

LEGISLATIVE AUDIT COMMISSION

Review: 4343

Statewide Single Audit

Year Ended June 30, 2009

Department of Human Services

FINDINGS/RECOMMENDATIONS – 12

Repeated – 9

Accepted - 8

Implemented - 4

Eligibility Redeterminations Not Performed Timely (Repeated-2003)

09-3. The auditors recommend DHS review its current process for performing eligibility redeterminations and consider changes necessary to ensure all redeterminations are performed within the timeframes prescribed within the State Plans for each affected program.

Findings: DHS is not performing “eligibility redeterminations” for individuals receiving benefits under TANF, Children’s Health Insurance Program (CHIP), and Medicaid programs in accordance with timeframes required by the respective State Plans.

If the cases subject to the inadequate passive redetermination process were included in the analysis below, the number and percentage of overdue cases would be higher for the CHIP and Medicaid programs.

Program	Overdue Redeterminations in June 2009	Number of Cases in June 2009	Percentage of Overdue Cases June 2009
TANF	939	28,479	3.30%
CHIP	21,962	693,313	3.17%
Medicaid	28,787	437,458	6.58%

In discussing these conditions with DHS officials, they stated this is due to lack of staffing.

Updated Response: Corrective Action Implemented as of 3/31/11:

- HB5420 commonly referred to as Medicaid Reform was signed into law by Governor Quinn on January 25, 2011.

- The legislation requires changes to the All Kids Program including the elimination of the passive redetermination and requiring annual redetermination of eligibility.

Corrective Action to be Completed:

- DHS is currently working closely with HFS Policy staff on the implementation of these reforms, including formulating a plan to address the increased workload that the elimination of the administrative renewal process will bring to the All Kids Unit and the DHS Family Community Resource Centers.
- DHS is also seeking ways to perform renewals more quickly and efficiently, such as increased utilization of available cross matches with other agencies. In addition, DHS is implementing policies to reduce the need for face-to-face interviews at the FCRC through automated processes including the Phone Stamp Interview (PSI), which allows customers to complete a redetermination by phone 24/7.
- DHS continues to explore ways to increase efficiency in the Family Community Resource Centers (FCRC) to handle the tremendous increase in demand. A document management system will be rolled out in the Fall of 2011 to reduce paper and increase efficiency. In addition, DHS was recently selected for a Ford Foundation Grant focused on Work Support Strategies. This funding will allow the execution of business process re-engineering in the FCRCs to handle the increased caseloads more timely and accurately.

Failure to Properly Maintain and Secure Case Files (Repeated-2007)

09-04. The auditors recommend DHS review its current process for maintaining and controlling beneficiary case records and consider the changes necessary to ensure case file documentation is maintained accordance with federal regulations and the State Plans for each affected program.

Findings: During testwork, auditors noted the procedures in place to maintain and control beneficiary case file records do not provide adequate safeguards against the potential for the loss of such records. In a review of case files at five separate local offices, the areas in which case files are maintained were generally disorganized and case files were stacked on or around file cabinets. Also, case files were generally available to all DHS personnel and that formal procedures have not been developed for checking case files in and out of the file rooms or for tracking their locations.

Additionally, during testwork over 190 case files relative to the TANF, CHIP, and Medicaid programs, auditors noted several delays in receiving case files due to the fact that case files had been transferred between local offices as the result of clients moving between service areas.

In discussing these conditions with DHS officials, they stated this is a repeated audit finding based on the condition of file rooms in the Family Community Resource Centers.

Most offices have a lack of file cabinets and/or file cabinet space in which to properly store all case files.

Auditors' Comment: We noted several delays in receiving case files during our testwork. In addition, several case files were missing documentation as identified in finding 09-06. This finding has been repeated since the 2007 audit in which case files could not be located for our testwork. Despite locating the files sampled in our testwork, DHS has not implemented procedures to address the condition found.

Updated Response: **Corrective Action Implemented as of 3/31/11:**

Short Term:

- The Regional Managers have stressed the importance of proper documentation in regional meetings.
- The DHS, Division of Human Capital Development (HCD) Regional Managers will continue to stress the importance of case file documentation and organization to appropriate staff.

Corrective Action to be completed:

Long Term:

- The DHS, Division of Human Capital Development (HCD) is implementing a document management system that will capture much of the information that is currently printed and placed in a paper file, and route it to an electronic file. This will reduce the overwhelming size and amount of files in the offices, and better track the location of case files.

Missing Documentation in Beneficiary Eligibility Files (Repeated-2001)

09-06. The auditors recommend DHS review its current process for maintaining documentation supporting eligibility determinations and consider changes necessary to ensure all eligibility determination documentation is properly maintained. (Repeated-2001)

Findings: During testwork of 65 CHIP and 125 Medicaid beneficiary payments, auditors selected eligibility files to review for compliance with eligibility requirements and for the allowability of the related benefits provided and noted the following exceptions:

- In one CHIP case file and eight Medicaid case files, DHS could not locate the supporting documentation of the redetermination completed and signed by the beneficiary in the case file.
- In two CHIP case files, DHS could not locate adequate documentation supporting income verification procedures were performed. In lieu of collecting copies of pay stubs to verify income, the caseworkers verbally confirmed income information, relied on client handwritten notes, or used income verified on previous applications.

Response: The Department accepts the recommendation. The Department will continue to ensure that staff understand the importance of proper and accurate filing processes. Proper documentation of eligibility factors will continue to be an integral part of training curricula.

Updated Response: Corrective Action Implemented as of 3/31/11:

- Central DHS staff stressed the importance of proper documentation at Regional meeting.

- Proper documentation of eligibility factors will continue to be an integral part of training curricula.

- The DHS, Division of Human Capital Development (HCD) is implementing a document management system that will capture much of the information that is currently printed and placed in a paper file, and route it to an electronic file. This will improve the maintenance of eligibility documentation; reduce the overwhelming size and amount of files in the offices, and better track the location of case files.

Summary of Repeated Recommendations

Origin: 2001 – 1; 2003 – 2; 2004 – 1; 2005 – 2; 2006 – 1; 2008 – 1.

Currently Classified as Accepted or Implemented

- 09-02. The auditors recommend DHS review its current process for identifying and reporting interagency expenditures and implement monitoring procedures to ensure that federal and state expenditures expended by other state agencies meet the applicable program regulations and are not claimed or used to meet matching or maintenance of effort requirements under more than one federal program. (2003)

- 09-03. The auditors recommend DHS review its current process for performing eligibility redeterminations and consider changes necessary to ensure all redeterminations are performed within the timeframes prescribed within the State Plans for each affected program.

- 09-04. The auditors recommend DHS review its current process for maintaining and controlling beneficiary case records and consider the changes necessary to ensure case file documentation is maintained accordance with federal regulations and the State Plans for each affected program. (2007)

- 09-05. The auditors recommend DHS review its current process for performing eligibility determinations and consider changes necessary to ensure procedures to verify

whether beneficiaries have been convicted of a Class 1 or Class X felony are implemented. (2006)

- 09-06. The auditors recommend DHS review its current process for maintaining documentation supporting eligibility determinations and consider changes necessary to ensure all eligibility determination documentation is properly maintained. (2001)
- 09-08. The auditors recommend DHS review its process for determining the allowability of payments on the behalf of beneficiaries and consider the changes necessary to ensure only allowable costs for beneficiaries determined eligible are charged to the federal program. (2005)
- 09-09. The auditors recommend DHS review its current process for performing eligibility determinations and consider changes necessary to ensure all eligibility determinations are made and documented in accordance with program regulations. (2004)
- 09-12. The auditors recommend DHS obtain written documentation of the assignment of medical support rights from all Medicaid beneficiaries. (2005)
- 09-13. The auditors recommend DHS review the process and procedures in place to prepare Public Assistance Cost Allocation Plan (PACAP) amendments and implement changes necessary to ensure cost allocation methodologies accurately reflect programmatic activities. (2008)