



FACT SHEET

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The California State Auditor released the following report today:

Department of Health Services *Its Licensing and Certification Division Is Struggling to Meet State and Federal Oversight Requirements for Skilled Nursing Facilities*

BACKGROUND

Each year citizens who need ongoing nursing care rely on more than 1,200 state skilled nursing facilities (facilities). The Department of Health Services (Health Services) oversees these facilities, as well as administers a broad range of health programs, in fulfilling its mission of protecting and enhancing the health of the State's citizens. Health Services licenses facilities that operate in California and recommends to the federal government certification for facilities that meet requirements for receiving federal funds. It also investigates complaints from facility stakeholders and regularly inspects facilities to determine whether the facilities comply with state and federal requirements.

KEY FINDINGS

- We found some shortcomings in Health Services' oversight of facilities. Specifically, Health Services:
 - ✓ Did not initiate and close complaint investigations promptly. Of the complaints received from July 1, 2004 – April 14, 2006, Health Services initiated only 51 percent within the time frame stipulated by law and promptly completed only 39 percent of the cases closed.
 - ✓ Did not always communicate with the complainants within the required time frames.
 - ✓ Should have classified at least six of 35 complaints we reviewed as immediate-jeopardy, requiring it to conduct an on-site inspection within 24 hours rather than 10 working days.
 - ✓ Understated the severity of some deficiencies identified during its reviews of facilities for compliance with federal regulations.
 - ✓ Has not fully implemented an on-line inquiry system—required by law nearly five years ago—that provides consumers with information on skilled nursing facilities.
- The system Health Services uses to track complaint investigations contains data that may be incomplete or unreliable.
- Health Services has weak controls for disbursing certain funds—it disbursed more than \$14.7 million based primarily on e-mails from vendors with no subsequent assurance.
- Even though Health Services was recently authorized to hire 115 additional facility evaluators, it continues to face significant vacancy rates due in part to statewide nursing shortages.

RECOMMENDATIONS

To improve its business practices in order to provide more effective oversight of skilled nursing facilities, Health Services should:

- Periodically evaluate the timeliness and consistency of initiating and completing complaint investigations and strategize resources to ensure timely completion of investigations and corrective action.
- Develop strong application controls over its complaint-tracking system to ensure its data are accurate, complete, and consistent.
- Cycle the federal recertification surveys to make them less predictable and enhance their value.
- Impose more stringent fiscal controls on its disbursements.

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