STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

September 2, 2015

Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, Michigan 48913

Dear Mr. Bankowski:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached are the preliminary summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's Performance Audit of the Certificate of Need Program, Department of Health and Human Services.

Questions regarding the summary table or corrective action plans should be directed to me at (517) 373-1508 or Myersp3@michigan.gov.

Sincerely,

Signature Redacted

Pam Myers, Director
Bureau of Audit, Reimbursement & Quality Assurance

Enclosure

cc: Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency
Executive Office
DHHS, Nick Lyon
DHHS, Timothy Becker
DHHS, Geralyn Lasher
DHHS, Farah Hanley
House Appropriations Committee
House Standing Committee
Senate Appropriations Committee
Senate Standing Committee
DHHS, Elizabeth Hertel
DHHS, Beth Nagel
DHHS, Karla Ruest

PERFORMANCE AUDIT OF THE CERTIFICATE OF NEED PROGRAM

DEPARTMENT OF HEALTH AND HUMAN SERVICES

July 15, 2015

AUDIT RESPONSE

Approved: Signature Redacted

Farah Hanley, Senior Deputy Director
Department of Community Health

Date: 9/26/15

AUDIT REPORT SUMMARY

DEPARTMENT: Health and Human Services

AUDIT PERIOD: October 1, 2011 through May 31, 2014

REPORT DATED: April 30, 2015

DISPOSITION OF AUDIT RECOMMENDATIONS

CITATIONS COMPLIED WITH	CITATIONS TO BE COMPLIED WITH	CITATIONS DCH DID NOT AGREE WITH
	Finding 1 (9/24/15)	
	Finding 2 (8/30/15)	
	Finding 3 (8/30/15)	

Audit Response
Performance Audit
Certificate of Need Program
Department of Community Health
October 1, 2011 through May 31, 2014

Recommendation 1: Improved evaluation and assessment documentation needed.

The OAG recommended that the CON Commission establish a process to consistently document its evaluation and assessment of the CON Program.

Response:

The CON Commission will develop a plan to address the consistent documentation of the evaluation of the CON program operations and assessment of the program effectiveness. The process will be finalized and approved at the next CON Commission meeting in September 2015.

Recommendation 2: More timely follow-up needed to ensure submission of PIPRs and contracts on schedule

The OAG recommended that MDHHS continue to improve its efforts to follow up approved CON projects timely to ensure that the applicants submit PIPRs and contracts on schedule.

Response:

a. MDHHS is generating reports from the online system to track the progress and will continue to initiate follow-up in the 11th month after CON approval. MDHHS will also document requests from the applicants to formally extend the date for filing PIPRs beyond the 12-month requirement.

b. MDHHS will continue to follow-up all CON-approved projects to ensure that enforceable contracts are in place within 12 months after CON approval and will adequately document all formal and informal requests for additional time requested by applicants and MDHHS's approval of the same.

c. MDHHS is working to establish a process for following up on emergency CON projects immediately after CON approval. The process is expected to be finalized by August 30, 2015.

Recommendation 3: Improved documentation of MDHHS's monitoring of compliance with CON review standards needed.

The OAG recommended that MDHHS adequately document its monitoring of health facilities' compliance with CON review standards to help ensure the quality of services provided by health facilities.

Response:

MDHHS will continue to utilize the annual survey data to monitor the facilities by searching for standards deviations and significant signs of noncompliance, but is also working on developing a process to adequately document such monitoring. MDHHS is also working on improving the annual survey tool to collect all relevant information to adequately monitor quality of services provided by CON-approved health facilities and is developing a process for selecting the review standards for a more in-depth review on an annual basis. These changes will be implemented by August 30, 2015.