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April 7, 1997

Barbara A. DeBuono, M.D., M.P.H.  
Commissioner  
Department of Health  
Corning Tower, Empire State Plaza  
Albany, NY 12237

Re: Report 96-F-37

Dear Dr. DeBuono:

Pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law, we have reviewed the actions taken by officials of the Department of Health (Department), as of February 28, 1997, to implement the recommendations included in our Report 94-S-53. The report, which was issued October 11, 1995, examined the effectiveness of the Department's monitoring of hospitals to ensure quality care.

**Background**

The Department is responsible for ensuring that hospitals licensed by the State provide quality medical care to New York residents. It pursues this objective by monitoring hospital compliance with applicable laws and regulations. The Department has regulatory responsibility for the 263 hospitals licensed under Article 28 of the Public Health Law, which includes virtually all acute care facilities located in the State with the exception of hospitals operated by the U.S. Department of Veterans Affairs.

**Summary Conclusions**

During our prior audit, we found that the Department needed to improve the effectiveness of its monitoring practices in ensuring that hospitals provide quality care. Although the Department made use of some outcome indicators, it had not developed a comprehensive set of performance indicators that could be used to evaluate the quality of care provided in New York State hospitals. It also did not have detailed surveillance or deficiency histories for all the hospitals in the State; therefore, it needed a system for tracking and monitoring surveillance efforts. We also found that, to some extent, the Department's inspections duplicated the inspections conducted by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) and the Health Care Financing Agency (HCFA). Lastly, the Department did not have a system in place for ensuring that deficient hospitals were adhering to their corrective action plans.

In our follow-up review, we found that Department officials have implemented our prior audit recommendations. The Department is working with JCAHO, HCFA, and others in the health care industry to develop performance measures for assessing the quality of care provided in State-licensed hospitals. To measure the effectiveness of its hospital surveillance efforts, the Department has also developed systems that collect survey and deficiency information about State-licensed hospitals. The Department and JCAHO are piloting a combined hospital survey process to eliminate duplication of effort. In addition, the Department has developed tracking systems for ensuring that its area offices are monitoring the compliance activities of deficient hospitals.

### **Summary of Status of Prior Audit Recommendations**

Department officials have fully implemented all four of our prior audit recommendations.

### **Follow-up Observations**

#### **Recommendation 1**

*Work with the hospitals, other oversight groups such as the JCAHO and HCFA, the health care industry, and other states to identify a comprehensive set of performance indicators that can be used to evaluate the quality of care provided in New York hospitals.*

Status - Fully Implemented

Agency Action - The Health Care Reform Act, enacted in July of 1996, includes a directive to establish provider performance evaluations. These performance evaluations are commonly referred to as hospital report cards. Department officials informed us they plan to use the categories of evaluation contained in the hospital report cards as part of their performance measures. The Department is also establishing a Health Care Quality and Information Systems Task Force to develop the hospital report cards by July 1998. Besides working with officials from hospitals, JCAHO, and HCFA to establish the Task Force, the Department has worked with facility and regional hospital association representatives to develop the New York Patient Occurrence Reporting and Tracking System (NYPORTS). Department officials believe NYPORTS, which will be used to identify opportunities for improvement, will facilitate comparisons among hospitals and will provide opportunities for process improvement at individual hospitals, as well as regionally and statewide.

### **Recommendation 2**

*Complete the development of a system that will enable the Department to collect all the survey and deficiency information for all New York hospitals in order to develop an additional measure of the effectiveness of its hospital surveillance efforts.*

Status - Fully Implemented

Agency Action - The Department has developed three automated systems to collect hospital information: the Complaint Data System, NYPORTS, and the Hospital Survey System. These systems allow the Department to collect survey and deficiency information for all hospitals in the State that will make it possible to increase the effectiveness of its hospital surveillance efforts.

### **Recommendation 3**

*Consider working with JCAHO to design one hospital survey process that meets the needs of and is acceptable to each organization.*

Status - Fully Implemented

Agency Action - In October 1996, the Department and JCAHO signed an agreement entitled DOH-JCAHO Collaborative Survey Process to begin performing a single hospital survey process that meets the needs of both organizations. The Department and JCAHO began a pilot program in November 1996 based on the premise that the Department will provide JCAHO with pertinent information about hospitals before JCAHO conducts its survey. In return, JCAHO will provide the Department with its survey results. About 25 hospitals are participating in the pilot, which will be evaluated after its completion in June 1997.

### **Recommendation 4**

*Develop and implement procedures and controls to ensure that area offices take the necessary steps to provide reasonable assurance that deficient hospitals are adhering to their plans of correction and that those hospitals under monitoring are adhering to their stipulation and orders.*

Status - Fully Implemented

Agency Action - The Department's Hospital Survey System (HSS) is an automated system used to record hospital monitoring activities. HSS tracks area office efforts to ensure that hospitals adhere to plans of correction or stipulation and orders. The Department's central officials can access HSS to determine whether area office personnel are following up on hospital efforts to develop and adhere to acceptable plans of correction and to follow stipulations and orders. Area offices are also required to submit to the central office various hard copy documentation, including monitoring plans. Monitoring plans outline the items in hospitals' plans of correction

that need to be addressed by the Department. They also provide overviews of area offices' strategies for ensuring that hospitals adhere to plans of correction. Monitoring plans are also used by the central office to prepare enforcement-monitoring tracking forms. Enforcement-monitoring tracking forms contain summaries of the items in hospitals' stipulations and orders, describe what the Department expects of the hospitals, delineate the due dates for stipulations and orders, and discuss the efforts hospitals have made to comply with the stipulations and orders.

Major contributors to this report were Lawrence Wagner, Michael Cantwell, Michael Filippone and Leonardo Milano.

We thank the management and staff of the Department of Health for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

Frank J. Houston  
Audit Director

cc: Patricia A. Woodworth  
Robert Reed