Office of the Auditor General
Follow-Up Report on Prior Audit Recommendations

Kalamazoo Psychiatric Hospital
Michigan Department of Health and Human Services

March 2024

State of Michigan Auditor General
Doug A. Ringler, CPA, CIA

391-0220-19F

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution

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Report Summary

Follow-Up Report

Kalamazoo Psychiatric Hospital (KPH)

Michigan Department of Health and Human Services (MDHHS)

Report Number:
391-0220-19F

Released:
March 2024

We conducted this follow-up to determine whether KPH had taken appropriate corrective measures in response to the three material conditions noted in our July 2020 audit report.

Prior Audit Information	Follow-Up Results		
	Conclusion	**Finding**	**Agency Preliminary Response**
Finding 1 - Material condition Improved controls over admissions procedures needed. Agency agreed.	Substantially complied	Not applicable.	
Finding 2 - Material condition Processes regarding abuse and neglect allegations need improvement. Agency agreed.	Substantially complied	Not applicable.	
Finding 4 - Material condition Completion of patient incident reports needs improvement. Agency agreed.	Partially complied	Reportable condition exists. See Finding 4.	Agrees

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March 28, 2024

Elizabeth Hertel, Director
Michigan Department of Health and Human Services
South Grand Building
Lansing, Michigan

Director Hertel:

This is our follow-up report on the three material conditions (Findings 1, 2, and 4) and the three corresponding recommendations reported in the performance audit of the Kalamazoo Psychiatric Hospital, Michigan Department of Health and Human Services. That audit report was issued and distributed in July 2020. Additional copies are available on request or at audgen.michigan.gov.

Your agency provided the preliminary response to the follow-up recommendations included in this report. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during our follow-up. If you have any questions, please call me or Laura J. Hirst, CPA, Deputy Auditor General.

Sincerely,

Doug Ringler

Doug Ringler
Auditor General

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TABLE OF CONTENTS

KALAMAZOO PSYCHIATRIC HOSPITAL

INTRODUCTION, PURPOSE OF FOLLOW-UP, AND AGENCY DESCRIPTION

INTRODUCTION

This report contains the results of our follow-up of the three material conditions* (Findings 1, 2, and 4) and three corresponding recommendations reported in our performance audit* of the Kalamazoo Psychiatric Hospital (KPH), Michigan Department of Health and Human Services (MDHHS), issued in July 2020.

PURPOSE OF FOLLOW-UP

To determine whether KPH had taken appropriate corrective measures to address our corresponding recommendations.

AGENCY DESCRIPTION

KPH is an inpatient psychiatric hospital providing treatment for adults with mental illness. KPH, located in Kalamazoo, Michigan, is 1 of 4 psychiatric hospitals operated under the jurisdiction of MDHHS. KPH's mission* is to provide the highest quality behavioral health services, in a safe and supportive environment, that maximize opportunities for individual recovery, growth, and successful community reintegration. KPH is accredited by the Joint Commission* and is certified as a provider of inpatient psychiatric hospital services by the Centers for Medicare and Medicaid Services.

Each patient admitted to KPH is assigned to a treatment team composed of professional staff appropriate to the patient's individual needs, including a psychiatrist and a registered nurse. KPH completes activity therapy, nutrition, social work, psychological, psychiatric, physical (medical), and nursing assessments to determine the patient's needs and to develop an individual plan of service*. Also, KPH prohibits all acts which are abusive or neglectful of patients and requires completion of incident reports for unusual incidents*, such as assaults on or by a patient, the restraint or seclusion of a patient, medication errors, and suspected criminal offenses involving a patient. As of August 1, 2023, KPH had 104 patients.

** See glossary at end of report for definition.*

PRIOR AUDIT FINDINGS AND RECOMMENDATIONS; AGENCY PLAN TO COMPLY; AND FOLLOW-UP CONCLUSIONS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSE

FINDING 1

Audit Finding Classification: Material condition.

Summary of the July 2020 Finding:
KPH needs to improve its controls over its admissions activities to ensure patients are assessed in a timely manner and patient photographs are available for identification purposes. Specifically, in our review of 40 patient files, we noted KPH did not:

a. Complete admissions assessments within 24 hours, as required by law, for:

   - 17 (43%) physical assessments.
   - 23 (58%) psychiatric assessments.
   - 4 (10%) nursing assessments.

b. Complete 4 (10%) of the psychological assessments within 3 days of admission, as required.

c. Upload photographs in Avatar for 7 (30%) of the 23 patients for whom KPH had consent to take their picture.

Recommendation Reported in July 2020:
We recommended that KPH improve its controls to ensure timely completion of admissions activities.

AGENCY PLAN TO COMPLY*

On February 23, 2021, MDHHS indicated KPH performs audits of all admission assessments twice per month to ensure assessments are completed in a timely manner and any deviations identified are followed up, with the goal for a completion rate of 90% or above. KPH also indicated the psychiatric evaluation time line was changed to ensure compliance with the *Michigan Compiled Laws*.

Also, KPH developed a process to follow up on any initial photograph refusals to ensure failed attempts are documented in the record and stated the standard operating procedure (SOP) would be reviewed for any necessary modifications. KPH indicated it conducted a review of patients for which consent was received and developed a process to follow up with patients after an initial refusal to be photographed for a second attempt.

** See glossary at end of report for definition.*

FOLLOW-UP CONCLUSION

Substantially complied.

We verified KPH implemented a monthly report identifying admissions assessment compliance timeliness. We also reviewed patient files for 40 patients admitted from October 1, 2021 through August 1, 2023 and noted KPH:

a. Substantially complied.

   KPH timely completed admissions assessments within 24 hours for 100% of physical and psychiatric assessments reviewed and 97% of nursing assessments reviewed.

b. Complied.

   KPH timely completed 100% of psychological assessments reviewed in accordance with MDHHS's administrative policies for facilities/hospitals.

c. Complied.

   KPH uploaded photographs in Avatar for 100% of the applicable patients reviewed for whom KPH had consent to take their pictures.

FINDING 2

Audit Finding Classification: Material condition.

Summary of the July 2020 Finding:
KPH, in conjunction with the Office of Recipient Rights (ORR), needs to improve its processes regarding abuse and neglect allegations to ensure the safety and rights of patients. Specifically, we noted KPH did not:

a. Remove the accused employees from having patient contact during ORR's investigations for 16% of complaints reviewed involving allegations of abuse or neglect.

b. Respond to ORR investigation findings in a timely manner for 57% of complaints reviewed, ranging from 1 to 180 days late and averaging 32 days late.

Recommendation Reported in July 2020:
We recommended that KPH, in conjunction with ORR, improve its processes to respond to abuse and neglect allegations.

AGENCY PLAN TO COMPLY

On February 23, 2021, MDHHS indicated KPH now meets with ORR on a weekly basis to improve communication, and KPH developed a tracking mechanism to ensure timely responses to allegations of abuse and neglect.

FOLLOW-UP CONCLUSION

Substantially complied.

We verified KPH held weekly meetings with ORR regarding the status of investigations and any necessary administrative leave for accused employees. Also, KPH leadership held biweekly meetings beginning in April 2022 to review any outstanding actions stemming from ORR investigations.

Specifically, our follow-up noted KPH:

a. Complied.

   KPH updated its SOP in September 2019 to place employees accused of only class I or II abuse* or neglect* on administrative leave during an investigation. Our review of complaints substantiated by ORR noted KPH removed 100% of accused employees from having patient contact in accordance with its updated SOP.

b. Substantially complied.

   KPH implemented an ORR investigation tracking log to help ensure its compliance with the State law's timeliness requirement for submission of corrective action plans to ORR. Our review noted KPH did not respond to ORR

** See glossary at end of report for definition.*

investigation findings within 10 business days for 3 (17%) of 18 complaints reviewed, averaging 3 days late, which is a significant improvement from the exceptions noted in the prior audit report.

FINDING 4

Audit Finding Classification: Material condition.

Summary of the July 2020 Finding:
KPH needs to improve the completion of its incident reports to ensure the information is as accurate and detailed as possible to help safeguard patient rights and well-being. Specifically, we noted KPH did not:

a. Ensure all staff who witnessed the incidents documented their information by the end of the shift for 68% of reports reviewed, ranging from 6 hours to 35 days after the end of the shift.

b. Create the report within one hour for 58% of reports reviewed, ranging from 18 minutes to 12 hours after the required deadline.

c. Write a patient progress note detailing the incident for 35% of reports reviewed.

d. Document required notifications to parties including patient guardians, ORR, MDHHS's Adult Protective Services, the Michigan Department of State Police, and Kalamazoo Public Safety, as appropriate, for 28% of reports reviewed.

e. Document patient injury assessments for 5% of reports reviewed.

Recommendation Reported in July 2020:
We recommended that KPH design and implement controls to ensure that incident reporting is completed as required.

AGENCY PLAN TO COMPLY

On February 23, 2021, MDHHS indicated KPH:

- Would review internal processes and SOPs pertaining to incident reporting and make sure there are controls in place to ensure timely completion. Also, KPH planned to review its processes to ensure they align with other State psychiatric hospitals.

- Implemented a new tracking system in October 2019 to review all incident reports and report to administration, on a daily basis, any required reports not completed by staff in the previous 24 hours.

- Continued to review methods of tracking the required witness statements from staff.

FOLLOW-UP CONCLUSION

Partially complied. A reportable condition* exists.

We verified KPH implemented an incident report tracking system to help ensure required incident reporting information is completed timely. We also reviewed 40 of the 161 incident reports recorded from May 19, 2023 through August 7, 2023 and noted KPH:

a. Did not comply.

   KPH updated its SOP in May 2023 and no longer requires all staff witnesses to document their account of the incident. Instead, staff witnesses may document their account if they choose. However, our review noted other State psychiatric hospitals required at least one witness to document their account of the incident in the report.

   We determined 14 (35%) of the incident reports reviewed did not include a written account from any witness to the incident. In these instances, a unit nursing supervisor who did not witness the incident themselves documented the incident information based on witnesses' verbal statements. Requiring witnesses to document their account of an incident helps to ensure the information is as accurate and detailed as possible to aid in a potential investigation.

b. Partially complied.

   KPH updated its SOP in May 2023 to require the unit nursing supervisor to complete incident reports by the end of their shift. Our review noted incident reports were not completed by the end of the shift for 5 (13%) reports, averaging 1.5 days late and ranging from 11 hours to nearly 4 days late.

c. Substantially complied.

   Our review noted KPH did not write a patient progress note detailing the incident for 2 (5%) reports reviewed, which is a significant improvement from the prior audit.

d. Complied.

   KPH documented all required notifications for 100% of the reports reviewed.

e. Substantially complied.

   KPH did not document an immediate patient injury assessment for 1 (3%) of the reports reviewed.

** See glossary at end of report for definition.*

FOLLOW-UP RECOMMENDATIONS

We recommend that KPH staff witnesses document their account of incidents.

We also recommend that KPH continue to fully design and implement controls to ensure incident reporting is completed as required.

FOLLOW-UP AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

MDHHS agrees that continuous improvement of incident reporting is needed to ensure that incident reports are completed as required. Significant progress has been made and is demonstrated by the increase in compliance cited by the Office of the Auditor General with 87% of incident reports completed within the required timeframe, 95% of reports reviewed appropriately documented a patient progress note, 100% of the reports reviewed documented all required notifications, and 97% of the reports reviewed appropriately documented an immediate patient injury assessment.

KPH will modify SOP pertaining to incident reporting to require at least one KPH staff witness to complete an incident information form in the patient's Electronic Medical Record.

KPH will continue to implement auditing, education, and corrective action for individuals identified as not meeting the standards set forth by the SOP.

FOLLOW-UP METHODOLOGY, PERIOD, AND AGENCY RESPONSES

METHODOLOGY

We reviewed KPH's corrective action plan and updated SOPs and conducted interviews with KPH management. Also, for:

- Finding 1, we:
    - Verified KPH completed reports to monitor timely compliance with admissions assessment requirements for 6 randomly selected months from the population of 23 months from October 1, 2021 through August 31, 2023.
    - Randomly selected 40 of the 247 patients admitted from October 1, 2021 through August 1, 2023 and reviewed admission records to evaluate the timely completion of physical, psychiatric, nursing, and psychological assessments and verified photographs were uploaded for the 9 applicable patients who consented to a photograph.
- Finding 2, we:
    - Verified KPH held weekly meetings with ORR to discuss the status of investigations and any necessary administrative leave for accused employees for 10 randomly selected weeks from the population of 102 weeks from October 1, 2021 through September 11, 2023.
    - Verified KPH leadership held biweekly meetings to review any outstanding actions stemming from ORR investigations for 5 randomly selected biweekly periods from the population of 37 biweekly periods from April 4, 2022 through September 3, 2023.
    - Compared KPH's updated incident reporting procedures with similar procedures for the three other State of Michigan psychiatric hospitals to assess consistency regarding which levels of abuse or neglect allegations result in staff removal from patient contact.
    - Verified KPH developed and implemented a tracking mechanism to ensure timely responses to ORR for allegations of abuse and neglect.
    - Verified employees were placed on administrative leave during an investigation for all class I or II abuse or neglect complaints substantiated by ORR that were recorded from October 1, 2021 through August 15, 2023.

- Randomly and judgmentally selected 18 of 55 complaints substantiated by ORR from October 1, 2021 through August 15, 2023 to determine if KPH tracked allegations and responded timely to ORR investigation findings.

- Finding 4, we:

  - Randomly and haphazardly selected 39 of 493 working days from October 1, 2021 through September 30, 2023 to verify the incident report tracking process was implemented and, when applicable, follow-up communication with nursing staff was completed to help ensure required incident reporting information is completed timely.

  - Compared KPH's updated incident reporting procedures with similar procedures for the three other State of Michigan psychiatric hospitals to assess consistency regarding requirements for witnesses to document their account of the incident.

  - Randomly selected 40 of the 161 incident reports recorded from May 19, 2023 through August 7, 2023 to determine if the incident reports were completed by the end of the unit nursing supervisor's shift, included patient progress notes, documented all required notifications, and included applicable immediate patient injury assessments. We also evaluated whether the reports included a written account from any witnesses to the incident.

PERIOD

Our follow-up generally covered October 1, 2021 through August 31, 2023.

AGENCY RESPONSES

Our follow-up contains 2 recommendations. MDHHS's preliminary response indicates it agrees with both of the recommendations.

The agency preliminary response to the follow-up recommendations was taken from the agency's written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan

as final or contact the agency to take additional steps to finalize the plan.

GLOSSARY OF ABBREVIATIONS AND TERMS

abuse, class I — A non-accidental act, or provocation of another to act, by an employee, contract worker, practicum student/intern, volunteer, patient to patient, or agent of KPH which caused or contributed to death, serious physical harm, or sexual abuse of a patient.

abuse, class II — Includes one or more of the following:

- A non-accidental act, or provocation of another to act, by an employee, contract worker, volunteer, patient to patient, or agent of KPH which caused or contributed to nonserious physical harm to a patient.
- The use of unreasonable force on a patient by an employee, contract worker, volunteer, or agent of KPH with or without apparent harm.
- Any action, or provocation of another to act, by an employee, contract worker, volunteer, or agent of KPH which causes or contributes to emotional harm to a patient.
- An action taken on behalf of a patient, by assuming incompetence, although a guardian has not been appointed or sought, which results in substantial economic, material, or emotional harm to the patient.
- Exploitation of a patient by an employee, contract worker, volunteer, or agent of KPH.

agency plan to comply — The response required by Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100). The audited agency is required to develop a plan to comply with Office of the Auditor General audit recommendations and to submit the plan to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

individual plan of service — The fundamental document in the patient's record, developed in partnership with the patient, using a person-centered planning process that establishes meaningful goals and measurable objectives. The individual plan of service must identify services, supports, and treatment as desired or required by the patient.

Joint Commission — An independent, not-for-profit organization that accredits and certifies more than 22,000 health care organizations and programs in the United States. Joint Commission accreditation and

	certification are recognized nationwide as a symbol of quality reflecting an organization's commitment to meeting certain performance standards.
KPH	Kalamazoo Psychiatric Hospital.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
MDHHS	Michigan Department of Health and Human Services.
mission	The main purpose of a program or an entity or the reason the program or entity was established.
neglect, class I	Includes one or both of the following: • Acts of commission or omission by an employee, contract worker, volunteer, or agent of KPH which results from noncompliance with a standard of care or treatment required by law, rules, policies, guidelines, written directives, procedures, or individual plan of service and which cause, or contribute to, death, sexual abuse, or serious physical harm of a patient. • The failure to report abuse class I or neglect class I of a patient.
neglect, class II	Includes one or both of the following: • Acts of commission or omission by an employee, contract worker, volunteer, or agent of KPH which results from noncompliance with a standard of care or treatment required by law, rules, policies, guidelines, written directives, procedures, or individual plan of service and which cause, or contribute to, nonserious physical or emotional harm to a patient. • The failure to report abuse class II or neglect class II of a patient.
ORR	Office of Recipient Rights.

performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.
SOP	standard operating procedure.
unusual incident	An occurrence involving a patient that results in a disruption of, or has an adverse effect upon, the normal routine of treatment or care of a patient, management of the living unit, or administration of KPH.

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