



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
FINANCE AND ADMINISTRATIVE SERVICES  
ALLAN R. POHL  
DIRECTOR

MIKE ZIMMER  
DIRECTOR

Emailed 7/7/15

June 7, 2015

Mr. Jeffrey S. Bankowski, Chief Internal Auditor  
Office of Internal Audit Services  
State Budget Office  
George W. Romney Building – Sixth Floor  
111 S. Capitol, P.O. Box 30026  
Lansing, Michigan 48909

Dear Mr. Bankowski:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached are a summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's Performance Audit of Bureau of Health Care Services (BHCS), Department of Licensing and Regulatory Affairs for the period October 1, 2011 through May 31, 2014.

If you have any questions regarding this report, please feel free to call me at (517) 335-9247.

Sincerely,

(SIGNED)

Allen Williams, Director  
Finance & Administrative Services  
Office of Audit & Financial Compliance

Enclosure

cc: Audit Distribution List  
Kim Gaedeke  
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Allan Pohl

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## AUDIT RESPONSE SUMMARY

Performance Audit of Bureau of Health Care Services (BHCS)  
Department of Licensing and Regulatory Affairs (LARA)  
October 1, 2011 through May 31, 2014

I. Citations complied with:

- #1.
- #3.
- #5.
- #6.

II. Citations to be complied with:

- #2. The estimated date of full compliance is August 31, 2015.
- #4. The estimated date of full compliance is July 1, 2016.

III. Citations agency disagrees with:

None

**Audit Response**  
**Performance Audit of Bureau of Health Care Services (BHCS)**  
**Department of Licensing and Regulatory Affairs (LARA)**  
**October 1, 2011 through May 31, 2014**

**FINDING #1 – Completeness and Accuracy of MAPS Data**

*We recommend that the HPID develop additional processes to help ensure that it has complete and accurate data in MAPS for all required controlled substances that are dispensed.*

**Final Response:**

LARA has complied.

HPID has implemented steps designed to ensure that dispensers of controlled substances comply with their MAPS registration and reporting requirements. These steps include increasing the number of inspections of dispensers and updating procedures for compliance monitoring.

The new threshold for erroneous data was set at “zero” effective October 23, 2014. Staff now use *Submission Tracking* to detect errors and ensure that dispensers correct errors timely.

HPID requests current waiver forms for all practitioners and dispensers that cannot submit data electronically and this documentation is kept for 7 years. Claim forms are entered by the MAPS staff for each prescription and this are kept for 30 days.

**FINDING #2 – Monitoring of HPRP Contractor**

*We recommend that HPLD effectively monitor the HPRP contractor’s performance.*

**Final Response:**

LARA agrees and will comply.

HPLD has implemented quarterly compliance reviews of the HPRP contractor’s required deliverables; with specific attention given to those listed under Section 1.030 of the contract - *Roles and Responsibilities*. In addition, the current contract for HPRP is being further reviewed with amendatory language likely resulting.

The estimated date of completion is August 31, 2015.

### **FINDING #3 – Completeness of Investigations**

*We recommend that HPID consistently conduct complete investigations of Public Health Code violations filed against health professionals.*

#### **Final Response:**

LARA has complied.

HPID has implemented business process improvement measures to better ensure that investigations are performed in a consistent and complete manner. Outcomes from this process include updated written policies and procedures and a new investigation report format that makes investigative action clearer and more consistently documented. However, it should be noted, that Section 333.16238(1) of the *Michigan Compiled Laws* requires LARA to maintain confidentiality (and not disclose detailed information) concerning specifics about investigations such as: documents reviewed, witnesses interviewed, and investigative methodology.

### **FINDING #4 – Timeliness of Investigations**

*We recommend that HPID complete investigations within the time frames specified in the Michigan Compiled Laws.*

#### **Final Response:**

LARA agrees and will comply.

The Bureau has recently instituted a series of business process improvement measures designed to increase case completion timeliness. These measures include having the Allegation Section within the Enforcement Division obtain required documents prior to transferring the file for investigation and requiring managers to hold scheduled case reviews with their investigators to ensure appropriate case progression.

The Investigations Section is tracking the number of cases investigated within 90 days from the date of authorization and the number of investigations that the bureau needs to extend to 120 days. In addition, we are tracking the process of the number of cases that take 365 days as well as the number of cases that exceed 365 days; and are including an explanation whenever these specific metrics are not been met on a monthly basis. In doing this, the bureau will continue to make appropriate changes to work towards consistently meeting these metrics on a monthly basis. We also plan to do a *Lean Process Improvement* (LPI) following the re-organization of BHCS into the Bureau of Professional Licensing (BPL) and the Bureau of Community and Health Systems (BCHS). The estimated date of full completion is July 1, 2016.

### **FINDING #5 – Sanctions Monitoring**

*We recommend that SMU sufficiently monitor sanctions imposed against health professionals to ensure that licensees comply with consent orders.*

*We also recommend that SMU refer noncompliant licensees to the Allegation Section for further follow-up.*

**Final Response:**

LARA has complied.

SMU has implemented steps that better ensure sanctions monitoring and referral of noncompliant licensees to the Allegation Section. These steps include implementing process performance improvements, developing a tracking mechanism, and designing personnel reassignments for better efficiency. Additionally, in November 2014, a restructuring of the Enforcement Division took place to provide additional management oversight of SMU monitoring activities.

The Enforcement Division has completed follow-up reviews for each of the seven (7) complaint cases identified in the audit as either having untimely or insufficient monitoring and has taken actions where necessary to ensure full compliance with consent order provisions.

**FINDING #6 – Timely Preparation and Presentation of Allegations to the Licensing Boards**

*We recommend that the Enforcement Division develop policies and procedures requiring its Allegation Section to complete the initial allegation review in a specified time frame.*

**Final Response:**

LARA agrees (in part) and has complied.

In November 2014, the Enforcement Division updated and implemented procedures to improve timeliness of presentation of allegation to the licensing board.

However, these procedures do not mandate that an initial allegation review must occur within a specified time frame. It is LARA's position that each allegation is unique and requires different tasks for completing a final review. Therefore, it is not practical to establish a specified standard time frame for completion of each task. A 7-day target was established as guidance for assigned staff to complete an initial review.

The Allegation Section manager currently conducts a review of each staff's caseload every two weeks to determine the progress of each allegation received. Additionally, monthly reports of caseload by worker are generated and reviewed monthly to ensure that allegations are processed as timely as possible.