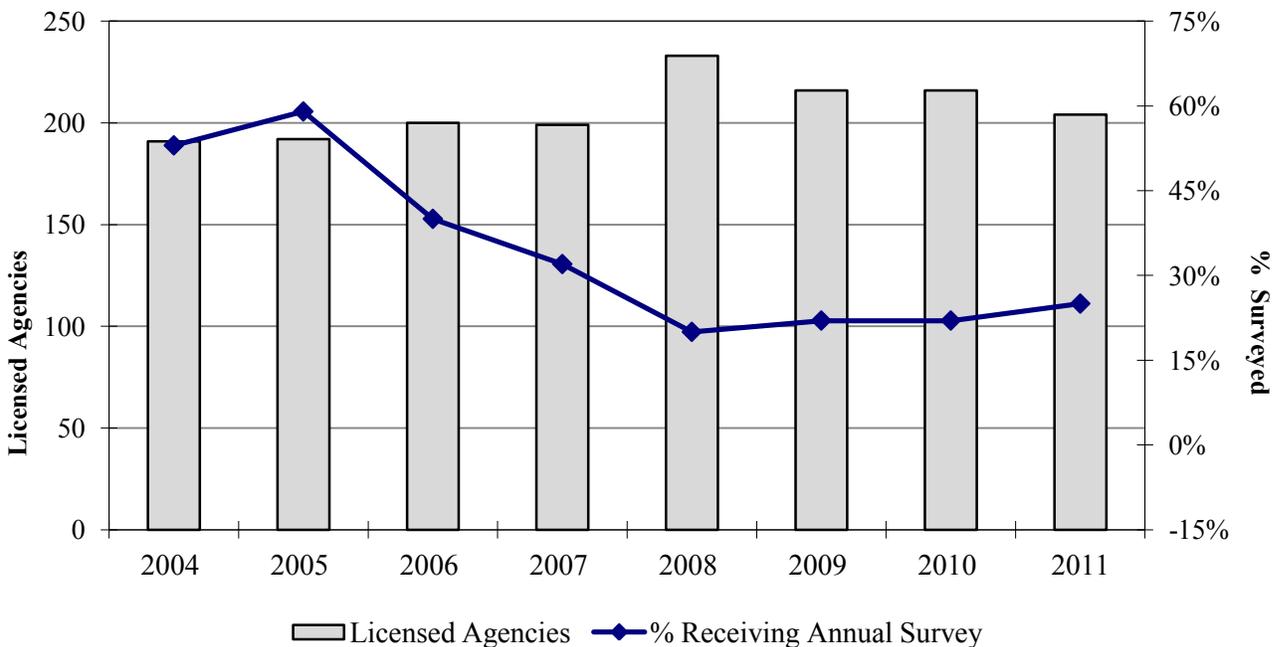
Source: Department of Health and Mental Hygiene

As Exhibit 2 demonstrates, OHCQ was making progress to reach its goal of initiating onsite investigations within 10 days from fiscal 2004 through 2008. However, since that time, the average number of days to initiate an investigation has increased from 16 days in fiscal 2008 to 34 days in fiscal 2011, a 113% increase. Limited staff resources prevented the agency from reaching its goal and has put the State out of compliance with federal regulations. As of December 31, 2011, there were 6.4 vacancies in the LTCU. Of those vacancies, 5.4 are nurse surveyor positions.

Developmental Disabilities Facilities

OHCQ’s Developmental Disabilities Licensure unit evaluates, monitors, and recommends licensure for all community residential, day habilitation, vocational, and support services provided for individuals receiving funding through the Developmental Disabilities Administration (DDA). In fiscal 2011, there were over 200 agencies operating more than 3,000 sites throughout the State. The unit’s goal is to provide timely and comprehensive relicensure surveys for agencies providing services to developmentally disabled individuals, as required by COMAR. **Exhibit 3** shows the total number of licensed agencies and the percent receiving an annual survey. All new agencies are required to have an initial survey prior to operation.

Exhibit 3
Survey of Developmental Disabilities Agencies
Fiscal 2004-2011



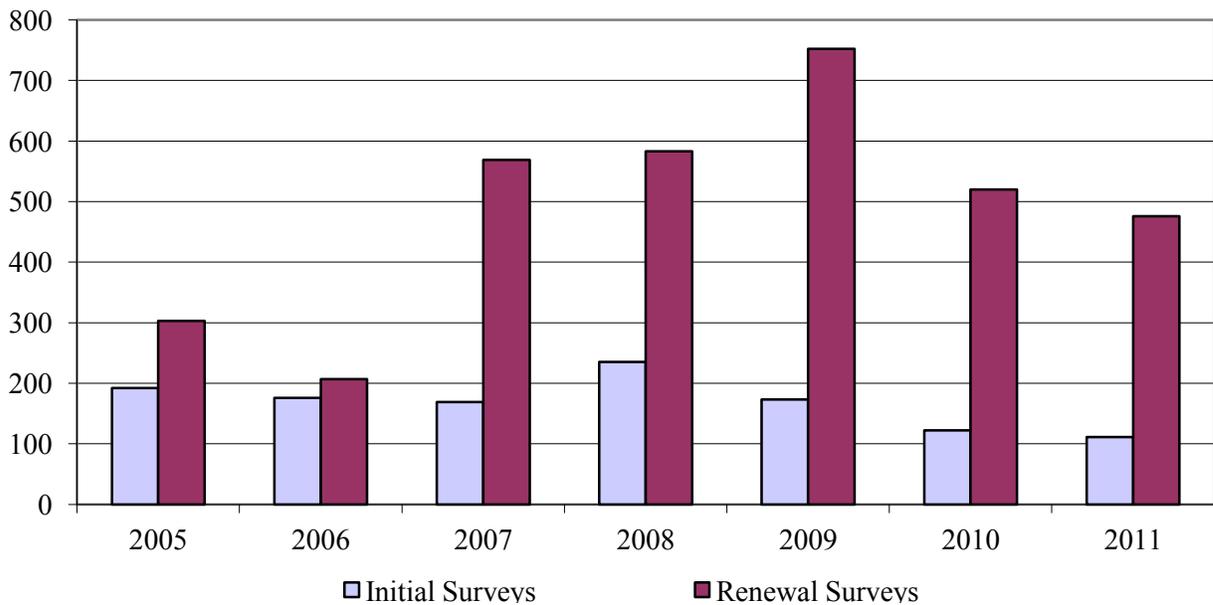
Source: Department of Health and Mental Hygiene

The agency’s Developmental Disabilities Licensure unit has struggled to meet its MFR goal and has reduced the percentage goal from 27 to 25% of required annual relicensure surveys. There was a sharp decline in the percent receiving annual surveys between fiscal 2005 and 2008, as Exhibit 3 shows. In fiscal 2005, OHCQ conducted as many as 59% of relicensure surveys, whereas in fiscal 2008, only 20% were conducted. The growing number of individuals receiving DDA-funded support and the corresponding increase in the total number of agencies serving these individuals has placed a greater burden on OHCQ. Also, DHMH has been closing State Residential Centers and placing the vast majority of those individuals in community placements, which also contributes to the increase in agencies assisting individuals. In fiscal 2009 and 2010, the percentage of annual relicensure surveys increased to 22% as a result of efficiency measures and increased staff for the unit, and in fiscal 2011 the unit was able to perform 25% of relicensure surveys.

Assisted Living Facilities

OHCQ’s Assisted Living unit surveys all assisted living providers in the State. The goal is to provide timely and comprehensive initial and renewal surveys of assisted living sites for the protection of individuals receiving services from assisted living providers. In fiscal 2011 there were 1,369 licensed sites. **Exhibit 4** shows the number of licensed sites in the State receiving initial and renewal surveys.

Exhibit 4
Licensed Assisted Living Sites Surveyed
Fiscal 2005-2011



Source: Department of Health and Mental Hygiene

Between fiscal 2006 and 2007, there was a significant jump in the number of sites receiving renewal surveys, from 207 to 569. In fiscal 2007, the licensure and complaint division increased its survey staff by hiring additional surveyors for residential and community programs, which has contributed to the increase in sites that are able to be surveyed each year. OHCQ also employed a new management model to improve staff and survey efficiency. This model included appointing a program manager to coordinate the surveys; partnering with local entities to coordinate resources; and offering provider education activities. Exhibit 4 shows that the model was successful between fiscal 2007 and 2009, as the number of sites receiving renewal surveys jumped from 569 to 752. However, there was a decrease in sites receiving renewal surveys in fiscal 2010 (520) and 2011 (476), due to staff vacancies. As of December 31, 2011, there was 1 vacancy in the Assisted Living unit, and the agency estimates that it will be able to increase the number of initial and renewal surveys it completes in fiscal 2012.

Proposed Budget

As shown in **Exhibit 5**, the Governor's proposed allowance for fiscal 2013 increases by \$0.5 million, or 2.9%, over the fiscal 2012 working appropriation. As the chart demonstrates, general fund support increases by \$0.7 million, or 7.4%; special fund support decreases by \$0.5 million, or 76.3%; and federal fund support increases by \$0.2 million, or 3.6%. The majority of the increase to the budget results from higher personnel expenses in fiscal 2013.

Exhibit 5
Proposed Budget
DHMH – Office of Health Care Quality
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
2012 Working Appropriation	\$9,690	\$615	\$6,624	\$16,930
2013 Allowance	<u>10,410</u>	<u>146</u>	<u>6,865</u>	<u>17,420</u>
Amount Change	\$720	-\$470	\$240	\$491
Percent Change	7.4%	-76.3%	3.6%	2.9%
 Contingent Reductions	 \$0	 \$0	 \$0	 \$0
Adjusted Change	\$720	-\$470	\$240	\$491
Adjusted Percent Change	7.4%	-76.3%	3.6%	2.9%

Where It Goes:

Personnel Expenses

5 new positions.....	\$254
Retirement contributions.....	190
Employee and retiree health insurance	142
Additional salary adjustment for new positions.....	57
Turnover adjustments.....	30
Other fringe benefit adjustments.....	4
Social Security contributions	-7
Regular salaries.....	-70
Removal of fiscal 2012 one-time \$750 bonus.....	-137

Other Changes

Civil Money Penalty fund grants	60
DoIT IT Services Allocation.....	14
Removal of one-time motor vehicle purchase.....	-46

Total **\$491**

DoIT: Department of Information Technology
IT: information technology

Note: Numbers may not sum to total due to rounding.

Personnel Expenses

Personnel expenses for OHCQ increase by \$0.5 million over the fiscal 2012 working appropriation. New positions increase the budget by \$0.3 million. The Ambulatory Care unit, the Nursing Home unit, and the Assisted Living unit each receive an additional 1 nurse surveyor. The Developmental Disabilities unit (DDU) receives 2 positions including a nurse surveyor and a coordinator of special programs, which will also survey developmental disability providers. An additional salary increase of \$57,000 was also included for new positions so that new hires can be compensated above the base salary level.

Other increases to personnel expenses include employee retirement contributions (\$190,000), employee and retiree health insurance (\$142,000), decreased turnover adjustments (\$30,000), and other fringe benefit adjustments (\$4,000). These increases are offset by decreases to Social Security contributions (\$7,000). Regular earnings decreased due to the annualized savings from previously abolished positions (\$70,000). Finally, personnel expenses also decrease due to the removal of funds associated with the fiscal 2012 one-time \$750 bonus (\$137,000).

Other Changes

Increases for the rest of the operating budget are minimal in fiscal 2013. First, the fiscal 2013 allowance includes \$60,000 for grants to improve care at Nursing Homes in Maryland using Civil Money Penalty (CMP) funds. The fiscal 2012 working appropriation does not include funds for CMP grants; instead, funds accrued by CMP were used for staffing costs within the LTCU. However, the fiscal 2011 budget included \$115,000 for CMP grants. There is also \$14,000 Department of Information Technology services allocation fee (primarily to cover the costs of Cloud technology and the implementation of Google mail). These increases are offset by the removal of funds for a one-time motor vehicle purchase in fiscal 2012 (\$46,000).

Revenue Assumptions

The Governor's fiscal 2013 budget plan assumes an additional \$2,173,800 in general fund revenues from OHCQ due to an increase in licensure fees for numerous entities under the agency's purview. As shown in **Exhibit 6**, fees would increase for ambulatory surgical centers, abortion surgical centers, residential service agencies, assisted living providers, and developmental disability providers. Fees for letters of exception for laboratories would also increase. Current fee levels are specified in the COMAR. It is important to note that the revenue assumptions specified in Exhibit 6 yield slightly more revenues in fiscal 2013 than recognized in the Governor's budget plan.

Exhibit 6
Proposed Fee Increases
Fiscal 2013

	<u>Current</u> <u>Fee</u>	<u>Proposed</u> <u>Fee</u>	<u>Number of</u> <u>Licensees</u>	<u>Estimated Revenue</u> <u>Increase</u>
Ambulatory Care Surgical Centers	\$700	\$4,000	116	\$382,800
Abortion Surgical Centers	0	1,500	5	7,500
Residential Service Agencies	500	1,000	727	363,500
Assisted Living Providers	150	1,000	447	379,950
Developmental Disabilities Providers	0	250	3,033	758,250
Letters of Exception for Laboratories	100	300	1,417	283,400
Total				\$2,175,400

Source: Department of Health and Mental Hygiene; Department of Budget and Management; *Code of Maryland Regulations*

In fiscal 2011, there were 204 developmental disability providers that operated 3,033 sites. Exhibit 6 assumes that developmental disability providers will be required to obtain a license from OHCQ for each site the provider operates; however, current regulations require providers to obtain only one license, no matter how many sites they operate.

Issues

1. Staffing Concerns Persist

OHCQ continues to operate with surveyor shortfalls that prevent the agency from performing State and federally required inspections and surveys. Budgetary constraints, the loss of positions, low employee retention rates, and an increase in responsibilities for the office create a structurally deficient workforce. Health General 19-308 (b)(4) requires DHMH to submit a report on the inspection of health care facilities in the State. The results of that report are included in this discussion.

The overall workload of the agency has increased in recent years due to new responsibilities, such as licensing and inspecting forensic labs beginning in fiscal 2012, an influx of new providers in community-based programs, and new federal requirements such as Life Safety Code surveys. At the same time, the number of staff members assigned to complete the work has decreased, as shown in **Exhibit 7**. The table shows the net change in staff for each unit between fiscal 2009 and 2013, which results in a 9.7 full-time equivalent position loss during that time.

Exhibit 7
Position Change Report by Licensure Unit
Fiscal 2009-2013

<u>Unit</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Working</u> <u>2012</u>	<u>Allowance</u> <u>2013</u>	<u>Change</u>
Long-term Care	-3.0	–	-3.0	-0.6	–	-6.6
Assisted Living	–	-2.0	–	2.0	1.0	1.0
Developmental Disabilities	5.0	-3.0	-2.0	–	2.0	2.0
Hospitals and Patient Safety	–	-1.0	–	-1.0	–	-2.0
Laboratory, Licensing, and Certification	–	–	–	–	–	0.0
Forensic Labs*	n/a	n/a	1.5	–	–	1.5
Ambulatory Care Programs	–	–	–	6.2	–	6.2
Ambulatory Surgical Centers						
Infection Prevention*	n/a	n/a	–	-6.0	1.0	-5.0
Mental Health	–	1.0	–	–	–	1.0
Substance Abuse	–	1.0	–	-1.0	–	0.0
Adult Medical Day Care	-1.0	-1.0	–	-1.0	–	-3.0
Other/Administration	-1.2	-3.0	-2.0	1.4	–	-4.8
Net Gain/Loss	-0.2	-8.0	-5.5	0.0	4.0	-9.7

*New program in fiscal 2011.

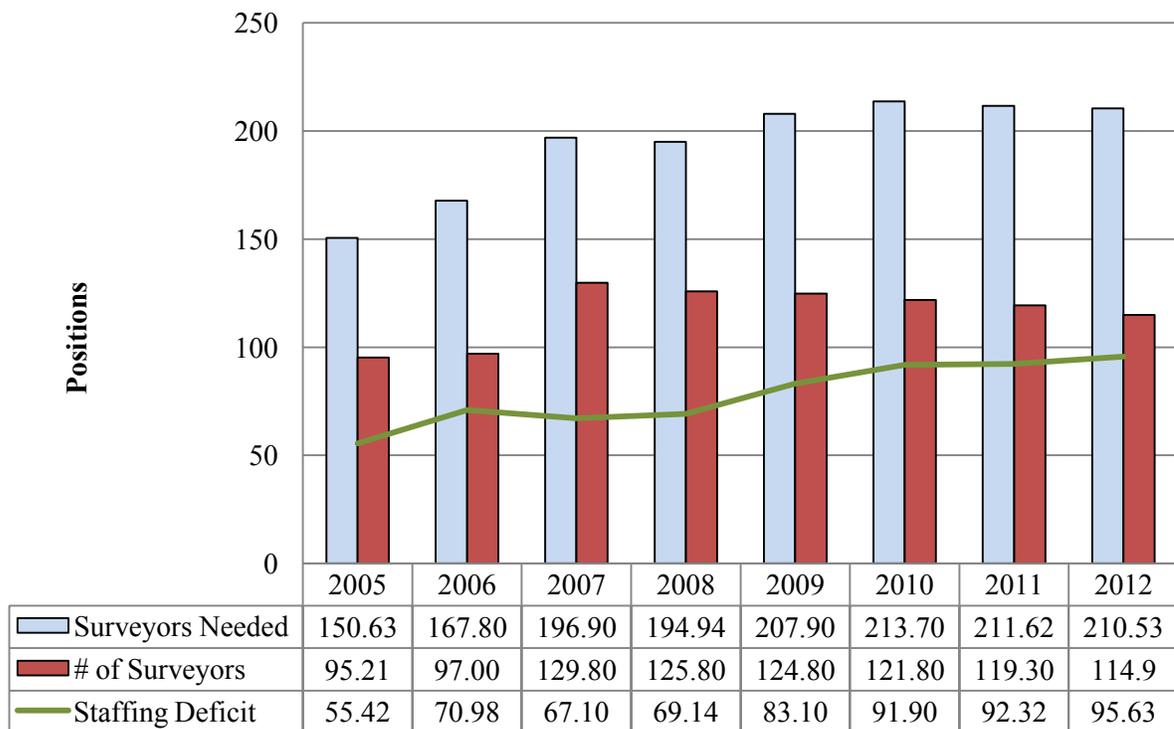
Source: Department of Health and Mental Hygiene

Between fiscal 2009 and 2012, two new units were created – the Ambulatory Surgical Centers Infection Prevention unit and the Forensic Laboratories unit. It is important to note that there is no further funding for the Ambulatory Surgical Centers Infection Prevention unit in fiscal 2013 due to the elimination of American Recovery and Reinvestment Act of 2009 (ARRA) funding. Therefore, these positions were reassigned to the Ambulatory Care Programs unit (ACPU).

Staffing Deficiency

OHCQ publishes the *Annual Report and Staffing Analysis* each year to report on the activities of each licensure unit. The annual report includes a labor-hour analysis that compares the number of surveyors assigned to each unit with the number of surveyors needed to perform all of the inspections and surveys required. The 2011 report found that the agency was deficient 95.63 surveyors in fiscal 2012. **Exhibit 8** shows the results of the annual staffing analysis since fiscal 2005.

Exhibit 8
Surveyor Need versus Availability
Fiscal 2005-2012

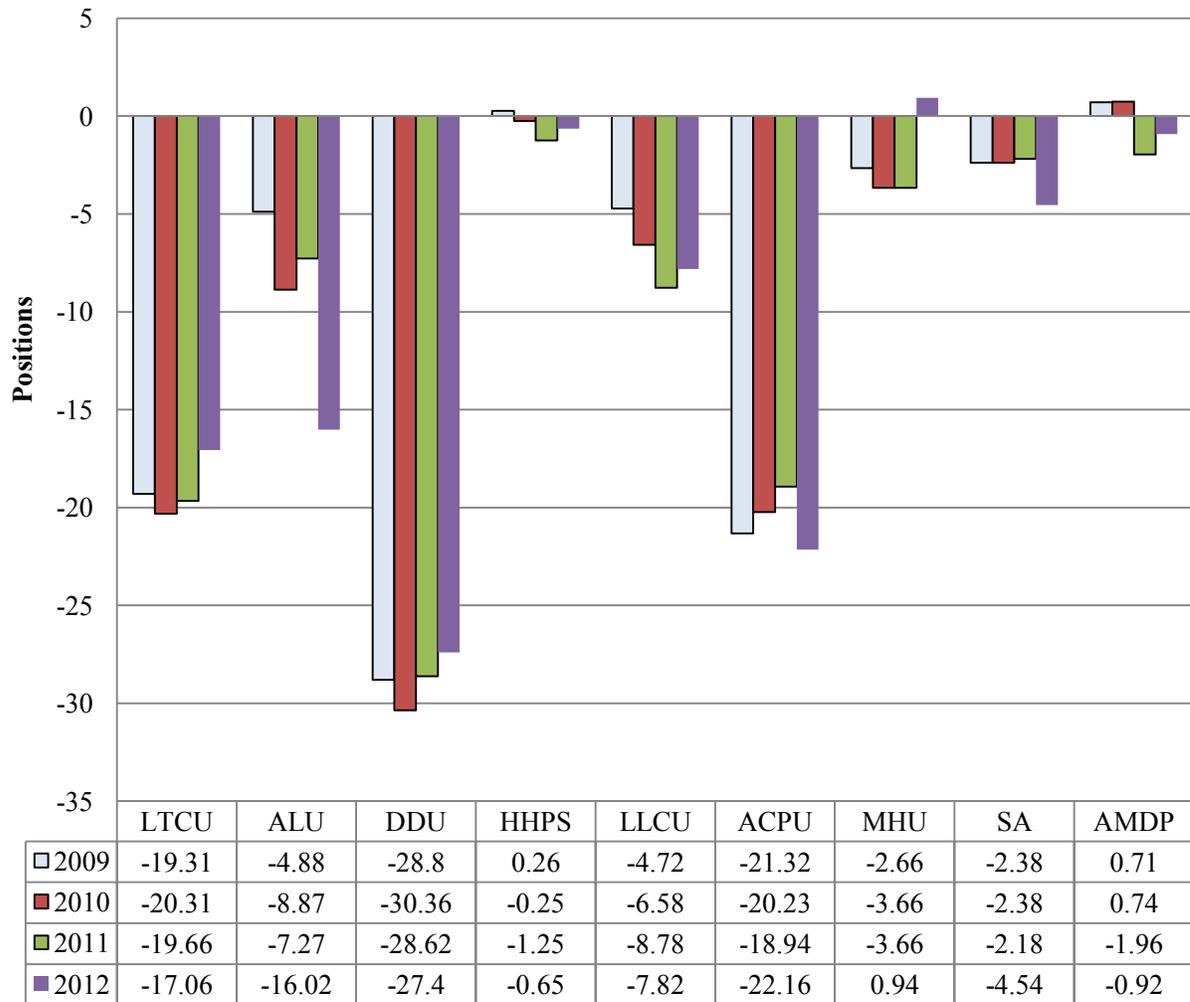


Source: Department of Health and Mental Hygiene

The staffing analysis methodology provided in the *Annual Report and Staffing Analysis* was developed by a federal expert with extensive experience in personnel management and human resources. The staffing deficit is calculated by first determining how many surveys, complaint investigations, and follow-up surveys are needed for each program area multiplied by the number of times per year the survey is required. That number is multiplied by the amount of time it takes to complete each survey to get the total hours required for survey activity. Finally, the number of surveyors needed to complete the total hours of survey activity is computed and then compared to the number of authorized positions in each program area to determine whether or not there is a staffing deficit.

All major survey units and the respective staff deficiency at each are shown in **Exhibit 9**. The chart does not break out specific needs for the Forensic Laboratory unit, as those are combined with the Laboratory, Licensing, and Certification unit (LLCU). Also, staffing requirements for the Ambulatory Surgical Centers Infection Prevention unit are not included on the chart. Current staff deficiencies are most pronounced in DDU, LTCU, and ACPU. The functions of LTCU and DDU are described in the MFR portion of this document. ACPU is responsible for licensure and compliance of all non-long-term care facilities, which include home health agencies, residential service agencies, hospice, freestanding renal dialysis facilities, freestanding ambulatory surgical centers, comprehensive outpatient rehabilitation facilities, major medical equipment, and birthing centers. The programs regulated by this unit have grown substantially over the past 15 years due to a change in the health care delivery system and the shift to home- and community-based services. With the increasing number of elderly, disabled, and medically needy individuals living and receiving care in the community, OHCQ estimates an even greater need for maintaining, licensing, and regulating home- and community-based sites.

**Exhibit 9
Surveyor Position Deficits
Fiscal 2009-2012**



ACPU: Ambulatory Care Programs Unit
 ALU: Assisted Living Unit
 AMDP: Adult Medical Day Programs
 DDU: Developmental Disabilities Unit

HHPS: Hospitals, Health Maintenance Organizations, and Patient Safety
 LLCU: Laboratory, Licensing, and Certification Unit
 LTCU: Long Term Care Unit
 MHU: Mental Health Unit
 SA: Substance Abuse Unit

Source: Department of Health and Mental Hygiene

Unmet Requirements

Staffing shortages, vacancies, employee furlough days, and increased workload result in unmet requirements by the licensure units and in some cases put the agency and the health care facilities that are monitored out of compliance with State and federal laws. The following survey activities were not met in fiscal 2011 according to OHCQ's annual report:

- **Long Term Care Unit** – The agency is required to maintain an overall 12-month average for nursing home surveys. In fiscal 2011, the overall average for conducting nursing home surveys was 13 months. The agency is required to initiate an on-site investigation of any complaint of actual harm within 10 days, according to federal Centers for Medicare and Medicaid Services (CMS) regulations. In fiscal 2010, onsite investigations of complaints of actual harm took an average of 33 days to initiate.
- **Assisted Living Program Unit** – The agency is required to complete 100% of the licensure surveys of assisted living programs for facilities with 17 or more beds and for programs that participate in the Medicaid Home and Community Based Services Waiver for Older Adults. In fiscal 2011, the agency completed only 61% of licensure surveys for facilities with 17 or more beds and only 77% of licensure surveys for programs that participate in the Medicaid waiver program.
- **Hospitals, HMOs, and Patient Safety Unit** – The agency is required to conduct a preliminary evaluation of 95% of hospital event reports and RCA within 30 days; in fiscal 2011, the agency was able to complete 86% within 30 days. It is also required to conduct annual reviews of patient safety programs in 15% of all licensed hospitals but was only able to conduct reviews in 11% of licensed hospitals. Finally, the unit has a goal to complete bi-annual inspections of 11 hospitals located within correctional facilities. OHCQ reports that those facilities are monitored by the Department of Public Safety and Correctional Services.
- **Mental Health Unit** – The agency is required to survey 35% of programs that are currently approved under a six-month temporary approval but was only able to survey 28% of those programs in fiscal 2011. Also, the agency has a goal to prioritize service providers who have been identified as being noncompliant with COMAR and complete a full survey of the program within six months. Currently, only 60% of providers identified by OHCQ or the Mental Hygiene Administration (MHA) are surveyed within six months.
- **Substance Abuse Certification Unit** – The agency is required to survey 249 of licensed programs but was only able to survey 130 of licensed programs in fiscal 2011.
- **Developmental Disabilities Unit** – The agency is required to conduct licensure surveys of 100% of licensed providers; although the unit's goal is to conduct surveys for 25% of licensed providers. In fiscal 2011, 27% of licensed providers received a licensure survey. While the agency failed to inspect 100% of providers as required, it was able to meet its internal goal.

Performance Goals Met

The agency does its best to complete as many survey and inspection activities as possible given the limitations described in this Issue. By improving efficiency, streamlining inspections and complaint investigations, and avoiding duplicative work, the agency successfully met the following goals and priorities of each unit in fiscal 2011:

- **Long Term Care Unit** – The unit successfully investigated complaints of serious and immediate jeopardy within two working days, investigated 90% of complaints alleging potential harm within 120 days of receipt of the complaint, and maintained an overall 60-day average between health surveys and life safety code surveys.
- **Adult Medical Day Care Unit** – The agency successfully completed all licensure surveys within 30 months of the previous survey.
- **Assisted Living Program Unit** – The agency successfully investigated any complaints of serious or immediate jeopardy within two working days and investigated any complaints of actual harm within 30 days.
- **Hospitals, HMOs, and Patient Safety Unit** – The agency successfully completed reviews of all RCA reports within 90 days, completed 100% of alleged Emergency Medical Treatment and Labor Act complaints within 5 working days, completed all hospital validation surveys required by the federal government, and investigated 90% of all complaint investigations requested by CMS within 45 calendar days.
- **Laboratory, Licensing, and Certification Unit** – The unit successfully investigated all complaints that could result in actual harm within 45 working days; processed requests for licensure, permits, and certificates within two months of application; and maintained federally required survey activities.
- **Ambulatory Care Program Unit** – The unit successfully maintained a 36-month average for home health agency surveys, investigated complaints of serious and immediate jeopardy within two working days and any complaint that results in actual harm within 30 days, processed licensure applications for Residential Service Agencies within 6 months, and processed applications for other ambulatory care programs within eight weeks.
- **Mental Health Unit** – The unit successfully completed 100% of surveys mandated through Settlement Agreements.

Repeat Audit Findings Related to Facility Inspections

The Office of Legislative Audits (OLA) audited OHCQ for the period beginning February 1, 2008, and ending August 2, 2010. The audit revealed that OHCQ had not inspected certain health care facilities as required. More specifically, for fiscal 2010, OHCQ had not performed inspections for 725 of the 1,367 licensed assisted living facilities, nor inspected 154 of the 201 facilities for the developmentally disabled. In addition, OHCQ had not inspected any of the 15 related resource coordination agencies (which are primarily county health departments) responsible for developing appropriate individualized plans for developmentally disabled individuals. DHMH inspections would include reviews of the adequacy of these plans. Similar situations were commented on in OHCQ's two preceding audit reports.

Ultimately, OLA recommended that OHCQ complete inspections as required by law. The agency concurred with OLA's finding and recommendation. In its response to the audit, OHCQ noted that the increasing workload of the agency and the reductions in staff have affected the agency's ability to complete surveys. In an effort to address oversight concerns, DDU has implemented the following initiatives:

- utilizing self-surveys to document mandated policy and procedure compliances and personnel training requirements, which resulted in an average savings of two days survey time per agency surveyed;
- allocating staff resources to develop a small division with the primary focus on children's issues, which includes initial and re-licensure surveys, complaint and incident investigations, and partnerships with other State and county agencies involved in supporting the needs of children, which should increase OHCQ's ability to complete visits to 24 agencies; and
- referring non-health and non-safety complaints to the four DDA regional offices.

The agency should comment on the implementation of the aforementioned initiatives, including how these initiatives have impacted the agency's ability to complete surveys. Furthermore, the agency should inform the committees how the additional 5 new positions included in fiscal 2013 will affect the agency's workload.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets DHMH - Office of Health Care Quality (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2011					
Legislative Appropriation	\$9,768	\$362	\$6,589	\$0	\$16,719
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-464	0	0	0	-464
Reversions and Cancellations	0	-26	-711	0	-737
Actual Expenditures	\$9,304	\$336	\$5,878	\$0	\$15,517
Fiscal 2012					
Legislative Appropriation	\$9,600	\$615	\$6,579	\$0	\$16,793
Budget Amendments	90	0	46	0	137
Working Appropriation	\$9,690	\$615	\$6,624	\$0	\$16,930

Note: Numbers may not sum to total due to rounding.

Fiscal 2011

The budget for OHCQ closed at \$15.5 million, a decrease of \$1.2 million below the original legislative appropriation.

Budget amendments account for a decrease of \$0.5 million (general funds) in fiscal 2011 to realign funds within DHMH from programs with surpluses to those with deficits.

At the end of the year, approximately \$26,000 of the special fund appropriation was cancelled due to lower than anticipated operating costs. These funds were available under the CMP fees. Approximately \$0.7 million of the federal fund appropriation was also cancelled due to lower operating costs which resulted in lower federal fund claims. These funds were available through the ARRA.

Fiscal 2012

The fiscal 2012 working appropriation is \$16.9 million, an increase of \$0.1 million over the original legislative appropriation. The fiscal 2012 budget for the Department of Budget and Management (DBM) included centrally budgeted funds for the \$750 one-time bonus for State employees. This resulted in the transfer of funds from DBM to OHCQ (\$45,939 in federal funds, \$90,349 in general funds, and \$258 in special funds).

Audit Findings

Audit Period for Last Audit:	February 2, 2008 – August 2, 2010
Issue Date:	November 2011
Number of Findings:	1
Number of Repeat Findings:	1
% of Repeat Findings:	100%
Rating: (if applicable)	n/a

Finding 1: **OHCQ had not conducted annual inspections of certain health care facilities as required.**

*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report
DHMM – Office of Health Care Quality**

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	180.70	180.70	185.70	5.00	2.8%
02 Contractual	4.17	13.04	11.80	-1.24	-9.5%
Total Positions	184.87	193.74	197.50	3.76	1.9%
Objects					
01 Salaries and Wages	\$ 13,394,820	\$ 14,609,979	\$ 15,073,211	\$ 463,232	3.2%
02 Technical and Spec. Fees	143,073	402,713	419,114	16,401	4.1%
03 Communication	61,582	80,426	73,793	-6,633	-8.2%
04 Travel	274,659	334,437	347,173	12,736	3.8%
07 Motor Vehicles	108,803	198,923	153,298	-45,625	-22.9%
08 Contractual Services	940,972	854,423	834,822	-19,601	-2.3%
09 Supplies and Materials	58,250	67,386	63,354	-4,032	-6.0%
10 Equipment – Replacement	2,835	9,554	12,300	2,746	28.7%
11 Equipment – Additional	50,752	4,375	12,245	7,870	179.9%
12 Grants, Subsidies, and Contributions	115,000	0	60,000	60,000	N/A
13 Fixed Charges	366,501	367,549	371,180	3,631	1.0%
Total Objects	\$ 15,517,247	\$ 16,929,765	\$ 17,420,490	\$ 490,725	2.9%
Funds					
01 General Fund	\$ 9,303,725	\$ 9,689,859	\$ 10,410,094	\$ 720,235	7.4%
03 Special Fund	335,705	615,409	145,752	-469,657	-76.3%
05 Federal Fund	5,877,817	6,624,497	6,864,644	240,147	3.6%
09 Reimbursable Fund	0	0	0	0	0.0%
Total Funds	\$ 15,517,247	\$ 16,929,765	\$ 17,420,490	\$ 490,725	2.9%

Note: The fiscal 2012 appropriation does not include deficiencies.