



Case Study: Process Improvement Audit

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Audit Triggers Immediate Remediation Process Improvement Effort for Home Help Care

CHALLENGE

An official state audit in 2013 found that the State of Michigan improperly spent \$160M over three years caring for Medicaid recipients needing critical personal care in-home services. The audit by the Michigan Office of Auditor General (OAG) also flagged several issues with state management of the Medicaid Home Help Program, including discovering that some 3,800 convicted felons were paid to provide in-home care to vulnerable adults.

During this time period, about 67,000 clients received services through the Home Help Medicaid state plan. Eligible Michigan beneficiaries with disabilities or cognitive impairments living at home are assisted with eating, bathing, dressing and other daily living activities. The review of the Home Help program covered October 2010 - August 2013. This program cared for more than twice the number of people as cared for by Medicaid in nursing facilities at about 20% of the cost during those three years.

PROBLEM

In addition to fraudulent Medicaid spending, the audit also called into question several functional deficiencies in policies and procedures as well as errors with Michigan's Medicaid Home Help program. This program was operated by the Michigan Department of Community Health (DCH) in conjunction with the Michigan Department of Human Services (DHS). Based on the audit's findings, these agencies were immediately held responsible for trying to recoup the noted fraudulent payments and to take steps to fix the program's operational problems.

The audit also found that the state:

- Improperly paid home health aides' unemployment benefits
- Overpaid 80 home help agency service providers \$6.8 million by not making sure they met requirements to get higher fees than individual aides
- Inappropriately paid \$3.5 million for home services when the patients were instead being hospitalized, living in nursing homes, or were deceased
- Did not review thousands of W-2 forms returned undeliverable; missing the chance to crack down on clients fraudulently getting services or their relatives providing a false address to avoid cuts in the clients' authorized service level
- Paid a contractor \$1.4 million to visit DHS county offices over three years to review home health cases. The case files were not forwarded to the offices for corrective action on time

SOLUTION

Before the final OAG's audit report was released, the State of Michigan hired netlogx to help better understand the reasons why there were such breakdowns in the Home Help program based on the audit's preliminary findings and to start remediation efforts ahead of the audit's final report. netlogx utilized its expertise in business process reengineering to document a comprehensive end-to-end view of the Home Help program to begin to develop correction action procedures to quickly address the damaging state audit results.

Our team worked with Subject Matter Experts (SMEs) from DCH, DHS, the Office of Inspector General (OIG), the Department of Technology Management and Budget (DTMB) and DCH Office of Legal Affairs to develop a complete set of detailed As-Is process maps that document the administration of the Home Help program by functional area. The development of these detailed business process maps provided the team with a tool for identifying the overlaps, gaps, inefficiencies, and conflicts within the current process and subsequently developing recommendations for remediating these conflicts and gaps.

netlogx also leveraged Lean Six Sigma risk management principles to help prioritize the audit response recommendations. The first of 26 functional areas reviewed was the initial beneficiary referral process and the final one was federal reporting requirements.

Highlights:

- Held 24 team meetings over a four-month time period
- Created over 65 functional areas As-Is process maps
- Identified potential issues within the processes
- Developed recommendations for remediation

RESULT

The top recommendation from netlogx' comprehensive review of the Home Help program was for the State of Michigan to re-evaluate whether the mission of this over 30-year-old program fits into the spectrum of its long-term care service offerings. The program's overall mission is to provide personal care services to Medicaid eligible people in their homes. These services are meant to avoid or delay the need for other and perceived costlier programs to provide services to these beneficiaries in Michigan. Are the costs and methods of serving the needs of the population through Home Help still preferable to the other programs available?

In addition, the analysis of the Home Help program uncovered a variety of situations in which services have been provided in circumstances where they were clearly inappropriate or unnecessary.

Recommendation Highlights:

- Beneficiary/Provider/State of Michigan Reforms
 - Require background checks of providers and require skills certification
 - Register and track agency provider performance
 - Restructure provider payments
- Technology and Automation
 - Enhance current case management system to integrate with core Medicaid systems
 - Automate manual processes
 - Streamline and enhance document management processes

- Establish and Monitor Program Metrics
 - Tie reporting and metrics into enforcement of policies to ensure compliance
 - Create Home Help Management Council to provide oversight
- Enforcement & Compliance
 - Establish sanctions and penalties for beneficiaries/providers
- Improve Communications
 - Define long term communication and governance structure for inter and intra agencies
 - Develop web portal for beneficiaries and providers
 - Provide skills training

ADVANTAGES

netlogx' business process engineering analysis provided the State of Michigan:

- The required responses to the OAG audit items
- The creation of standardized and benchmarked processes
- A risk management-based list of recommendations on how to develop and implement changes to address the audit findings
- Additional ways to improve the overall workflow management of its Home Help program

Moreover, netlogx' recommendations identified opportunities for the following:

- Reducing Rework
- Reducing Waste
- Improving Outcomes (fewer defects, increase value add)
- Reducing Costs
- Improving the Workplace