

OVERSIGHT OF LONG-TERM CARE PROGRAMS

Opportunities Exist to Streamline State Oversight Activities

REPORT NUMBER 2003-111, APRIL 2004

Departments of Aging, Health Services', and Social Services' responses as of April 2005

Audit Highlights . . .

Our review of the oversight for six long-term care programs noted the following concerns:

- The departments of Health Services and Aging duplicate their oversight for the adult day health care program.*
 - Creating a separate license unique to the program of all-inclusive care for the elderly could streamline oversight.*
 - Health Services' expanded oversight of the multipurpose senior services program mirrors Aging's efforts.*
 - Better communication between the departments of Social Services and Aging, respectively, with other entities overseeing the adult day program and the Alzheimer's day care resource centers needs to occur.*
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The Joint Legislative Audit Committee (audit committee) asked that we examine the State's oversight structure for the following six long-term care programs that these three departments oversee: adult day health care program, program of all-inclusive care for the elderly, multipurpose senior services program, skilled nursing facilities, adult day program, and Alzheimer's day care resource centers. For each program, the audit committee asked us to identify the agencies that provide oversight and the number of hours each department spends conducting on-site compliance reviews, inspections, and complaint investigations. Also, the audit committee asked us to identify oversight activities that overlap between different departments and determine whether the overlapping activities could be streamlined into a central process. We found opportunities to streamline or improve the oversight efforts for five of the six programs we reviewed, and for three of these programs the opportunities were substantial. For the sixth program—skilled nursing facilities—there is little opportunity for the Department of Health Services (Health Services) to alter the scope, number, or frequency of its reviews because the federal government mandates how these reviews are conducted as a condition of federal funding.

Finding #1: Consolidation and coordination are needed to streamline adult day health care oversight.

Health Services and the Department of Aging (Aging) duplicate each other's efforts when they conduct separate licensing and certification onsite reviews to oversee adult day health care centers (health care centers). This duplication occurs because the separate sets of regulations the departments follow when conducting their respective reviews overlap. Moreover, the departments do not conduct a joint review, which could

mitigate the regulatory overlap. In addition, certain Health Services' Medi-Cal field offices conduct separate visits to some health care centers and may find noncompliance with many of the same regulations reviewed during the health care centers' licensing and certification reviews.

To minimize duplication of effort in adult day health care oversight and potentially lessen the resulting burden on health care centers, Health Services should incorporate Aging's certification review into its licensing review, combine the licensing and certification regulations, and coordinate to the extent possible any Medi-Cal field office oversight activities to occur during the licensing and certification reviews. If Health Services determines a statutory change is necessary to implement our recommendation, it should ask the Legislature to consider changing the statutes governing the adult day health care program. We also recommended that Aging work with Health Services to implement this recommendation.

Health Services' Action: Partial corrective action taken.

Health Services reports that the Legislature has placed a one-year moratorium on certification reviews while it develops a Medi-Cal waiver for the adult day health care program. Health Services also indicates that it believes there are significant differences in purpose, requirements, timing, and frequency of the licensing and certification reviews that would make combining the separate reviews by the two departments problematic. However, as we noted in our audit, we found that the separate reviews duplicated the departments' efforts and may unnecessarily burden health care centers. While developing the Medi-Cal waiver, Health Services indicates that it will work with Aging to clearly separate the licensing and certification requirements in state regulations. Finally, Health Services indicates that staff from the Medi-Cal field offices have coordinated their visits to health care centers with Health Services and Aging staff to the extent possible. In addition, the Legislature passed Assembly Bill 2816, Chapter 455, Statutes of 2004 (AB 2816), to require the California Health and Human Services Agency (agency) to determine by March 1, 2005, the appropriate department to oversee health care centers. However, this determination is dependent on developing a Medi-Cal waiver for the program, and as of November 2005, the agency indicates that it and the federal government have not reached an agreement on this waiver.

Finding #2: A single license approach could streamline oversight of the program of all-inclusive care for the elderly.

The State's fragmented oversight of the program of all-inclusive care for the elderly (PACE) also could benefit from a more unified approach. In addition to having to comply with federal regulations and a state contract, PACE providers are subject to multiple state licensing regulations that apply to the various services a provider may offer, so they face multiple oversight visits from Health Services. The State could streamline this oversight by allowing a single license that covers all state and federal regulations pertaining to the various PACE services, regardless of the facility providing the services. With a single license, the State could unite its oversight activities more

easily based on the requirements established in the license agreement. Such oversight could use a cooperative approach—combining staff who specialize in different areas of the single license—for a comprehensive review of all a PACE provider’s facilities during the same time period rather than having many reviews scattered over time. This would relieve the extended burden on PACE providers from a succession of licensing visits to each of their facilities.

The Legislature should consider allowing a single license that authorizes all the long-term care services a PACE provider offers, regardless of the facility that provides the services.

Legislative Action: None.

The Legislature has not taken action on this recommendation as of November 2005.

Finding #3: Health Services’ expanded oversight of the multipurpose senior services program overlaps with Aging’s role.

Health Services’ expanded oversight of the multipurpose senior services program (multipurpose program)—which Aging oversees under Health Services’ supervision—now overlaps with Aging’s role. After a federal review conducted in 1999, Health Services expanded its oversight role by accompanying Aging’s staff on many of their utilization reviews to the local multipurpose program sites. Health Services believes this expanded oversight is needed to respond to federal concerns about inadequate oversight and to ensure that multipurpose program sites use federal funds appropriately. Although Health Services is conducting a pilot process to devise a permanent model for multipurpose program oversight, we believe it should develop a reasonable rationale for the number of utilization reviews it ultimately decides to attend or, alternatively, assume responsibility for the program itself.

To reduce overlapping efforts between itself and Aging in overseeing the multipurpose program, Health Services should complete its pilot process and develop a reasonable rationale for the percentage of utilization reviews it attends. Alternatively, after evaluating the results of its pilot process, Health Services could assume responsibility for the multipurpose program. We also recommended that Aging work with Health Services to implement this recommendation.

Health Services’ Action: Corrective action taken.

Effective January 2005 Health Services indicates that it will no longer conduct parallel site reviews with Aging staff unless requested to do so. Further, Health Services states that it is revising its protocol to focus on independently reviewing Aging oversight activities rather than conducting parallel site reviews.

Finding #4: Although oversight of adult day programs does not appear redundant, better communication of oversight concerns could occur.

Because the Department of Social Services (Social Services) limits its oversight of adult day programs, we found no significant overlap in oversight for this program. Regional centers, county mental health departments, and local area agencies on aging (local area agencies) also oversee adult day programs, but they focus primarily on the delivery of services to their clients. Communication about adult day programs takes place between Social Services and the regional centers, but better communication between Social Services and two other departments, Health Services and Aging, would create more efficient oversight for a small number of facilities shared by adult day programs and other long-term care programs we reviewed.

Social Services should better coordinate its oversight efforts with Health Services and Aging for the small number of adult day programs that share facilities with other programs. We also recommended that Health Services work with Social Services to implement this recommendation.

Social Services' Action: Partial corrective action taken.

Social Services previously identified four adult day program facilities that it has licensed and that also share space with a health care center. Social Services indicates it continues to work with local health services departments and adult day program providers to ensure that no client needing services is refused the ability to attend an adult program facility with the rescinding of the adult day program license.

Finding #5: More communication among oversight entities could improve oversight of Alzheimer's centers.

Because most Alzheimer's centers reside in facilities offering other long-term care programs—mostly health care centers and adult day programs—the oversight of Alzheimer's centers could benefit from better coordination among state and local agencies. Alzheimer's centers are under Aging's oversight but are directly overseen by local area agencies, which are government or nonprofit entities under contract with Aging to provide services to seniors. However, there is no formal process to share oversight information between the local area agencies and Health Services, which licenses health care centers, and between the local area agencies and Social Services, which licenses adult day program facilities. In the governor's proposed budget for fiscal year 2004–05, separate funding for the Alzheimer's centers is merged into a block grant that will be provided to the local area agencies. Thus, Alzheimer's centers may continue to exist only to the extent that the local area agencies choose to fund them.

If the Alzheimer's centers remain a separately funded program in fiscal year 2004–05, Aging should work with Health Services and Social Services to share and act on findings from oversight visits. If funding for the Alzheimer's centers is merged into a block grant, the departments and area agencies on aging should share information to the

extent that area agencies on aging choose to continue funding Alzheimer's centers. We also recommended that Health Services and Social Services work with Aging to implement this recommendation.

Aging's Action: Pending.

Assembly Bill 2127, which the governor approved in August 2004, requires all Alzheimer's centers to be licensed as an adult day program or health care center by January 2008. Aging, Health Services, and Social Services indicates they are working together to implement this requirement.

