Chairperson Allen and Members of the Committee. I am submitting this statement for the record in order to inform the public about the results of our audit of the Health Care Safety Net Contract which was just released on October 4, 2002. My statement will provide a brief history of the events leading up to the issuance of the contract and how my office got involved. I will also describe the audit objectives, scope, and methodology employed by my office to determine whether selected hospital and health care services were delivered within the terms and conditions of the contract.

I will begin by providing you with background information to help place this audit in perspective and then outline the major findings and concerns.

Based on the results of our audit, it is clear that DOH needs to improve its oversight of the Health Care Safety Net Contract. In evaluating the patient enrollment process, we found that D.C. Health Care Alliance (Alliance) enrollees were not properly screened for program eligibility before the Alliance granted admission to the program. We will also comment on other matters of interest related to trauma center certification, emergency room visits, emergency room closures, and average emergency medical services patient preparation and transport times.
THE COMMENTS RECEIVED FROM DOH IN RESPONSE TO OUR REPORT LEAD ME TO CONCLUDE THAT THE MANAGEMENT TEAM AT DOH IS MOVING IN THE RIGHT DIRECTION TO ADDRESS PROBLEMS ASSOCIATED WITH THE TRANSITION TO THE NEW HEALTH CARE SYSTEM.

WHY WE GOT INVOLVED

WE PERFORMED THE AUDIT AT THE REQUEST OF COUNCILMEMBER DAVID CATANIA WHO HAD CONCERNS ABOUT THE CONTRACT AND THE ABILITY OF DOH TO ENSURE A SMOOTH TRANSITION TO A NEW HEALTH CARE SYSTEM. SPECIFICALLY, COUNCILMEMBER CATANIA WAS CONCERNED ABOUT THE ABILITY TO MAINTAIN THE LEVEL OF PATIENT SERVICES, AS THEY EXISTED UNDER THE FORMER SYSTEM, WHICH WAS OPERATED BY THE D.C. HEALTH AND HOSPITALS PUBLIC BENEFITS CORPORATION (PBC).

PERSPECTIVE

AS YOU ARE AWARE, DOH WAS DIRECTED BY THE MAYOR TO DEVELOP A FISCALLY RESPONSIBLE, SERVICE DELIVERY ORIENTED, AND CULTURALLY COMPETENT HEALTH CARE SYSTEM FOR THE DISTRICT OF COLUMBIA. TO MEET THIS GOAL, THE DISTRICT ENTERED INTO A CONTRACT WITH THE GREATER SOUTHEAST HOSPITAL (GREATER SOUTHEAST) TO FORM THE ALLIANCE. THE ALLIANCE IS CHARGED WITH ASSURING COMPREHENSIVE AND QUALITY HEALTH CARE FOR THE CITY’S INDIGENT POPULATION. THE HEALTH CARE SAFETY NET ADMINISTRATION (SAFETY NET) WAS DEVELOPED WITHIN DOH TO OVERSEE AND MANAGE THE IMPLEMENTATION AND ONGOING OPERATIONS OF THE ALLIANCE.
OBJECTIVES

OUR AUDIT OBJECTIVES WERE TO DETERMINE WHETHER SELECTED HOSPITAL AND HEALTH-CARE SERVICES WERE DELIVERED AT REASONABLE COST WITHIN THE TERMS AND CONDITIONS OF THE CONTRACT AND TO REVIEW THE EXTENT OF THE CONTRACT OVERSIGHT PROVIDED. ADDITIONALLY, BASED ON COUNCILMEMBER CATANIA’S REQUEST, WE ALSO DEVELOPED INFORMATION ON THE LEVELS OF TRAUMA SERVICES AND ANALYZED INFORMATION ON EMERGENCY ROOM VISITS.

REPORT HIGHLIGHTS

OUR REPORT CONTAINS TWO FINDINGS: THE FIRST ADDRESSES OVERSIGHT OF THE HEALTH CARE SAFETY NET CONTRACT, WHILE THE SECOND DISCUSSES THE ALLIANCE ENROLLMENT PROCESS. THE REPORT ALSO INCLUDES ANALYSES OF TRAUMA AND EMERGENCY ROOM SERVICES.

CONTRACT OVERSIGHT

CONTRACT OVERSIGHT WAS TO BE ACCOMPLISHED BY TWO DIFFERENT BODIES. FIRST, THE DOH FORMED THE HEALTH CARE SAFETY NET ADMINISTRATION (SAFETY NET) TO MONITOR THE HEALTH REFORM INITIATIVE AND THE CONTRACT. IN ADDITION, THE MAYOR APPOINTED A 38-MEMBER COMMISSION, THE HEALTH SERVICES REFORM COMMISSION (COMMISSION), TO OVERSEE AND ACTIVELY MONITOR THE CONTRACT.

WE FOUND THAT THE DOH APPOINTED A DEPUTY DIRECTOR TO HEAD THE SAFETY NET IN MAY OF 2001. HOWEVER, KEY SAFETY NET POSITIONS SUCH AS THE CONTRACT COMPLIANCE AGENT, CLINICAL DIRECTOR, AND
COMMUNITY SERVICES DIRECTOR WERE NOT IMMEDIATELY PUT IN PLACE. IN FACT, ONLY TWO POSITIONS UNDER THE DIRECTOR WERE FILLED DURING THE FIRST 7 MONTHS OF THE SAFETY NET. IN ADDITION, WE NOTED THAT DURING THE SAME TIMEFRAME COMMISSION MEMBERS COMPLAINED THAT THEY HAD RECEIVED NO INFORMATION ON CONTRACTOR PROGRESS AND HAD ONLY MET TWICE BETWEEN JUNE AND DECEMBER 2001.

AS A RESULT OF THE DOH NOT HAVING THIS INFRASTRUCTURE IN PLACE DURING THE CRITICAL START-UP PHASE OF THE HEALTH CARE SAFETY NET EFFORT, AND THE FAILURE OF THE COMMISSION TO PERFORM THEIR ROLE, CONTRACT OVERSIGHT WAS DRastically REDUCED, RESULTING IN SEVERAL PROBLEMS THAT WE OUTLINE IN OUR REPORT. FOR EXAMPLE, WE FOUND PROBLEMS IN THE AREAS OF CONSULTANT CONTRACT MONITORING, PATIENT WORKLOAD ESTIMATES, CONTRACT FUNDING, AND CONTRACT REQUIREMENT MONITORING.

CONSULTANT CONTRACT MONITORING

WE FOUND THAT CONSULTING CONTRACTS EXISTED TO HELP DOH ADMINISTER THE SAFETY NET CONTRACT. ONE OF THESE CONTRACTS WAS A SOLE SOURCE, $1.7 MILLION CONTRACT TO PROVIDE THREE ONSITE STAFF MEMBERS ON A DAILY BASIS AT DOH TO MONITOR CONTRACT PERFORMANCE, DEVELOP AND ANALYZE REPORTS, AND ASSIST IN DAY-TO-DAY PROGRAM MANAGEMENT. OUR REVIEW OF THE CONSULTANT’S TRAVEL EXPENSE LEDGER FOR A 120-DAY PERIOD FROM JUNE THROUGH SEPTEMBER 2001 REVEALED THAT FOR MORE THAN ONE THIRD OF THE 120 DAYS REVIEWED (42 DAYS) THERE WERE FEWER THAN 3 CONTRACT EMPLOYEES ACTUALLY ON SITE. IN FACT, DURING THE MONTH OF SEPTEMBER, THE DOH REIMBURSED THIS CONSULTANT ABOUT $185,000 SPECIFICALLY FOR THE ONSITE MONITORING EFFORT. OUR REVIEW OF
THE TRAVEL EXPENSES LEDGER AND AVAILABLE INVOICES SHOWED THAT ONLY TWO OF THE EIGHT OUT-OF-TOWN CONSULTANTS WERE REIMBURSED FOR TRAVEL WHILE IN THE DISTRICT. WE ESTIMATE THE OVERPAYMENT COULD BE AS HIGH AS $100,000. WE ALSO NOTED THAT FOR FYS 2001 AND 2002, TRAVEL REIMBURSEMENTS MADE TO THIS CONTRACTOR BY DOH EXCEEDED THE CONTRACT LIMITS BY OVER $194,000. IT WOULD APPEAR THAT DOH DID NOT PROVIDE AN ACCEPTABLE LEVEL OF MONTHLY OVERSIGHT AND REVIEW OF CONSULTANT INVOICES RESULTING IN THESE QUESTIONABLE REIMBURSEMENTS.

PATIENT WORKLOAD ESTIMATES

AN IMPORTANT FACTOR USED TO DETERMINE THE ANNUAL CONTRACT COST IS ESTIMATING PATIENT WORKLOADS. WHEN PATIENT WORKLOADS WERE PUT IN THE CONTRACT, IT WAS KNOWN THAT SERVICES WERE TO BE PROVIDED AT THE SAME LEVELS AS UNDER THE PBC. HOWEVER, IT WAS UNKNOWN JUST HOW MANY ELIGIBLE UNINSURED AND UNDERINSURED PERSONS WOULD MAKE THEMSELVES AVAILABLE FOR HEALTH-CARE SERVICE ONCE AN EFFORT TO ENROLL THEM TOOK PLACE. IT WAS DECIDED THAT THOSE ESTIMATES WOULD START WITH THE LEVELS SEEN BY THE PBC, AND THAT, AS A SAFETY FACTOR, THOSE ESTIMATES WOULD BE INCREASED BY ABOUT 34 PERCENT. WHEN WE COMPARED ESTIMATES OF PATIENT WORKLOADS IN THE CONTRACT WITH THE ACTUAL WORKLOAD, WE FOUND OVERESTIMATES BY AS MUCH AS 69 PERCENT.

ANNUAL CONTRACT FUNDING

THE OVERESTIMATED EXPECTED SERVICE LEVELS RESULTED IN THE POTENTIAL OVERESTIMATION OF THE AMOUNT NEEDED TO FUND THE
CONTRACT. AN INDEPENDENT ACCOUNTING FIRM RECONCILED PAYMENTS RECEIVED BY GREATER SOUTHEAST DURING THE FIRST 6 MONTHS OF OPERATION. THE FIRM IDENTIFIED A NET PROGRAM FUNDING SURPLUS IN EXCESS OF $10.4 MILLION BY COMPARING THE FUNDS PROVIDED TO GREATER SOUTHEAST DURING THE FIRST 6 MONTHS OF THE CONTRACT WITH THE COST OF SERVICES PROVIDED BY GREATER SOUTHEAST.

IT IS OUR OPINION THAT HAD DOH AND THE COMMISSION PROPERLY PERFORMED THEIR OVERSIGHT RESPONSIBILITIES DURING THIS TIME PERIOD, THERE WOULD HAVE BEEN A CHANCE TO DETECT THE SURPLUS MUCH EARLIER SO THAT DOH OR THE DISTRICT COULD PUT THOSE FUNDS TO BETTER USE.

CONTRACT REQUIREMENTS

THE SAFETY NET CONTRACT REQUIRES THAT THE CONTRACTOR PROVIDE A 24-HOUR, 7 DAY PER WEEK HOT LINE TO RESPOND TO INQUIRIES, COMPLAINTS, AND PROBLEMS ABOUT THE ALLIANCE PROGRAM. IT ALSO PROVIDES THAT ANY CALL WHICH CANNOT BE RESOLVED DURING THE INITIAL CONVERSATION BE RESOLVED WITHIN 48 HOURS OF THE CALL. WE FOUND THAT, WHILE THERE WAS A HOTLINE IN PLACE, IT OPERATED ONLY 5 DAYS PER WEEK BETWEEN 8AM AND 6PM. THIS IS A CLEAR VIOLATION OF CONTRACT REQUIREMENTS AND SHOULD HAVE BEEN DISCOVERED BY DOH IN EXERCISING ITS OVERSIGHT ROLE.

ALLIANCE ENROLLMENT PROCESS

WE FOUND THAT ALLIANCE ENROLLEES WERE NOT ALWAYS PROPERLY SCREENED FOR PROGRAM ELIGIBILITY BEFORE BEING GRANTED ADMISSION TO THE PROGRAM. IN FACT, WE FOUND THAT ALLIANCE
ROLLS CONTAINED INDIVIDUALS WITH (A) UNVERIFIED ADDRESSES AND INCOMES, (B) THIRD PARTY INSURANCE, (C) INVALID SOCIAL SECURITY NUMBERS, AND (D) INCOMES EXCEEDING MEMBERSHIP MAXIMUMS.

REVIEW OF ENROLLMENT DOCUMENTATION

ENROLLMENT SPECIALISTS HAD ACCURATELY COMPLETED THE ALLIANCE APPLICATION ONLY 35 PERCENT OF THE TIME FOR THE 80 SAMPLED APPLICATIONS. THE TYPES OF ERRORS FOUND CAN BE ATTRIBUTED TO ENROLLMENT SPECIALISTS’ FAILURE TO FOLLOW PROCEDURES, THOROUGHLY REVIEW INFORMATION SUPPLIED, AND EXERCISE SOUND JUDGMENT WHEN ANALYZING APPLICATIONS. FOR EXAMPLE, IN OUR REVIEW OF SAMPLED APPLICATIONS, WE DID NOT NOTE ADEQUATE EVIDENCE THAT A SUFFICIENT REVIEW WAS CONDUCTED TO DETERMINE WHETHER INDIVIDUALS SHOULD BE ADMITTED INTO THE PROGRAM. BECAUSE OF THE ENROLLMENT ERRORS, THE ALLIANCE LIKELY INCURRED MEDICAL CHARGES FOR INDIVIDUALS WHO DO NOT MEET THE RESIDENCY AND INCOME REQUIREMENTS.

REVIEW OF THIRD-PARTY INSURANCE COVERAGE

WHEN ENROLLMENT SPECIALISTS ENROLL MEMBERS IN THE ALLIANCE PROGRAM, THEY ASK THE MEMBERS IF THEY HAVE THIRD-PARTY INSURANCE. THE ENROLLMENT SPECIALISTS MUST RELY ON THE MEMBERS’ RESPONSES SINCE THEY CANNOT VERIFY THE INFORMATION. HOWEVER, IT IS POSSIBLE TO DETERMINE IF AN APPLICANT HAS MEDICAID COVERAGE OR OTHER THIRD-PARTY INSURANCE. THE MEDICAL ASSISTANCE ADMINISTRATION (MAA), A DIVISION OF DOH, HAS THE CAPABILITY TO MAKE THAT DETERMINATION. WE FOUND THAT D.C. CHARTERED HEALTH PLAN, INC. DID NOT TAKE ADVANTAGE OF THIS SERVICE UNTIL THE END OF JANUARY 2002, AT WHICH TIME THEY SENT
MAA A DATABASE CONTAINING 21,318 ALLIANCE MEMBERS FOR MEDICAID COVERAGE SCREENING. THIS DATABASE REPRESENTED OVER 8 MONTHS OF ENROLLMENT ACTIVITY. MAA FOUND THAT 1,382 ALLIANCE MEMBERS (ABOUT 6.5 PERCENT OF THE MEMBERS) WERE ENROLLED IN THE MEDICAID PROGRAM. ABOUT 15 PERCENT OF THOSE MEMBERS (202 INDIVIDUALS) HAD, IN FACT, INCURRED SOME TYPE OF MEDICAL TREATMENT FOR WHICH A CLAIM TO ALLIANCE WAS GENERATED. WE DETERMINED THAT THOSE CLAIMS, WHICH CAN BE RECOUPED, WERE IN EXCESS OF $289,000.

SOCIAL SECURITY NUMBERS

WE FOUND THAT OF THE 26,000 PLUS SOCIAL SECURITY NUMBERS OF ALLIANCE MEMBERS REVIEWED AS OF APRIL 2002, ABOUT 10 PERCENT WERE PRESUMED TO BE INVALID OR IN SOME WAY QUESTIONABLE. IN FACT 40 OF THOSE SOCIAL SECURITY NUMBERS BELONGED TO DECEASED PERSONS. WHEN WE ATTEMPTED TO MATCH THE SOCIAL SECURITY NUMBERS WITH TAX YEAR 2001 TAX RETURNS TO ENSURE THAT ALLIANCE MEMBERS COMPLIED WITH INCOME REQUIREMENTS, THE MATCHING TEST SHOWED OVER 7,500 ALLIANCE MEMBERS FILED TAX RETURNS, AND OF THOSE, 436 REPORTED GROSS INCOME LEVELS ABOVE ALLIANCE MEMBERSHIP LIMITS.

OTHER MATTERS OF INTEREST

TRAUMA CENTER CERTIFICATION

WE FOUND THAT GREATER SOUTHEAST WAS IN COMPLIANCE WITH THE CONTRACT REQUIREMENT FOR TRAUMA SERVICES. THE AMERICAN COLLEGE OF SURGEONS (WHICH CERTIFIES TRAUMA CENTERS NATIONALLY) ISSUED A LEVEL I CERTIFICATION TO D.C. GENERAL

SINCE D.C. GENERAL HOSPITAL WAS NOT PROVIDING LEVEL I TRAUMA SERVICES, GREATER SOUTHEAST WAS NOT OBLIGATED BY THE TERMS OF THE CONTRACT TO PROVIDE SUCH SERVICES AT THE GREATER SOUTHEAST COMMUNITY HOSPITAL. GREATER SOUTHEAST HAS, HOWEVER, PROVIDED LEVEL I TRAUMA CARE AT TWO DISTRICT LOCATIONS SINCE THE BEGINNING OF THE CONTRACT: GEORGE WASHINGTON UNIVERSITY HOSPITAL AND CHILDREN’S NATIONAL MEDICAL CENTER. GREATER SOUTHEAST RECENTLY ADDED HOWARD UNIVERSITY HOSPITAL AS A THIRD LOCATION PROVIDING LEVEL 1 TRAUMA SERVICES.

EMERGENCY ROOM VISITS

WE ANALYZED THE EMERGENCY ROOM VISITS FOR THE EIGHT ACUTE CARE HOSPITALS WITHIN THE DISTRICT AND PRINCE GEORGE’S HOSPITAL CENTER IN MARYLAND TO DETERMINE WHETHER THE NUMBER OF PATIENTS SEEN BY EACH HAD INCREASED SINCE THE CLOSURE OF D.C. GENERAL HOSPITAL. THERE WAS AN INCREASED WORKLOAD AT EVERY HOSPITAL EMERGENCY ROOM SURVEYED SINCE THE CLOSURE OF D.C. GENERAL HOSPITAL. WE NOTED THAT THE NUMBER OF VISITORS TO THE 10 EMERGENCY ROOMS DURING THE 6-MONTH SURVEY PERIOD IN 2000 WAS 216,824. THE SAME PERIOD IN 2001 SHOWED THAT PATIENT WORKLOADS HAD INCREASED BY OVER 11,000 (5 PERCENT).

THE INCREASE IN THE DISTRICT’S EMERGENCY ROOM VISITS IS CONSISTENT WITH THE NATIONAL TREND. SEVERAL FACTORS,
INCLUDING THE DIFFICULTY OF SOME MANAGED CARE PATIENTS TO
OBTAIN TIMELY APPOINTMENTS WITH THEIR DOCTORS, HAVE BEEN
IDENTIFIED AS POSSIBLE CAUSES FOR THESE INCREASES. HOWEVER,
ALONG WITH THE ADDITIONAL WORKLOAD INCREASE EXPERIENCED
OVER THE SURVEYED PERIOD, IT IS LIKELY THAT THE CLOSURE OF D.C.
GENERAL HOSPITAL WAS A CONTRIBUTING FACTOR TO THE RISE IN
EMERGENCY ROOM VISITS AMONG THE HOSPITALS WE EXAMINED.

EMERGENCY ROOM CLOSURES

THE NUMBER OF HOURS THAT EMERGENCY ROOMS WERE CLOSED
INCREASED AFTER THE CLOSURE OF D.C. GENERAL HOSPITAL. TOTAL
CLOSURE HOURS BETWEEN THE TWO PERIODS REVIEWED ROSE BY
859 HOURS, FROM 1,792 COMBINED CLOSURES HOURS TO 2,651 COMBINED
CLOSURE HOURS. THIS REPRESENTS A 48 PERCENT INCREASE IN THE
COMBINED HOURS EMERGENCY ROOMS IN THE DISTRICT WERE CLOSED.
AUDIT EVIDENCE IS INSUFFICIENT TO CONCLUDE THAT THE ENTIRE
48-PERCENT INCREASE WAS A DIRECT RESULT OF THE CLOSURE OF D.C.
GENERAL HOSPITAL. IN FACT, A REPORT ISSUED BY THE AMERICAN
HOSPITAL ASSOCIATION SUGGESTS THAT EMERGENCY ROOM CLOSURES
ARE INCREASING ALL OVER THE UNITED STATES. HOWEVER, WE BELIEVE
IT IS REASONABLE TO SUSPECT THAT A PORTION OF THE LOCAL
CLOSURES RESULTED FROM FORMER D.C. GENERAL HOSPITAL PATIENTS
GOING TO OTHER HOSPITALS FOR TREATMENT. AUDIT EVIDENCE IS ALSO
INSUFFICIENT TO CONCLUDE THAT ADVERSE SITUATIONS OCCURRED AS
A RESULT OF THE INCREASE IN EMERGENCY ROOM CLOSURES.

AVERAGE EMS PATIENT PREPARATION AND TRANSPORT TIME

UNAUDITED DATA SUGGEST THAT TRANSPORT TIMES HAVE INCREASED
SINCE THE CLOSURE OF D.C. GENERAL HOSPITAL. HOWEVER, AUDIT
EVIDENCE IS INSUFFICIENT TO DRAW CONCLUSIONS AS TO WHETHER THE CLOSURE IS LARGELY RESPONSIBLE FOR THE LONGER TRANSPORT TIMES. IN FACT, THE EMERGENCY ROOM AT D.C. GENERAL HOSPITAL REMAINS OPEN EVEN THOUGH IN-PATIENTS ARE NO LONGER ACCEPTED. ADDITIONALLY, FACTORS SUCH AS A PATIENT’S CONDITION, HOSPITAL CAPABILITIES, STATUS OF EMERGENCY ROOMS, AS WELL AS THE DISTANCE OF THE HOSPITAL FROM THE PATIENT, CAN IMPACT TRANSPORTATION TIME. AGAIN, IT IS NOT UNREASONABLE TO SUSPECT THAT THE CLOSURE OF D.C. GENERAL HOSPITAL, TO SOME EXTENT, AFFECTED TRANSPORTATION TIME.

THIS CONCLUDES MY STATEMENT. I AM HOPEFUL THAT DISTRICT LEADERS WILL BENEFIT FROM THE EARLY CONDUCT OF THIS AUDIT. BY IDENTIFYING THE CHALLENGES THAT HAVE EMERGED DURING THE PIVOTAL INITIAL PHASES OF THE HEALTH CARE SAFETY NET PROGRAM, WE BELIEVE MANAGERS WILL NOW BE IN A POSITION TO TAKE CORRECTIVE ACTION AND THEREBY IMPROVE EFFICIENT AND EFFECTIVE DELIVERY OF SERVICES TO DISTRICT RESIDENTS.