



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN VETERANS AFFAIRS AGENCY
LANSING

JAMES ROBERT REDFORD
DIRECTOR

June 10, 2016

Bryan Weiler, Acting Chief Internal Auditor
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, MI 48913

Dear Mr. Weiler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached is a summary table identifying our responses and a corrective action plan to address the recommendations contained within the Office of the Auditor General's performance audit of the Grand Rapids Home for Veterans covering the period October 1, 2013 through August 31, 2015.

Please direct questions regarding the summary table or corrective action plans to Leslie Shanlian at (616) 364-5344.

Sincerely,

Signature Redacted

James Robert Redford
Director

Enclosure

cc: Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency
House Appropriations Sub-Committee Military and Veterans Affairs
Senate Appropriations Sub-Committee State Police and Military Affairs
Steve Potter, MVAA Chief of Staff
Leslie Shanlian, MVHS CEO
Scott Blakeney, GRHV COO
Randy Shaffer, DTMB

**Responses to Office of the Auditor General's Performance Audit of
Grand Rapids Home for Veterans**

Summary Table	
Audit recommendations the agency complied with:	
1. Member accountability and safety needs improvement	
3. Improvements needed to administer pharmaceuticals as prescribed	
6. Improvements needed to collect insurance reimbursements	
7. Member complaint process needs improvement	
Audit recommendations the agency will comply with:	
	Expected Compliance Date:
2. Contractor needs to provide minimum staffing levels	July 2016
4. Improvements needed over comprehensive care plans	June 2016
5. Controls over nonnarcotic pharmaceuticals need improvement	June 2016
8. Improved controls needed over disbursement of members' funds	Sept 2016
9. Improvements needed to resolve past due member assessments	Sept 2016

Corrective Action Plan

1. Member accountability and safety needs improvement

The auditors recommended that the Home ensure that its contracted caregivers complete and properly document all member location and fall alarm checks. The auditors also recommended that MVAA pursue appropriate corrective action with its contractor for these irregularities.

Agency Preliminary Response

The Home has complied.

The Home counseled staff regarding completion and proper documentation of member location checks and also reinforced expectations with the contractor. The Home also conducted a subsequent review of member location checks and found proper completion and documentation. The Assistant Director of Nursing is reviewing all activity monthly to ensure member location checks are completed according to policy. The Home has also reviewed and updated the member location policy to reflect best practice standards. The policy also states that discipline, up to and including termination of employment, will result if checks are not performed or reported accurately.

The Home discontinued use of fall alarms and has educated staff, members, and families regarding the risks. Upon reviewing evidence based studies published by

Centers for Medicare and Medicaid Services and the Pioneer Network, risks of using fall alarms include higher rates of falling, overlooking positioning techniques related to pressure, and limiting mobility.

2. Contractor needs to provide minimum staffing levels

The auditors recommended that the Home continue to work with the contractor to ensure that proper staffing levels are met and assess the feasibility of entering into a new contract for caregiving service.

Agency Preliminary Response

The Home agrees and has taken steps to comply.

Upon review of the contract, the Home's staff found that while the contractor was not meeting the minimum staffing according to the contract, the Home was exceeding the United States Department of Veterans Affairs (USDVA) staffing level standard of 2.5 nursing hours per veteran per day. The Home's staff is working with the contractor management to ensure future staffing meets members needs and continues to exceed USDVA standards.

Weekly meetings between the contractor and staffing agency occur. The contracting agency is subcontracting with two other companies to supplement staffing. The alternate bidder for this contract has been contacted to supply staff, and a supplemental request for proposal for staffing for this year has been drafted.

3. Improvements needed for administering prescribed pharmaceuticals

The auditors recommended that the Home properly administer nonnarcotic pharmaceuticals prescribed to members.

Agency Preliminary Response

The Home agrees and has complied.

The policy has been revised and pharmacists have refrained from filling early refills that do not have appropriate approval and justification from the Nurse Manager. Controls have been implemented to ensure staff administers member medications in accordance with the policy.

4. Improvements needed over comprehensive care plans

The auditors again recommended that the Home effectively develop, execute, and monitor all comprehensive care plans.

Agency Preliminary Response

The Home agrees and has taken steps to comply.

The Home hired a MDS coordinator who will monitor timely and proper completion of MDS assessments and comprehensive care plans. The Home is also implementing electronic medical records to assist with monitoring. Corrective action will occur in the appropriate discipline if MDS or care plans are incomplete or late.

5. Controls over nonnarcotic pharmaceuticals need improvement

The auditors recommended that the Home establish adequate controls over its nonnarcotic pharmaceuticals.

Agency Preliminary Response

The Home agrees and has taken steps to comply.

The Home has segregated the duties among pharmacy staff who order, receive, dispense, and dispose of nonnarcotic pharmaceuticals. The Home also reviewed best practices for inventory of nonnarcotic pharmaceuticals in the pharmacy that are susceptible to theft and abuse and established a policy and procedure regarding this.

The medications that are identified as high risk for theft and abuse are being treated as narcotics and will be placed in Pyxis system.

6. Improvements needed to collect insurance reimbursements

The auditors recommended that the Home bill members' insurance companies for all eligible prescriptions dispensed from the pharmacy. The auditors also recommended that the Home follow up on prescriptions that members' insurance companies reject.

Agency Preliminary Response

The Home agrees and has complied.

The Home hired a staff person who bills insurance companies for all eligible prescriptions dispensed from the pharmacy and follows up on rejected claims. The Pharmacy Director and Chief Operating Officer are monitoring the Home's prescription billing practices.

7. Member complaint process needs improvement

The auditors recommended that the Home track and properly investigate and respond to all member complaints.

Agency Preliminary Response

The Home agrees and complied.

The Home reviewed and revised its complaint policy to ensure member issues are addressed quickly with the appropriate discipline addressing issues. The process has been revised to require a manager outside the discipline to review the complaint and

investigation. The complaint coordinator within the Home's Social Services Department has a new tracking log and will routinely review for timely completion with Chief Operating Officer.

The Vice President of Social Services reviews all complaints on a monthly basis to ensure follow up has been completed by the appropriate department head. The policy was revised to require all complaints are brought to the quarterly Quality Assurance meeting.

8. Improved controls needed over disbursement of members' funds

The auditors recommended that the Home implement sufficient controls over the disbursement of deceased or discharged members' funds.

Agency Preliminary Response

The Home agrees and has taken steps to comply.

The Home reviewed and revised its policies and procedures involving the disbursement of deceased or discharged member funds to implement sufficient notifications and timely disbursement. DTMB is assisting the Home with corrective action.

9. Improvements needed to resolve past due member assessments

The auditors again recommended that the Home effectively document and resolve past due member assessments.

Agency Preliminary Response

The Home agrees and has taken steps to comply.

The Home has implemented a new accounting system with the capability to report, track and document all collection efforts of past due assessments. The Home will also create and implement new policies and procedures that address collecting past due assessments and writing off uncollectible debts. DTMB is assisting the Home with corrective action.