



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

ORLENE HAWKS
DIRECTOR

May 26, 2023

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

Dear Mr. Lowe:

In accordance with the State of Michigan, Financial Management Guide, Part VII, I submit to you LARA's Corrective Action Plan (CAP) addressing the recommendations contained within the Office of the Auditor General's performance audit report (# 641-0452-22) involving LARA's Bureau of Community and Health Systems (BCHS).

Please direct any questions you may have to me at (517) 243-5895.

Sincerely,

Kevin Kubacki
Audit Liaison

Enclosure: BCHS CAP

cc: JoAnne Huls, Chief of Staff, Executive Office
Maria Martinez, Chief Compliance Officer, Executive Office
Trish Foster, Chief Operating Officer, Executive Office
Doug Ringler, Office of the Auditor General
Mary Ann Cleary, House Fiscal Agency
Kathryn Summers, Senate Fiscal Agency
Representative Angela Witwer, House Appropriations Committee
Representative Phil Skaggs, House Appropriations Subcommittee
Representative Tyrone Carter, House Regulatory Reform Committee
Senator Sarah Anthony, Senate Appropriations Committee
Senator Mary Cavanagh, Senate Appropriations Subcommittee
Senator Jeremy Moss, Senate Regulatory Affairs Committee

Orlene Hawks, Director, LARA

Marlon Brown, Chief Administrative Officer, LARA

Adam Sandoval, Deputy Director, LARA

Dan Horn, Director, Finance and Administrative Services, LARA

Larry Horvath, Director, BCHS, LARA

Department of Licensing and Regulatory Affairs (LARA)
 Bureau of Community and Health Systems (BCHS)
 Homes for the Aged (HFA)
 Report Number 641-0452-22
 Office of the Auditor General
 May 12, 2023
 Department Final Corrective Action Plan

Summary Response Matrix

	Complied	Will Comply	Partially Complied	Will Not Comply
Agrees		1, 2, 3, 4		
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding Number: 1

Material/Reportable: Reportable

Finding Title: On-site renewal inspection processes need improvement.

Related IT system, if applicable: Bureau Information Tracking System (BITS)

OAG Recommendation

We recommend that BCHS implement a managerial review process and maintain documentation necessary to demonstrate it appropriately and thoroughly evaluated all applicable areas and followed up all applicable Incident Reports during the on-site renewal inspections.

Department Response

BCHS agrees with this recommendation.

Milestone 1: Revise and implement survey checklist

Task(s):

- Modify the survey checklist as follows:
 - Ensure applicable public health code and administrative rule requirements are identified on the survey checklist.
 - Include a section surveyors will use to document whether a revisit is needed due to the violation(s) cited.
- Implement the revised survey checklist as follows:
 - Ensure the HFA policy is updated on checklist utilization.
 - Management will review the updated survey checklist with HFA staff and provide any necessary training.

Anticipated Compliance Date: September 1, 2023

Responsible Individual: Andrea Moore, Long Term Care State Licensing Section (LTCSLS) Manager

Milestone 2: Revise record retention and disposal schedule

Task(s):

- Modify the record retention and disposal schedules as follows:
 - Ensure the retention schedule indicates that any facility obtained documentation is retained until BCHS approves the facility's corrective action plan acknowledging the deficient practices, facility's right to hearing has expired, or a requested hearing has been concluded with a final disposition.
 - Ensure the retention schedule identifies survey reports, survey checklists, and code sheets as documentation of all completed licensure and complaint surveys. These documents must be maintained for the full retention period.
 - Ensure the retention timeline complies with any applicable public health code requirements and that it mirrors other BCHS covered facilities retention and disposal schedules.
- The modified record retention and disposal schedule will be submitted to the Records Management Liaison (RML) to incorporate necessary edits into the spreadsheet version of the retention schedule provided by the Department of Technology, Management & Budget's (DTMB's) Records Analyst.
- RML routes the changes approved by the BCHS Director to leadership and LARA's Director for approval.
- RML submits the approved changes to DTMB's Records Analyst.
- DTMB's Records Analyst routes the revised schedule for review and approval to DTMB's Records Management Services, the Archives of Michigan (if applicable), the Department of Attorney General, the Office of Auditor General, and the State Administrative Board.

Anticipated Compliance Date: January 1, 2024

Responsible Individual: Larry Horvath, Bureau Director

Milestone 3: Revise and implement HFA Policy Manual

Task(s):

- Modify the HFA Policy Manual as follows:
 - Incorporate the revised record retention and disposal schedule to ensure all transactional and retained document timelines are detailed.
 - Establish a process for survey revisits:
 - Identify criteria for when a revisit is necessary based on the violation(s) cited.

- The survey checklist will document if a revisit is needed or not necessary. If a revisit is needed, it must be documented in BITS through the entry of a revisit event.
 - Consistent and increased background check evaluation during licensure surveys.
 - Update and clarify the process for the following:
 - Coding of residents, facility staff, complainants, and other regulatory staff identified in licensure survey and complaint investigation reports on the BITS code sheet.
 - Utilize the survey checklist for both licensure surveys and complaint investigations.
 - Update the incident reporting process based on the March 21, 2023, updated administrative rules.
 - Timeline for issuance of complaint investigation survey reports. Timeline will be based on 60 calendar days from the date necessary information and documentation has been received by BCHS to complete its report.
 - Process for providing the complaint survey report to the complainant.
 - Establish a process for managerial oversight of the following:
 - Review a set number of licensure survey reports, survey checklists, and code sheets per health care surveyor on an annual basis.
 - Review compliance with complaint investigation survey report issuance timeline.
- Implement revised HFA Policy Manual as follows:
 - Management will review updated HFA Policy Manual with HFA staff and provide any necessary training.
 - Provide ListServ communication of policy changes to facilities, as necessary.
 - Update BCHS website, as necessary.

Anticipated Compliance Date: January 1, 2024

Responsible Individual: Andrea Moore, LTCSLS Manager

Finding Number: 2

Material/Reportable: Reportable

Finding Title: Improved monitoring of HFA employee background checks could help improve resident safety.

Related IT system, if applicable: Bureau Information Tracking System (BITS)

OAG Recommendation

We recommend that BCHS effectively monitor HFA employee background checks to help ensure licensees conduct the required checks consistently and timely.

Department Response

BCHS agrees with this recommendation.

Milestone 1: Improve background check monitoring process

Task(s):

- Design a new survey methodology process to measure compliance with MCL 333.20173a.
- Design a new sample methodology based on statistical sampling standards to measure the HFA's compliance with Administrative Rule 325.1944(1)(i).

Anticipated Compliance Date: September 1, 2023

Responsible Individual: Andrea Moore, LTCSLS Manager

Milestone 2: Implement revised background check monitoring process

Task(s):

- Modify the HFA policy to ensure consistent and increased background check evaluation during licensure surveys, including a methodology to determine sample size.
- Management will review updated HFA policy with HFA staff and provide any necessary training.

Anticipated Compliance Date: September 18, 2023

Responsible Individual: Andrea Moore, LTCSLS Manager

Finding Number: 3

Material/Reportable: Reportable

Finding Title: Changes needed to HFA licensing fees.

Related IT system, if applicable: Bureau Information Tracking System (BITS)

OAG Recommendation

We recommend that LARA evaluate the HFA licensing fee structure, including examining the potential need to request legislative authority to assess fines for compliance violations and/or late renewals.

Department Response

LARA agrees with this recommendation.

Milestone 1: Revised HFA licensing fee schedule

Task(s):

- Identified the operational costs of the HFA licensing program.
- Identified the current revenues of the HFA licensing program.
- Compared the current HFA fee schedule to other health facilities, that include base license fees, bed fees, and initial application fees.

- LARA and SBO sent the legislature a request for legislation needed to amend the fee schedule within the Public Health Code as part of the Governor's fiscal year 2024 executive budget recommendation.
- Researched and reviewed late fee structure models in other states.
- Researched and reviewed fine structure models for violations in other states.

Compliance Date: February 8, 2023

Responsible Individual: Larry Horvath, Bureau Director

Milestone 2: Public Health Code amendment enacted

Task(s):

- BCHS, OPLA, and the legislature to advance the proposed Public Health Code Amendment through the legislative process.
- OPLA will secure a bill sponsor and educate lawmakers on why the change is needed.
- BCHS will educate stakeholders and licensees on why the change is needed.
- Bill will be sent to the Governor's desk for signature.

Anticipated Compliance Date: December 31, 2023

Responsible Individual: Larry Horvath, Bureau Director

Milestone 3: Implement new HFA licensing fee schedule

Task(s):

- Revise applicable documents and processes to include the new schedule.
- Route the revised documents to the bureau director for approval.
- Management will work with the IT Services Division to make the necessary changes in BITS.
- Management will train staff on the licensing fee changes.
- Management will communicate the implementation of the licensing fee changes to applicants and licensees.

Anticipated Compliance Date: December 31, 2024

Responsible Individual: Andrea Moore, LTCSLS Manager

Finding Number: 4

Material/Reportable: Reportable

Finding Title: Complaint investigation processes could be improved.

Related IT system, if applicable: Bureau Information Tracking System (BITS)

OAG Recommendation

We recommend that BCHS improve its processes to ensure timely complaint investigations, proper documentation, managerial approval, and proper notification of investigation results.

Department Response

BCHS agrees with this recommendation.

Milestone 1: Improved process for dismissing complaints in BITS

Task(s):

- BCHS added an event code within BITS, titled “Intake Dismissed – Reason,” which will be used by HFA survey staff to document the specific reason that an intake has been dismissed within the database.
- Modified the HFA policy to include this change.
- Management informed staff of the process change by email.

Compliance Date: November 1, 2022

Responsible Individual: Andrea Moore, LTCSLS

Milestone 2: Revise and implement complaint report timeline

Task(s):

- Modify the HFA policy to clarify and update the timeline for issuance of complaint reports. Timeline to be based on 60 calendar days from date that all necessary information and documentation has been received.
- Management will review the updated HFA Policy Manual with HFA staff and provide any necessary training.
- Management will generate a monthly report of outstanding complaints to monitor compliance with the 60 calendar day timeline.

Anticipated Compliance Date: August 1, 2023

Responsible Individual: Andrea Moore, LTCSLS

Milestone 3: Revise and implement the process for providing complaint survey reports to complainants

Task(s):

- Modify the HFA policy to clarify and update the process for providing the complaint survey report to the complainant. Process changes include:
 - Utilizing email as a method to provide complainants with a written copy of the final complaint report.
 - BCHS staff were advised via an email on October 13, 2022, that effective immediately, the following changes have been implemented:
 - If a complainant has supplied a valid email address, the surveyor will email the complainant a copy of the final complaint report.
 - If a complainant has supplied a phone number, the surveyor will make one attempt to contact the complainant to see if they would like to supply a mailing

address or an email address to receive a written copy of the final complaint report. The surveyor will document the attempt to obtain the mailing address or email address of the complainant through a comment in the BCHS data system.

- Management will evaluate the following:
 - Modifying the online complaint form to ensure the form indicates a complete mailing address or a valid email address must be provided by the complainant to allow for BCHS to send a written copy of the investigation results and any action proposed to be taken.
 - Adding an event within the BCHS data system to document the issuance of the complaint report to the complainant and whether the distribution was through US mail or via email.
- Management will review the updated HFA policy with HFA staff and provide any necessary training.
- Management will generate a monthly report to ensure reports are sent to complainants.

Anticipated Compliance Date: August 1, 2023

Responsible Individual: Andrea Moore, LTCSLS

Milestone 4: Special Investigation Report Code Sheets

Task(s):

- BCHS will evaluate its policy on coding of residents and staff for special investigations and licensure surveys to ensure the policy is clear and consistent on coding requirements.
- Modify HFA policy to include this change.
- Management will inform staff of the process change by email.

Anticipated Compliance Date: September 1, 2023

Responsible Individual: Andrea Moore, LTCSLS