



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

MARLON I. BROWN, DPA
DIRECTOR

January 26, 2026

Jessica Thomas, 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 Ms. Thomas:

In accordance with the State of Michigan, Financial Management Guide, Part VII, I submit to you the Corrective Action Plan (CAP) addressing the recommendations contained within the Office of the Auditor General's performance audit report (# 641-0454-24) involving LARA's Bureau of Community and Health Systems (BCHS) and Bureau of Survey and Certification (BSC).

Please direct any questions you may have to me at (517) 599-9270.

Sincerely,

Jocelyn Krueger
Audit Liaison

Enclosure: Hospice Facilities CAP

cc: JoAnne Huls, Chief of Staff, Executive Office
Tricia Foster, Chief Operating Officer, Executive Office
Shelia Marshall-Curtis, Chief Compliance Officer, Executive Office
Doug Ringler, Auditor General, Office of the Auditor General
Representative Ann Bollin, Chair, House Appropriations Committee
Senator Sarah Anthony, Chair, Senate Appropriations Committee
Representative Timothy Beson, Chair, LARA/DIFS House Appropriations Subcommittee
Senator Mary Cavanagh, Chair, LARA/DIFS Senate Appropriations Subcommittee
Representative Joseph Aragona, Chair, Regulatory Reform House Standing Committee
Senator Jeremy Moss, Chair, Regulatory Affairs Senate Standing Committee

Mary Ann Cleary, Director, House Fiscal Agency
Kathryn Summers, Director, Senate Fiscal Agency
Marlon Brown, Director, LARA
Courtney Pendleton, Chief Operating Officer, LARA
Dan Horn, Director, Finance and Administrative Services, LARA
Larry Horvath, Director, BCHS, LARA
Jennifer Belden, Director, BSC, LARA

Department of Licensing and Regulatory Affairs (LARA)
 Bureau of Community and Health Systems (BCHS)
 Bureau of Survey and Certification (BSC)
 Report Number 641-0454-24
 Office of the Auditor General
 January 26, 2026
 Draft Corrective Action Plan

Summary Response Matrix

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

Corrective Action Plan (CAP)

Finding Number: 1

Material/Reportable: Material

Finding Title: Improvements needed to BCHS hospice licensing survey processes.

Related IT system, if applicable: N/A

OAG Recommendation

We recommend BCHS implement survey procedures and a managerial review process and maintain documentation necessary to demonstrate it appropriately and thoroughly evaluated all applicable areas during its licensing surveys of hospice facilities.

Department Response

LARA agrees with this finding.

Milestone 1: Improve survey (inspections/investigations) procedures and the managerial review process

Task(s):

- The survey procedures will be revised to require the use of a survey checklist to identify regulatory requirements to be reviewed during a survey. The checklist will also be updated to include the following:
 - Total number of patients served by the state licensed provider at the time of survey, and which patients were (coded) selected for review if a patient review is conducted.

- Total number of active employees at the time of survey, and which employees were selected for review.
- The section manager will select 10% of surveys conducted in a quarter to review adherence to requirements set forth in the survey procedures.

Anticipated Compliance Date: March 1, 2026

Responsible Individual(s): Matt Jordan, Non-Long-Term Care (NLTC) Section Manager, BCHS

Milestone 2: Revise the record retention and disposal schedule for health facility licensing

Task(s):

- The existing retention schedule will be modified to specify that supporting documentation LARA receives and takes in its physical possession to demonstrate a statute or rule violation will be retained.
- BCHS will initiate and work through the record retention and disposal schedule review and approval process with LARA leadership, DTMB's Records Management Services, Archives of Michigan, Attorney General, Auditor General, and State Administrative Board.

Anticipated Compliance Date: June 1, 2026

Responsible Individual(s): Heather Hosey, Health Facilities Licensing, Permits and Support Division Director, BCHS

Finding Number: 2

Material/Reportable: Reportable

Finding Title: Improved monitoring of hospice facility employee background checks and screening for TB could help improve patient safety.

Related IT system, if applicable: Michigan Workforce Background Check (MWBC) System

OAG Recommendation

We recommend BCHS effectively monitor hospice facility employee background checks and screening for communicable diseases to help ensure licensees conduct the required checks and screening consistently and timely.

Department Response

LARA agrees with this finding.

Milestone 1: Improve the survey process regarding required background checks and communicable disease screenings

Task(s):

- BCHS will implement a new MWBC system module that allows BCHS staff to verify 100% of provider staff with real time criminal history work eligibility requirements while onsite during a survey.
- BCHS will update its survey procedures to identify the sample size for employee TB and communicable disease screening verification during a survey.
- The corrective actions under milestone 1 for finding 1 are also applicable to this finding as they pertain to documenting the total number of active employees.

Anticipated Compliance Date: March 1, 2026

Responsible Individual(s): Matt Jordan, NLTC Section Manager, BCHS

Finding Number: 3

Material/Reportable: Reportable

Finding Title: Improvements needed to help ensure timely triennial surveys.

Related IT system, if applicable: MI State Licensing System (MiSLS) under development

OAG Recommendation

We recommend LARA timely conduct required triennial surveys of State licensed and CMS certified hospice facilities.

Department Response

LARA agrees with this finding.

Milestone 1: Improve the process and create a formal procedure for triennial surveys

Task(s):

- BCHS, in partnership with the Michigan Department of Technology, Management and Budget, is developing a new state licensing management information system which will include standard monitoring reports and alerts and identify state licensed providers due for a triennial survey during a calendar year.
- The section manager will monitor monthly survey reports and alerts to ensure required triennial surveys or waivers are conducted or issued timely.

Anticipated Compliance Date: September 1, 2026

Responsible Individual(s): Matt Jordan, NLTC Section Manager, BCHS

Milestone 2: Develop and implement a new licensure management information system

Task(s):

- BCHS is currently developing the new Michigan State Licensing System (MiSLS) to replace the existing state licensing management information systems, License 2000 (L2K) and Facility Maintenance System (FMS) with an anticipated launch in September 2026. This new system will allow the bureau to create metric reports as well as being able to perform more in-depth ad hoc reports to assist with ensuring the licensure program is meeting requirements set forth in statute and rules.
- The new system will make it possible to query and track the timeliness of surveys and waivers.
- A complete list of the hospice facilities and agencies that will be surveyed in the next calendar year will be published on or before October 1 of each year.

Anticipated Compliance Date: September 30, 2026

Responsible Individual(s): Larry Horvath, BCHS Director

Finding Number: 4

Material/Reportable: Material

Finding Title: Improvements needed to LARA's hospice complaint intake and investigation processes.

Related IT system, if applicable:

OAG Recommendation

We recommend LARA improve its complaint intake and investigation process to appropriately and timely address complaints against State licensed and CMS certified hospice facilities.

Department Response

LARA partially agrees with this finding.

Milestone 1: BSC improved the complaint intake triaging process

Task(s):

- Effective November 2024, all senior long term (LTC) health care surveyors, as well as section managers, have been trained to triage LTC complaints. Additionally, the Complaint Intake Unit (CIU) metrics and processes are monitored for accuracy by the CIU Manager.
- BSC also improved the complaint intake triaging process by filling vacancies, cross training employees with entering and triaging intakes based on volume, adjusting staff assignments and scheduled for high volume call days, and assigning productivity metrics to staff to ensure the processing of complaints is spread equally among team members.

Compliance Date: August 11, 2025

Responsible Individual(s): Cedric Maxwell, Complaint Intake Unit Manager;
David Donahue, Long-Term Care Division Director

Milestone 2: Created a referral process for anonymous and non-jurisdictional complaints

Task(s):

- BSC created a referral process for anonymous and non-jurisdictional complaints by referring complaints not falling under BSC's jurisdiction for non-deemed facilities to BCHS. BSC now forwards anonymous non-Immediate Jeopardy (IJ) low and non-IJ medium complaints to the appropriate accrediting organization. The CIU Manager monitors the process to ensure complaints are being referred appropriately and conducts monthly audits to ensure the process is being followed.

Compliance Date: August 11, 2025

Responsible Individual(s): Cedric Maxwell, Complaint Intake Unit Manager

Milestone 3: BSC implemented standardized training for new employees

Task(s):

- New employees are required to take Centers for Medicare & Medicaid Services (CMS) Quality Safety and Education Portal (QSEP) training. All employees refer to Standard Operating Procedures and Aspen Complaint Tracking System (ACTS) Required Fields manual when processing or investigating complaints. Effective August of 2025, the CIU Manager also monitors the process and conducts random audits of intakes, both entered by the analyst, and those denied by CMS for investigation to ensure proper procedures are being followed.

Compliance Date: August 11, 2025

Responsible Individual(s): Cedric Maxwell, Complaint Intake Unit Manager;
Jessica Mauer, Quality Assurance, Training, and Informal Dispute
Resolution Section Manager

Milestone 4: BSC implemented a process for intake analyst to document rationale when prioritizing complaints

- Staff are now required to document rationale within the "notepad" section in the database when prioritizing complaints. The rationale is reviewed by the Specialized Health Care Services Manager. The CIU Manager provided additional training to the triage analyst explicitly related to SOM 5070 regarding the consideration of complaint patterns when prioritizing a complaint. The CIU Manager audits this process for compliance.

Compliance Date: August 11, 2025

Responsible Individual(s): Cedric Maxwell, Complaint Intake Unit Manager

Milestone 5: BSC implemented secondary reviews of “Less Than Condition of Participation (CoP)” letters

Task(s):

- Staff currently conduct a secondary review of the “Less Than CoP” letters to complaints to ensure appropriate referral entities have been checked before issuing to the complainant. Effective August of 2025, the CIU Manager and SHCS Manager conduct monthly random audits of issued letters to ensure all other agencies have been noted in the “Less Than CoP” letters.

Compliance Date: August 11, 2025

Responsible Individual(s): Cedric Maxwell, Complaint Intake Unit Manager; Angela Ackley, Specialized Health Care Services Manager

Milestone 6: BSC revised communication letters to complainants

Task(s):

- Effective July of 2025, letters to complainants were revised to accurately reflect investigation procedures pursuant to administrative rule 325.45243 Complaint filed with department; procedure sections (10) and (11):

(10) A complaint filed with the department about a federally certified health facility or agency will be triaged and the subsequent survey or investigation will be conducted pursuant to the state agreement with the United States Secretary of Health and Human Services under section 1864 of the Social Security Act, 42 USC 1395aa.

11) A complaint filed with the department about a state licensed-only health facility or agency will be triaged and the subsequent survey or investigation will be conducted pursuant to article 17 and these rules. Current administrative rules require federally certified facilities to be investigated under the Conditions of Participation for CMS.

Compliance Date: August 11, 2025

Responsible Individual(s): Jennie Belden, BSC Director; Michelle Roepke, Acute and Continuing Care Division Director; and Cedric Maxwell, Complaint Intake Unit Manager

Milestone 7: BSC developed a standard operating procedure for the complaint intake and triage processes and timelines

Task(s):

- The SOPs provide directive on maximum timeframe allowed for the data entry of complaints received, maximum timeframe allowed for the appropriate triage and prioritization of complaints, and escalation procedures when volume of complaints exceeds the ability to process complaints within the designated timeframes.

Compliance Date: August 11, 2025

Responsible Individual(s): Jennie Belden, BSC Director; Michelle Roepke, Acute and Continuing Care and Support Division Director; and Cedric Maxwell, Complaint Intake Unit Manager

Milestone 8: BSC and BCHS will assess the feasibility of modifying administrative rule 325.45243

- BSC and BCHS will conduct research into potential changes to administrative rule 325.45243. If needed changes are identified upon completion of the research, the rule promulgation process will be followed.

Anticipated Compliance Date: October 1, 2027

Responsible Individual(s): Jennie Belden, BSC Director; Larry Horvath, BCHS Director