

STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
BUREAU OF IMPROVEMENT AND INTEGRITY
FINANCIAL COMPLIANCE UNIT



CONTRACT COMPLIANCE REVIEW
FARNUM CENTER
FEBRUARY 11, 2019

STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
BUREAU OF IMPROVEMENT AND INTEGRITY
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I. ACRONYMS AND DEFINITIONS

Acronyms

BDAS
BII
BOD
CMS
DHHS
ED
FFY
MAT
PHP
RSA
QI

Definitions

Bureau of Drug and Alcohol Services
Bureau of Improvement and Integrity
Board of Directors
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Executive Director
Federal Fiscal Year
Medication Assisted Treatment
Partial Hospitalization Program
Revised Statute Annotated
Quality Improvement

II. EXECUTIVE SUMMARY

On October 11, 2018, a team of staff from the NH Department of Health and Human Services (DHHS), Bureau of Improvement and Integrity (BII) and Bureau of Drug and Alcohol Services (BDAS) conducted a contract compliance site review of the Farnum Center. In April 2018, a team of BDAS staff conducted a client record review of Farnum Center.

The Farnum Center receives monies through different funding sources. A federal directive under the Uniform Guidance Regulations Part 200 Subpart D #200.328 Monitoring and reporting program performance states, “The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved.” As one element of the monitoring process, DHHS conducts site reviews of contract agencies. These reviews are conducted in accordance with the Exhibit C, Section 9.1 of the contract. This section of the contract states:

“During the term of this Contract and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Contract for purposes of audit, examination, excerpts and transcripts.”

The project team conducting the review consisted of several DHHS staff members. The Farnum Center received advance notification of the review in the form of a letter. The letter described the planned review and requested certain financial information be forwarded to DHHS prior to the visit.

The Farnum Center provides services that include:

- Open Access services;
- Medical Detoxification;
- Inpatient services;
- Partial Hospitalization Program (PHP);
- Medication Assisted Treatment (MAT);
- Intensive Outpatient;
- Outpatient;
- Family Services;
- Stabilization Unit; and
- Transitional Living

The review focused primarily on contract and administrative rule compliance. It also included a general financial review and interviews of clients, staff, the Executive Director (ED) and Board of Directors (BOD). The project team identified strengths and opportunities for improvement throughout the evaluation process.

The SUD Program appeared to have inadequate documentation of timely creation of treatment plans and missing BDAS consent forms. We also found during the records review that programs were stated at fixed lengths of stay.

Human Resources Deficiencies:

- All personnel files should include acknowledgement of review of grievance procedures and client rights and responsibilities policies

Miscellaneous Deficiencies:

- Credit card policy should include non-routine purchases having approval prior to the purchase being made
- Credit card documentation should include the statement and all receipts
- All invoices should have proper approval
- All expenses should be included in the appropriate account

The agency should have formal written policies and procedures for the following business areas:

- Modify existing waiting list management processes
- Modifying or develop policy on sending notification when BDAS program is at 90% capacity
- Modify interim services procedures to include 120 day requirement and the 48 hours of offering interim services available to the clients
- Modify one of the infection policies to include the requirement of offering case management services

III. AGENCY BACKGROUND INFORMATION

This review is one element of an ongoing monitoring process and was conducted in accordance with the Standard Exhibit C, Section 9.1 of the contract. This section of the contract states:

“During the term of this Contract and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Contract for purposes of audit, examination, excerpts and transcripts.”

The review focused primarily on contract and administrative rule compliance as well as a general financial review. Weaknesses as well as opportunities for improvement were identified through an evaluation of the various steps completed by the project team.

According to their website, Farnum is a private 501 (c) 3 non-profit organization committed to providing effective and outstanding, care and support for adults seeking recovery from alcohol and other drugs. The Center incorporates the Three Principles of Mind, Thought, and Consciousness into their programs which assists clients in accessing a healthier perspective on life, allowing them to leave the past behind. This proven, evidence-based treatment method has helped thousands of people in their long-term recovery.

The agency’s mission statement is:

“Helping individuals and families find their way to a life free of the effects of alcohol and other drugs through comprehensive treatment and recovery services open to all.”

IV. PURPOSE, SCOPE AND METHODOLOGY OF REVIEW

A team of DHHS staff conducted a review of the Farnum Center on October 11, 2018. The project team consisted of several members from the Bureau of Drug and Alcohol (BDAS) and a staff member from the Bureau of Improvement and Integrity and Information (BII). The Farnum Center was notified of the review in advance and sent a detailed letter describing the review and requesting financial information. The purpose of the review was to:

- Assess compliance with state administrative rules and BDAS contracts;
- Review documentation supporting claims submitted to BDAS for reimbursement;
- Identify opportunities for technical assistance from BDAS; and
- Identify best practices.

The scope included the review of:

- Program descriptions;
- Required components of personnel files;
- Agency policies and procedures;
- Interviews of clients, staff and BOD;
- Billing invoices and payroll; and
- Client records.

V. OBSERVATIONS AND RECOMMENDATIONS

Requirement: According to Exhibit A 7.5, “The Contractor shall obtain consent from individuals prior to providing services as follows:”

- Exhibit A Section 7.5.1 – “For individuals whose age is 12 and older, the Contractor is required to obtain consent from the individual themselves; or”

1. **Observation:** One out of ten records that were reviewed had a missing BDAS consent.

Recommendation: All clients must have BDAS consents.

Contract Agency Response: It is noted that nine out of ten files contained a BDAS consent form. This has been reviewed with personnel and will be double-checked at the appointment level and at a monthly interval to ensure completion. We strive for this measurement to be ten out of ten files.

Requirement: According to Exhibit A 8.1.3.3, “Anytime a client is added to the waitlist of another agency, the provider shall complete consent in WITS to allow the agency the client is being referred to review client information in WITS.”

2. **Observation:** The Farnum Center currently has waiting list management processes. The processes do not include this requirement.

Recommendation: The Farnum Center shall modify its waiting list management processes. They shall complete consent in the WITS system allowing the referral agency the ability to review the client information.

Contract Agency Response: Farnum Center waitlist management policy did not include the requirement of completing a consent in WITS to allow for referral within the WITS system. Farnum Center is pending clarification from the BDAS Clinical Services Unit Administrator that previous contracts did require utilizing the WITS Waitlist, however, it proved unwieldy so the current contract does not include such requirements. At the time of this report, clarification is pending from the Department for all Observations related to WITS Waitlist.

Requirement: According to Exhibit A 8.1.3.4, “Every business day, the staff member identified in 8.1.2 shall review pending clients from outside agencies to accept, reject or delete the client as appropriate.”

3. **Observation:** The Farnum Center currently has waiting list management processes. The processes do not include this requirement.

Recommendation: The Farnum Center shall modify the waiting list management processes. They shall require the staff person maintaining the wait list to review pending clients from outside agencies to accept, reject or delete the client as appropriate.

Contract Agency Response: Farnum Center waitlist management policy did not include the requirement of reviewing client referrals in WITS on a daily basis. This has now been added to the Farnum Center policy and two additional staff have been trained on the process of reviewing and accepting pending referrals.

Requirement: According to Exhibit A 8.1.4, “The Contractor shall provide a client on the waitlist interim services, defined as recovery support services or services with a lower ASAM Level of Care, under this contract or by referral to an agency that has an earlier available opening in the client’s service area.”

4. Observation: The Farnum Center currently has waiting list management processes. The processes do not include this requirement.

Recommendation: The Farnum Center shall modify the waiting list management processes. The processes shall include providing interim services while a client is on the waitlist or referring them to an agency that has an available opening in the client’s service area.

Contract Agency Response: Farnum Center waitlist management policy did not include the requirement of utilizing waiting list management processes, presumably in WITS. Referral is made and other options are presented as interim services or at the same level of care based on client location. WITS waitlist management as a function has been challenging, as many New Hampshire contracted providers do not utilize this area of the system. Additionally, this is no longer a contract requirement. As such, Farnum Center will coordinate referrals to include the provision of interim services outside of the WITS System and as noted in Response to Observation 2, Farnum seeks and is open to further discussion. Contract language as reference;

2.6.1. The Contractor will maintain a waitlist for all clients and all substance use disorder treatment services including the eligible clients being served under this contract and clients being served under another payer source.

2.6.2. The Contractor will track the wait time for the clients to receive services, from the date of initial contact in Section 2.5.2.1 above to the date clients first received substance use disorder treatment services in Sections 2.3 and 2.4 above, other than Evaluation in Section 2.5.4

2.6.3. The Contractor will report to the Department monthly:

2.6.3.1. The average wait time for all clients, by the type of service and payer source for all the services.

2.6.3.2. The average wait time for priority clients in Section 2.5.8 above by the type of service and payer source for the services.

Requirement: According to Exhibit A Section 10.3, “The Contractor shall complete treatment plans for all clients based on clinical evaluation data within 3 days of the clinical evaluation (defined in Section 7.1.6) and must address all ASAM (2013) domains and shall:”

5. Observation: At the time of the review:

- 1 out of 10 records reviewed did not meet the Section 10.3 requirement of the contract.

Recommendation: The agency must complete treatment plans for all clients within 3 days of the clinical evaluation.

Contract Agency Response: It was noted that nine out of ten files reviewed met the required timeframe of treatment plan completion, which is within three (3) days of the clinical evaluation being completed. Our goal is to meet this standard 100% of the time.

Since the time of this file review in the spring of 2018, Farnum Center has received a significant amount of qualitative and quantitative feedback from our stakeholders reflecting our significant efforts result in real affirmative outcomes. Stakeholders note that clinical documentation has met and often exceeded industry standards of report and record keeping. This expectation is built into the Farnum Center clinical workflow and has been reviewed with the clinical team(s) across locations.

Requirement: According to Exhibit A Section 10.9, “The Contractor shall deliver services in this Contract in accordance with:”

- Exhibit A Section 10.9.1 – “The ASAM Criteria (2013). The ASAM Criteria (2013) can be purchased online through the ASAM website at: <http://www.asamcriteria.org/>”

6. Observation: At the time of the review, the program auditors state that the records reviewed indicated that programs are fixed lengths of stay which is not in line with ASAM.

Recommendation: All services provided must use the ASAM Criteria. Staff should be trained in ASAM criteria.

Contract Agency Response: At the time of review, the program auditors state that the records reviewed indicated that programs are fixed length of stay which is not in line with ASAM. It is Farnum Center’s wish to explore this further with Department personnel.

Requirement: According to Exhibit A Section 24.3, “The Contractor agrees to the following state and federal requirements for all programs in this Contract as follows:

- Exhibit A Section 24.3.1 – “Within 7 days of reaching 90% of capacity, the program notifies the state that 90% capacity has been reached.”

7. Observation: There does not appear to be any policies requiring notification to the State when the program is at 90% capacity.

Recommendation: The agency should submit an existing policy or develop a formal policy that includes the required notification to the State.

Contract Agency Response: Farnum Center policy did not include notification to the state within 7 days of reaching 90% capacity. Farnum Center has added to the Waitlist Management policy to reflect that the Department will be notified whenever possible, when one or more programs is reaching 90% capacity for BDAS clientele. Farnum Center requests a contact from the Department who will receive this information, as well as the context of this request, as capacity information is available in WITS.

Requirement: According to Exhibit A Section 24.3.2, “The program admits each individual who requests and is in need of treatment for intravenous drug abuse not later than:”

- Exhibit A Section 24.3.1.2 – “120 days if the program has no capacity to admit the individual on the date of the request and, within 48 hours after the request, the program makes interim services available until the individual is admitted to a substance abuse treatment program.”

8. Observation: There does not appear to be a policy that includes the 120 day requirement and the 48 hours after the request of making interim services available.

Recommendation: The agency should submit an existing policy or develop a formal policy that includes the 120 day requirement and the 48 hours after the request of making interim services available.

Contract Agency Response: Farnum Center was found to be lacking a policy that included the requirement to admit a prospective within 14 days of request or within 120 days when the program has no capacity. Interim services are provided within 48 hours until the individual is admitted. It was noted in policy that interim services were provided only to priority populations. This has not been the case in practice, interim services are provided to all. However, this stipulation is now explicitly stated in the Farnum Center waitlist management policy.

Requirement: According to Exhibit A, Section 24.3.9, “The program has implemented the infection control procedures that are consistent with those established by the Department to prevent the transmission of TB and that address the following:”

- Exhibit A Section 24.3.9.3 – “Case management activities to ensure that individuals receive such services.”

9. Observation: The Farnum Center currently has several policies pertaining to Infection Control processes. The processes do not include this requirement.

Recommendation: Modify one of these policies to include the requirement of offering case management activities to ensure that individuals receive such services.

Contract Agency Response: It was noted that Farnum Center infection control policies did not include “case management activities to ensure that individuals receive such services,” referencing Exhibit A, Section 24.3.9.3, Farnum Center respectfully asks that this section is clarified by the Department as it has not been located in RFA-2019-BDAS-01-SUBST-04 at the time of this draft.

Requirement: According to Exhibit K, Section 7.3.4.2, All staff, including contracted staff shall receive an orientation within the first 3 days of work or prior to direct contact with clients, which includes “The contractor’s policy on client rights and responsibilities and complaint procedures”

10. Observation: One out of ten human resource files that were reviewed did not include acknowledgement that the employee had reviewed the policy on client rights and responsibilities and complaint procedures.

Recommendation: All personnel files should contain acknowledgement that the employee had reviewed the policy on client rights and responsibilities and complaint procedures.

Contract Agency Response: During the site visit, nine out of ten personnel files contained acknowledgement that the employee reviewed the policy on client’s rights and responsibilities and complaint procedures. During new hire, which is the first day of employment, all staff review the personnel policy manual which includes complaint procedures. Farnum Center staff are oriented to client rights within the first week of employment and annually thereafter. One file out of ten personnel files audited did not include the acknowledgement prior to the staff working, as that staff did not attend orientation as their first day of employment. There was an exception made at the time of hire in 2014 and appropriate follow up was not in place at that time. Presently, the Human Resources Department dedicates staff to ensure that newly hires begin their employment with a complete orientation described above.

Requirement: According to Exhibit K, Section 7.3.4.4, All staff, including contracted staff shall receive an orientation within the first 3 days of work or prior to direct contact with clients, which includes “Grievance procedures for both clients and staff.”

11. Observation: One out of ten human resource files that were reviewed did not include acknowledgement that the employee had reviewed the policy on grievance procedures for both clients and staff.

Recommendation: All personnel files should contain acknowledgement that employees had reviewed the policy on grievance procedures for both clients and staff.

Contract Agency Response: Farnum Center recognizes that it was not in compliance with section 7.3.4.4 for one out of ten personnel files. During the site visit, nine out of ten personnel files contained an acknowledgement that the employee reviewed the policy on grievance procedures for both clients and staff. During new hire, which is the first day of employment, all staff review the personnel policy manual which includes grievance procedures. Staff are also oriented to where a complaint form can be located within their respective location(s) of employment, conspicuously displayed in common areas. The staff identified in the site visit did not attend orientation as their first day of employment. There was an exception made at the time of hire in 2014 and appropriate follow up was not in place at that time. Presently, the Human Resources Department has three staff dedicated to ensuring that newly hired staff begin their employment with a new hire orientation which includes a review of the agency policy and procedures.

Requirement: According to Exhibit C, Section 8.1 – “Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department....”

12. Observation: A selection of invoices paid with a credit card was chosen to review. Based on the invoice selections, auditors were only given credit card statements without the corresponding receipts/invoices for the majority of these requests. This did not provide sufficient documentation for these purchases. However, the Credit Card Policy states that the receipts/invoices are uploaded online to the credit card statements.

Recommendation: When the auditors request documentation of receipts/invoices, the agency should be providing the credit card statements for all the purchases, and backup documentation. This should include, but should not be limited to the receipt/invoice which was uploaded to the Statement Online along with proper approval.

Contract Agency Response: During the selection process of credit card expenditures Easterseals provided both credit card statements as well as receipts for most of the requests. Easterseals staff followed up and provided all proper documentation as requested by DHHS when receipts were deemed missing.

Requirement: According to Exhibit C, Section 8.1 – “Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by

the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department....”

13. Observation: The Credit Card Policy indicates that only after all purchases have been made, the supervisor approves it.

Recommendation: The Credit Card Policy should be modified to address non-routine purchases. The non-routine purchases, should have approval prior to the purchase in order to strengthen internal controls.

Contract Agency Response: Easterseals has controls in place through the credit card policy which requires that each employee’s credit card purchases be approved by their supervisor prior to AP processing. The practice to address non-routine purchases is for supervisor approval via email documentation or verbal. In addition, employees sign a credit card policy and are assigned credit card spending limits.

Requirement: According to Exhibit C, Section 8.1 – “Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department....”

14. Observation: It was difficult for the auditors to distinguish whether or not some of the AP invoices selected had proper approval. The approvals that were given for the non-routine purchases were from emails. According to the Fiscal Policies & Procedures Manual, a requisition is issued by anyone who is authorized to approve the requisition. These requisitions must be signed and approved before being sent to purchasing. AP receives an invoice which is matched to the signed requisition.

Recommendation: The agency accepts an email as authorization for a purchase of non-routine expenses. It should modify its policy to include the allowance of such emails from the proper personnel as approval for the purchase of these disbursements.

Contract Agency Response: Easterseals acknowledges the observation and recommendation. Easterseals will review the Fiscal Policies & Procedures Manual and make the necessary modifications to include emails from proper personnel as approval for purchases.

Requirement: According to Exhibit C, Section 8.1 – “Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department....”

15. Observation: We observed from one of the auditor’s selections, that a donation to “Hope for New Hampshire Recovery” was charged to “Membership Dues Subscriptions.”

Recommendation: All donations must be coded to a relevant account.

Contract Agency Response: Easterseals has multiple levels of review to ensure accuracy of all expense coding to general ledger accounts. This observation related to 1 out of 130 expenses that were selected during the audit. Easterseals will review policy and procedures to seek ways for continuous improvement.

End of Report