

***State of New York
Office of the State Comptroller
Division of Management Audit
and State Financial Services***

**DEPARTMENT OF CORRECTIONAL
SERVICES
ARTHUR KILL CORRECTIONAL
FACILITY**

**CONTROLS OVER MEDICAL
SERVICE EXPENDITURES**

REPORT 97-S-60



H. Carl McCall
Comptroller



State of New York Office of the State Comptroller

Division of Management Audit and State Financial Services

Report 97-S-60

Mr. Glenn S. Goord
Commissioner
New York State Department of Correctional Services
Building #2 - State Campus
1220 Washington Avenue
Albany, New York 12226-2050

Dear Commissioner Goord:

The following is our report on the effectiveness of Department of Correctional Services and Arthur Kill Facility managers in overseeing and managing the Facility's medical service expenditures.

This audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law. We list major contributors to this report in Appendix A.

*Office of the State Comptroller
Division of Management Audit
and State Financial Services*

June 21, 1999

Executive Summary

Department of Correctional Services Arthur Kill Correctional Facility Controls Over Medical Service Expenditures

Scope of Audit

The Arthur Kill Correctional Facility (Facility), which is part of the New York State Department of Correctional Services (Department), is a medium security prison located on Staten Island. The Facility's annual budget for the fiscal year ended March 31, 1998 was about \$20 million. For the 1997-98 fiscal year, the Facility spent almost \$2.8 million on medical services, including more than \$900,000 on personal service. Inmates receive medical services through various on-site and off-site means. For example, in-patient bed care for an illness or diagnosis not requiring admission to an outside hospital is provided through the institutional infirmary located in the Facility's medical services building. In-patient care for an illness or diagnosis requiring optimal observation and/or management is provided in a licensed hospital. The Department's Health Services Unit (Unit), in conjunction with the Facility's Health Services Director, is responsible for overseeing and monitoring Facility health service efforts to ensure high-quality and cost-effective patient care.

Our audit of the Facility's medical service expenditures for the period April 1, 1995 through November 30, 1998, addressed the following question:

- Have Department and Facility managers been effective in overseeing and managing the Facility's medical services expenditures?

Audit Observations and Conclusions

Department and Facility managers are responsible for developing and maintaining a system of internal control to ensure that medical service expenditures are necessary and appropriate. We found that while Department and Facility managers had developed systems to control medical and related payroll expenditures, they did not properly monitor these systems to ensure they operated as intended. Consequently, the Facility incurred and paid unnecessary medical costs totaling nearly \$300,000, of which about \$114,000 may be recovered from vendors.

Facility inpatient hospital expenditures for the 1997-98 fiscal year totaled about \$1 million. We found that the Unit was not involved in the review of these outside hospital services, as required. In addition, Facility Health Services and Department managers were not actively overseeing and monitoring hospital payments. We judgmentally selected for review 30 vouchers valued at \$530,000 (almost 53 percent of the 1997-98 inpatient hospital expenditures) relating to inpatient care at a local hospital. Our

objectives were to determine whether 1) all hospital admissions were necessary, 2) the hospital was paid the correct amount for the services provided, and 3) the patients' lengths of stay in the hospital were appropriate. To assist us in making these determinations, we solicited the help of an outside consultant that is a recognized expert in hospital utilization review. The consultant determined that the Facility overpaid the hospital \$148,000 for 11 of the 30 vouchers, as follows: two of the hospital confinements were not medically necessary (\$23,500), seven were for a total of 97 days more than was medically necessary (\$98,100), and two reflected incorrect payments (\$26,400). For these 11 vouchers, we found no documentation to indicate that Facility medical staff or Department Unit personnel performed any utilization review or had any ongoing contact with the hospital. We also determined that the Facility incurred security expenses of \$138,000 as a result of the unnecessary and extended hospital stays. (See pp. 5-7)

We found other instances where the lack of Department and Facility oversight resulted in unnecessary medical expenditures. For example, we determined that the Facility made numerous payments that were not in accordance with approved fee schedules, resulting in either over or underpayments to medical providers. In addition, we reviewed 46 payments to outside physicians for consultations and found that there was inadequate documentation to support 33 of the 46 consultations. We also noted instances of duplicate payments totaling almost \$8,000 relating to medical invoices. (See pp. 7-?)

The Facility is responsible for ensuring that payroll expenditures are necessary and bona fide and that timekeeping systems are functioning as intended. However, because timekeeping unit staff were not aware of proper procedures and because of a lack of oversight of the timekeeping unit by Facility managers, medical personnel were able to accrue holiday and vacation leave that they were not entitled to. Further, we determined that payroll controls were circumvented, thereby allowing a medical employee to be paid for time not worked. We also determined that Facility managers need to improve supervisory oversight over time worked as well as the efficiency of staffing and scheduling nursing personnel. (See pp. 11-13)

**Comments of
Department of
Correctional
Services Officials**

Department officials agreed with our findings and recommendations. They indicated that Arthur Kill Correctional Facility has recovered some overpayments and are in the process of recovering other overpayments from the vendors and employees identified in this report. In addition, the voucher processing system has been enhanced to identify duplicate invoices, and Facility timekeeping personnel have been instructed to thoroughly review time records.

Contents

Introduction

Background	1
Audit Scope, Objective and Methodology	1
Internal Control and Compliance Summary	2
Response of Department of Correctional Services Officials	3

Medical Services

Inpatient Hospital Services	5
Other Medical Services	7
Recommendations	9

Time and Attendance Practices

Holiday and Vacation Accruals	11
Documentation of Time Worked	12
Staffing and Overtime	12
Recommendations	13

Appendix A

Major Contributors to This Report

Appendix B

Comments of Department of Correctional Services Officials

Introduction

Background

The Arthur Kill Correctional Facility (Facility), which is part of the New York State Department of Correctional Services (Department), is a medium security prison located on Staten Island. The Facility houses 970 male inmates (age 16 and older) and employs a staff of 450 employees. The Facility contains several dormitories to house the inmates, including eight units for treating alcohol and substance abuse and a hemodialysis treatment center run by a private contractor. The Facility has academic, vocational and volunteer service programs. The Facility's annual budget for the fiscal year ended March 31, 1998 was about \$20 million.

The Facility's medical services are classified as Class I, which means that there is a doctor on-site or on-call 24 hours per day. The Facility also has an on-site infirmary and at least one nurse available 24 hours per day. For the 1997-98 fiscal year, the Facility spent almost \$2.8 million on medical services, including more than \$900,000 on personal service.

The Department's Health Services Unit (Unit), in conjunction with the Facility Health Services Director, is responsible for overseeing and monitoring Facility health service efforts to ensure high-quality and cost-effective patient care. The Unit's operating cost was about \$1.4 million for the fiscal year ended March 31, 1998, which included \$1.2 million for personal service and \$200,000 for other than personal service. Specific duties of the Unit include ensuring compliance with Department health service directives and policies, conducting quality health management audits, providing assistance to facility medical personnel through ongoing communication, and controlling medical costs through a system of utilization and cost review.

Audit Scope, Objective and Methodology

We audited the Facility's medical service expenditures for the period April 1, 1995 through November 30, 1998. The objective of our financial related audit was to assess the effectiveness of Department and Facility managers in overseeing and managing the Facility's medical service expenditures.

To accomplish our audit objective, we interviewed Department and Facility managers, and reviewed relevant Medicaid and Medicare policies and Department directives. We also reviewed staffing schedules, time and attendance records, log books and a sample of paid vouchers. In addition, to assist us in determining whether inpatient hospital admissions were necessary and bona fide, we obtained the services of Island Peer Review Organization (IPRO), a Department of Health contracted firm with expertise in hospital utilization review.

We selected samples of medical payment records, hospital invoices and payroll records for review. Sample selection was judgmental with those records having the greatest probability for error being selected. Materiality was also considered in selecting hospital invoices for review.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of the Department and Facility which are included in our scope. Further, these standards require that we understand the Department's and Facility's internal control structure and compliance with those laws, rules and regulations that are relevant to the Department's and Facility's operation which are included in our scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on those operations that have been identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little audit effort is devoted to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

Internal Control and Compliance Summary

Our consideration of the Department's and Facility's internal control structure identified significant weaknesses relating to compliance with Department and Facility policies and procedures for medical and related payroll expenditures. These weaknesses should be addressed by managers of the Department and the Facility. These matters are presented throughout the report.

Response of Department of Correctional Services Officials

A draft copy of this report was provided to Department officials for their review and comment. Their comments were considered in preparing this report and are included as Appendix B.

Department officials agreed with our findings and recommendations. They indicated that Arthur Kill Correctional Facility has recovered some overpayments and are in the process of recovering other overpayments from the vendors and employees identified in this report. In addition, the voucher processing system has been enhanced to identify duplicate invoices and Facility timekeeping personnel have been instructed to thoroughly review time records.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Correctional Services shall report to the Governor, the State Comptroller and leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Medical Services

Inmates are provided health care services through various means. The Facility's medical staff provide inmates with on-site clinic care. Off-site and on-site consultations with outside clinics, hospitals and other health care providers may be provided through scheduled appointments arranged by Facility nursing personnel under the direction of the Facility physician. In-patient bed care for an illness or diagnosis not requiring admission to an outside hospital is provided through the institutional infirmary located in the Facility's medical services building. In-patient care for an illness or diagnosis requiring optimal observation and/or management is provided in a licensed hospital. Generally, hospital admissions are arranged between the Facility physician and the consulting physician of the admitting hospital.

Department and Facility managers are responsible for developing and maintaining a system of internal control to ensure that medical service expenditures are necessary and appropriate. We found that while Department and Facility managers had developed systems to control medical and related payroll expenditures, these systems were not properly monitored to ensure they operated as intended. Consequently, the Facility incurred and paid unnecessary medical costs totaling nearly \$300,000, of which \$114,000 may be recovered from vendors.

Inpatient Hospital Services

When admission to a hospital is necessary, it is the responsibility of the Facility Health Services Director or his designee to monitor the patient's condition. Most inmates are sent to Staten Island University Hospital, which has a designated ward for inmates. Non-emergency, in-patient care and specialty consultations must be approved by the Facility Health Services Director or designated physician. The Facility Health Services Director is also responsible for overseeing and monitoring hospital payments. The Unit, in conjunction with the Facility Health Services Director, is responsible for overseeing the Facility's medical service activities and expenditures.

Inpatient hospital expenditures for the 1997-98 fiscal year totaled about \$1 million. We found that the Unit was not involved in the review of outside hospital services provided to the Facility's inmates as required. When we initially spoke with Unit staff, they stated that a Unit nurse was assigned to perform this function for the Facility. However, when we asked the Unit staff to identify this person, they could not do so. We believe that Unit staff thought someone was performing this function when in fact they were not. This indicates that the Unit is not monitoring Facility medical

operations and that its information systems relating to monitoring efforts are not working. In addition, we found that the Facility Health Services Director was not actively overseeing and monitoring hospital payments.

We selected for review 30 vouchers valued at \$530,000 relating to inpatient care at Staten Island University Hospital. This represents almost 53 percent of the total inpatient hospital expenditures for the 1997-98 fiscal year. Our objectives were to determine whether 1) all hospital admissions were necessary, 2) the hospital was paid the correct amount for the services provided, and 3) the patients' lengths of stay in the hospital were appropriate.

To assist us in making these determinations, we solicited the help of IPRO, a recognized expert in the field of utilization review and Diagnostic Related Group (DRG) payment validation. The DRG payment method bases hospital reimbursement on the type of patient care provided as well as the costs incurred by the hospital. IPRO's utilization and DRG reviews include the appropriateness of admissions, the correctness of the length of hospital stay and the appropriateness of diagnoses and the related procedures.

IPRO determined that the Facility overpaid Staten Island University Hospital \$148,000 for 11 of the 30 vouchers, as follows: two of the hospital confinements (for five days) were not medically necessary (\$23,500), seven were for a total of 97 days more than was medically necessary (\$98,100), and two reflected payments for DRGs that were not correct (\$26,400).

For these 11 vouchers, we found no documentation to indicate that Facility medical staff or Department Unit personnel performed any utilization review or had any ongoing contact with the hospital. Further, there was an entry in the medical file of an inmate who was confined in the hospital for 73 days more than necessary indicating that the hospital had contacted the Facility's Nursing Administrator to advise her that the patient was not responding to treatment and recommending transfer back to the Facility. Although this memo recommended transfer early enough so that the Facility could have avoided the \$44,585 charge for the extended stay, nothing was done and the inmate remained in the hospital. (In response to our draft report, Department officials stated that the Facility Health Services Director and the Regional Medical Director will review the facility medical records to determine if reimbursements are due from the hospital.)

We also determined that the Facility incurred unnecessary security expenses for 102 days as a result of the unnecessary (5 days) and

extended (97 days) hospital stays. When an inmate is confined to a hospital, Department directives require that, on a 24 hour basis, two correction officers be assigned to the first inmate and one additional correction officer for each additional inmate. Utilizing a correction officer's starting salary of approximately \$30,000 and making adjustments for overtime and the assignment of two officers, we estimate that the Facility could have saved \$138,000 in salary payments for the 102 days had the inmates been confined to the hospital for the proper lengths of stay as deemed appropriate by IPRO.

Other Medical Services

Department policy is to pay medical vendors and outside physicians in accordance with the policies, procedures, regulations and schedules in the NYS Medicaid Management Information System Provider Manual. Exceptions may be made for those physicians who have obtained Division of the Budget (DOB) approval to be paid in accordance with Federal Medicare policies and schedules. We found that Facility clerical staff were attempting to determine the amount of medical payments under Medicaid and Medicare without adequate training or reference materials. These staff informed us that the Unit had not provided them with the necessary payment schedules or manuals even though they had requested these from the Unit. Further, there was no ongoing dialogue or communication from the Unit.

We reviewed a judgmental sample of paid vouchers for the period April 1, 1997 through June 30, 1998. We determined that the Facility made numerous payments that were not in accordance with approved fee schedules. These payments were made to three providers. One provider was overpaid more than \$1,400 while another was underpaid by almost \$130. A third provider received both over and underpayments. The overpayments for this provider totaled more than \$4,000 while the underpayments totaled approximately \$4,850. The Facility is in the process of resolving these payment discrepancies.

We also found that the Facility paid almost \$1,300 for two procedures that were not adequately documented and that one physician, who had received DOB approval to be paid under the Medicare rates, billed and was paid for a procedure not listed on the approved payment schedule.

The Facility allows payments to outside physicians for consultations if such consultations are medically necessary and properly documented. Specific documentation required includes: a description of the need for the consultation, the name of the doctor requesting the consultation, a summary report of the consultation service provided, and evidence that the summary report was reviewed and approved by a Facility physician. We

reviewed 46 consultations for four judgmentally selected inmates for the period from May 1996 to June 1998 and found that there was inadequate documentation to support 33 of the 46 consultations. The consultants were paid more than \$1,100 for these 33 consultations. Facility officials responded that all future requests for consultations will be processed in accordance with Department requirements.

The Facility's business office is responsible for reviewing medical invoices to ensure that there are no duplicate billings or payments. Because the Department's automated accounting system does not have an edit which would detect duplicate invoices, this review has to be done manually. Business office personnel informed us that this is a time consuming and tedious task.

We determined that although business office staff were able to identify and flag several duplicate invoices, some were not detected. Specifically, we identified three medical invoices totaling almost \$8,000 that were paid by the Facility twice. After we reported this to Facility officials, they initiated action to recoup the duplicate payments.

Recommendations

1. Monitor Facility staff to ensure that they adhere to all Department requirements for the review and approval of hospital admissions, lengths of stay, and payments in accordance with the appropriate DRG.
2. Determine the amount of any overpayments to Staten Island University Hospital and request reimbursement from the hospital.
3. Ensure that Facility staff are trained on Medicaid/Medicare procedures, that they have updated fee schedules, and that all medical vouchers are paid in accordance with the Medicaid fee schedules or approved DOB waivers.
4. Ensure that consultation requests are processed in accordance with Department requirements.
5. Require the Facility to institute procedures to prevent duplicate payments.
6. Recover the duplicate and overpayments cited in this report.

(In response to Recommendations 1, 3 and 4, Department officials stated that since June 1, 1998, a contractor, Correctional Physicals Services (CPS), has been providing the Facility with hospital utilization review services. In addition, CPS is responsible for reviewing and paying for all consultations and procedures. The Department pays CPS only the agreed upon amount per inmate day. Department officials agreed with Recommendations 2, 5 and 6.)

Time and Attendance Practices

Facility Superintendents and their Deputies for Administration are directly responsible for establishing and maintaining adequate internal controls over Facility operations. Accordingly, these officials, in conjunction with other Facility managers, are responsible for ensuring that Facility payroll expenditures are necessary and bona fide and that timekeeping systems are functioning as intended.

We found that because timekeeping unit staff were not aware of proper procedures and because of a lack of oversight of the timekeeping unit by Facility managers, some medical personnel were able to accrue holiday and vacation leave that they were not entitled to. Further, we determined that payroll controls were circumvented, thereby allowing a medical employee to be paid for time she may not have worked. We also determined that Facility managers need to improve supervisory oversight over time worked as well as the efficiency of staffing and scheduling for nursing personnel.

Holiday and Vacation Accruals

The Facility's timekeeping unit is responsible for posting leave accruals and ensuring that leave usage is properly charged against those accruals. We determined that Facility managers had established controls to ensure that the timekeeping unit properly posts accruals and monitors leave usage. However, we found that timekeeping staff misinterpreted entries on the time records of certain medical personnel and credited leave when they should not have. We also found that one employee did not receive holiday pay that she was entitled to. Further, the timekeeping process was not being monitored adequately by Facility management, and therefore timekeeping errors continued during our two-year test period.

For the two-year period ended June 6, 1998 we determined the following: two nurses accrued and charged 18 holidays (\$3,642) which they were not entitled to; two other nurses received 44 hours of vacation accruals (\$972) which they were not entitled to; and one nurse was not paid for eight holidays (\$1,472) which she worked.

When we reported these discrepancies to Facility managers they took immediate action to correct the problems within the timekeeping unit. (In response to our draft report, Department officials stated that holiday overpayments have been recovered except from those employees who have left State service. The nurse who was not paid for holidays has received her payment.)

Documentation of Time Worked

A primary supervisory function is ensuring accurate and timely reporting of employee attendance. Properly performed, this practice will detect and prevent abuse. Facility payroll procedures require that a supervisor must sign each time sheet attesting that the employee had worked the hours that were recorded. We found that certain supervisors were signing time sheets without verifying the time worked. Consequently, a medical staff member was able to state on her time records that she was at work when in fact, she was not. A lack of management monitoring and oversight allowed this condition to continue.

Nursing personnel are not required to punch a time clock; however, they must maintain a daily time record showing the total number of hours worked each day. There are also alternate records such as security and key logs that would indicate whether or not an employee was in the Facility or what time they arrived or left.

We compared the daily time records to the alternate records for nursing personnel for the two-year period ended June 6, 1998 and identified 65 instances where one employee was paid \$3,913 for approximately 150 hours that she may not have worked. When we reported this to Facility managers, the employee in question vehemently denied that she was paid for time not worked. She has subsequently resigned from the Facility, and the question of overpayment is currently under review by Facility managers and Labor Management personnel representing the employee in question. As of January 1999 this matter had not been resolved.

Staffing and Overtime

Department procedures require that the Nurse Administrator allocate personal service resources in an efficient and effective manner. Specifically, she should ensure adequate staffing levels based on her operational and clinical judgment of inmate care needs.

Eight nurses work at the Facility. The Facility also hires per diem and private nurses on an as-needed basis. The Nurse Administrator stated that she did not have a formal staffing policy. We analyzed staffing patterns for two four-week periods in 1997 and found wide variances for each period. We reviewed staffing patterns for each shift and day of the week and then compared them to similar shifts and days in other weeks during the same four-week period. We found variances of one to four nurses on the same shift and day with some instances where 5 or 6 nurses were all working on the same shift and day. In response to our findings, Facility officials told us that they would periodically review staffing to ensure efficiency.

We also examined ten instances of overtime worked during the period of June 20 - October 2, 1997. For these ten instances the reason for overtime was described as “staffing,” “late relief,” “early relief” or “short staff.” This means that overtime was needed because someone was either late or left early. We found that for seven of the ten instances the overtime was not justified based on staffing needs. We analyzed the time records for our audit test period and found no corresponding charge to other nurses’ leave accruals for seven of the ten instances. Because our audit test was limited to ten overtime instances, the cost of this questionable overtime was relatively low. However, the potential problem could be more widespread, since almost \$24,000 was spent on overtime during the 1997-98 fiscal year on nursing personnel. The Department needs to further examine this issue.

Recommendations

7. Review Facility timekeeping and payroll practices to ensure that established controls are adhered to, and that Facility supervisors properly monitor employee time and attendance.
8. Recoup the overpayments identified in this report.
9. Review the scheduling of Facility nursing personnel to ensure it is efficient and in accordance with Department requirements.
10. Monitor Facility overtime to ensure that it both is necessary and approved prior to the onset of the overtime hours.

Major Contributors to This Report

William Challice
Frank Russo
Ron Skantze
Harry Maher
Anil Watts
Evelyn Mangin
Paul Bachman



GLENN S. GOORD
COMMISSIONER

STATE OF NEW YORK
DEPARTMENT OF CORRECTIONAL SERVICES
THE HARRIMAN STATE CAMPUS
1220 WASHINGTON AVENUE
ALBANY, N.Y. 12226-2050

May 11, 1999

Mr. William Challice
Audit Director
Division of Management Audit
Office of the State Comptroller
Alfred E. Smith State Office Building
Washington Avenue
Albany, New York 12236

Re: Audit Report 97-S-60
Arthur Kill Correctional Facility
Controls Over Medical
Services Expenditures

Dear Mr. Challice:

In accordance with Section 170 of the Executive Law and in response to your correspondence of April 5, 1999, attached is the Department's reply to the Draft Audit of Controls Over Medical Services Expenditures for Arthur Kill Correctional Facility.

We have complied with the provisions of the Budget Policy and Reporting Manual, item B-410 by forwarding two copies of this response to the Division of the Budget on April 28, 1999.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn S. Goord".

Glenn S. Goord
Commissioner

Attachment

Arthur Kill Correctional Facility Reply to the O.S.C.
Draft Audit of Controls over Medical Services Expenditures

O.S.C. Recommendation 1.

Monitor facility staff to ensure that they adhere to all Department requirements for the review and approval of hospital admissions, lengths of stay and payments in accordance with the appropriate Diagnostic Related Group (DRG).

Response:

Since June 1, 1998 Arthur Kill has been subject to the Correctional Physicians Services (CPS) utilization program for any consult or referral initiated by the facility physician. This requires the facility to comply with nationally recognized standards for outpatient and planned inpatient hospital stays. This ensures that hospitals are used for planned care not available at Arthur Kill. In addition, CPS has contracted with an independent utilization review service to ensure appropriate reimbursement for all hospital stays.

O.S.C. Recommendation 2.

Determine the amount of any overpayments to Staten Island University Hospital and request reimbursement from the hospital.

Response:

Agree. The Facility Health Services Director (FHSD) and Regional Medical Director (RMD) will review the facility medical records to determine if a reimbursement is due or if the stays were appropriate. A preliminary report of the eleven cases indicates that eight of the inpatients were dialysis patients. It should be understood that we do not have the capacity for dialysis patients at our Regional Medical Units (RMUs) at this time. Thus, these patients could not be accommodated within one of our RMUs. These patients' dialysis status was a significant contributing factor in their hospital stays. The Island Peer Review Organization (IPRO) and hospital records must be reviewed by the RMD to assess the Comptroller's recommendations regarding excessive stays.

O.S.C. Recommendation 3.

Ensure that facility staff are trained on Medicaid/Medicare procedures, that they have updated fee schedules and that all medical vouchers are paid in accordance with the Medicaid fee schedules or approved DOB waivers.

Response:

Business office staff will process all medical vouchers in accordance with the Medicaid or Medicare fee schedule. However, Business Office staff do not have the medical expertise to determine which procedure codes are inclusive of other procedures. At present, CPS is reviewing and paying all consults and procedures.

O.S.C. Recommendation 4.

Ensure that consultation requests are processed in accordance with Department requirements.

Response:

All requests for consultations will be in accordance with PPGM 1.43. Additionally, all requests for outside consultations will be entered via the Department's Automated Scheduling System in accordance with contractually established guidelines for review and approval.

Medical expenditures are now under the management of CPS. They approve and pay for all our hospital and specialty care. DOCS pays CPS only the agreed upon amount per inmate day. CPS is responsible to provide and pay for all medically required consultations and hospitalizations. This includes utilization review activities by CPS.

O.S.C. Recommendation 5.

Require the facility to institute procedures to prevent duplicate payments.

Response:

The KFMS (Financial Management System) has been enhanced to include vendor payment review by both date of service and invoice number. These enhancements will aid the voucher clerk when verifying previous payments to the vendor.

O.S.C. Recommendation 6.

Recover the duplicate and overpayments cited in this report.

Response:

The facility has requested and received reimbursement for overpayments from Regional Radiology and Seaview Anesthesia Group. We have taken an appropriate credit on Medilabs' voucher and requested appropriate reimbursement from the three physicians in question.

O.S.C. Recommendation 7.

Review facility timekeeping and payroll practices to ensure that established controls are adhered to, and that facility supervisors properly monitor employee time and attendance.

Response:

Timekeeping personnel have been instructed to review each time card with time-off slips and report of absence slips after the appropriate supervisor signs them. If there is any doubt concerning an entry on an individual's card, it is brought back to the appropriate supervisor for clarification.

O.S.C. Recommendation 8.

Recoup the overpayments identified in this report.

Response.

Holiday overpayments have been recovered with the exception of employees who left State Service. Written requests have been made. The nurse who was not paid for holidays has received her payment.

O.S.C. Recommendation 9.

Review the scheduling of facility nursing personnel to ensure it is efficient and in accordance with Department requirements.

Response.

The Nurse Administrator is responsible for providing an efficient nurse staffing schedule. The Nurse Administrator retired effective January 1, 1999. When the new Nurse Administrator is selected, the importance of staff scheduling and timely notification of changes in the schedule will be emphasized. We will elicit the assistance of the Regional Health Service Administrator and the Facility Medical Director to review the importance of this process with the Nurse Administrator. The Facility Medical Director will work with the new Nurse Administrator to ensure that nurse staffing schedules are completed at least 30 days before going into effect.

O.S.C. Recommendation 10.

Monitor facility overtime to ensure that it is both necessary and approved prior to the onset of the overtime hours.

Response.

When feasible, all overtime will be approved prior to its use. It is mandatory that the Medical Unit be staffed with at least one Registered Nurse 24 hours each day.