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ROBERT H. ATTMORE
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DEC 4 1996

MGMT. AUDIT &
FINANCIAL REPORTING

November 27, 1996

Hon. Robert Attmore
Deputy Comptroller
Office of the State Comptroller
A. E. State Office Bldg. - 6th Floor
Albany, New York 12236

Dear Mr. Attmore:

Pursuant to the provisions of Section 170 of the Executive Law, I hereby transmit to you a copy of the Health Department's comments related to the Office of the State Comptroller's final audit number 95-S-118 entitled, Preferred Primary Care Provider Program".

Very truly yours,

Barbara A. DeBuono M.D.

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Commissioner of Health

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Department of Health Comments on the Office of the State Comptroller's Final Audit Report "Preferred Primary Care Provider Program" (95-S-118)

The Department of Health has reviewed the final audit "Preferred Primary Care Provider Program" and has the following comments on the recommendations:

Recommendation # 1 - Establish a formal policy requiring that program performance periodically be compared to program goals for all programs administered by the department.

Recommendation # 3 - Establish a policy requiring that program compliance be monitored for all programs administered by the Department.

Response - The Department remains committed to targeting its limited resources to achieve its goals. It will continue to assure that program performance is adequately monitored and evaluated through its established processes and systems such as: self assessment through the annual internal control program, project management reviews, annual surveys and/or reviews of health care providers. While this system provides adequate assurance that program performance and compliance is effectively monitored, the Department has issued a formal policy reiterating these established procedures. It is noted, however, that the degree of comprehensiveness and formality of monitoring and compliance remains dependent on the staff and other resources available to the department.

Managers employ a number of mechanisms - internal and external - to assure that program performance is consistent with program goals. Monitoring strategies vary depending on the type of program and funding source. The reviews can include use of external experts such as Island Peer Review Organization to conduct utilization reviews, accounting firms to conduct reviews of Federal and select State grants and other governmental audit agencies. The internal reviews include monitoring of program performance and compliance through site visits and comparative analysis of program achievements (status reports, budget statements, etc.) to the established goals (work plan). In addition, renewal or continued grant funding is dependent upon review and approval of the contractor's final report that details program achievements.

Recommendation # 2 - Track the cost of the Preferred Provider Program and the managed care programs.

Response - The Department of Health agrees to track the cost of the preferred provider program and the managed care programs. The department has issued a notice to its managers that highlights these responsibilities and, in the future, will consider offering training courses to improve management skills in performance measurement and monitoring.