



A PERFORMANCE AUDIT OF THE DIVISION OF REHABILITATION SERVICES COST CONTROLS



Office of the
Utah State Auditor

Mission Statement

We provide Utah taxpayers and government officials with an independent assessment of financial operation, statutory compliance, and performance management for state and local government.



Controls Reviewed

- Vehicle Modifications
- Direct Authorizations
- Medical Expenditures
- Identity Verification

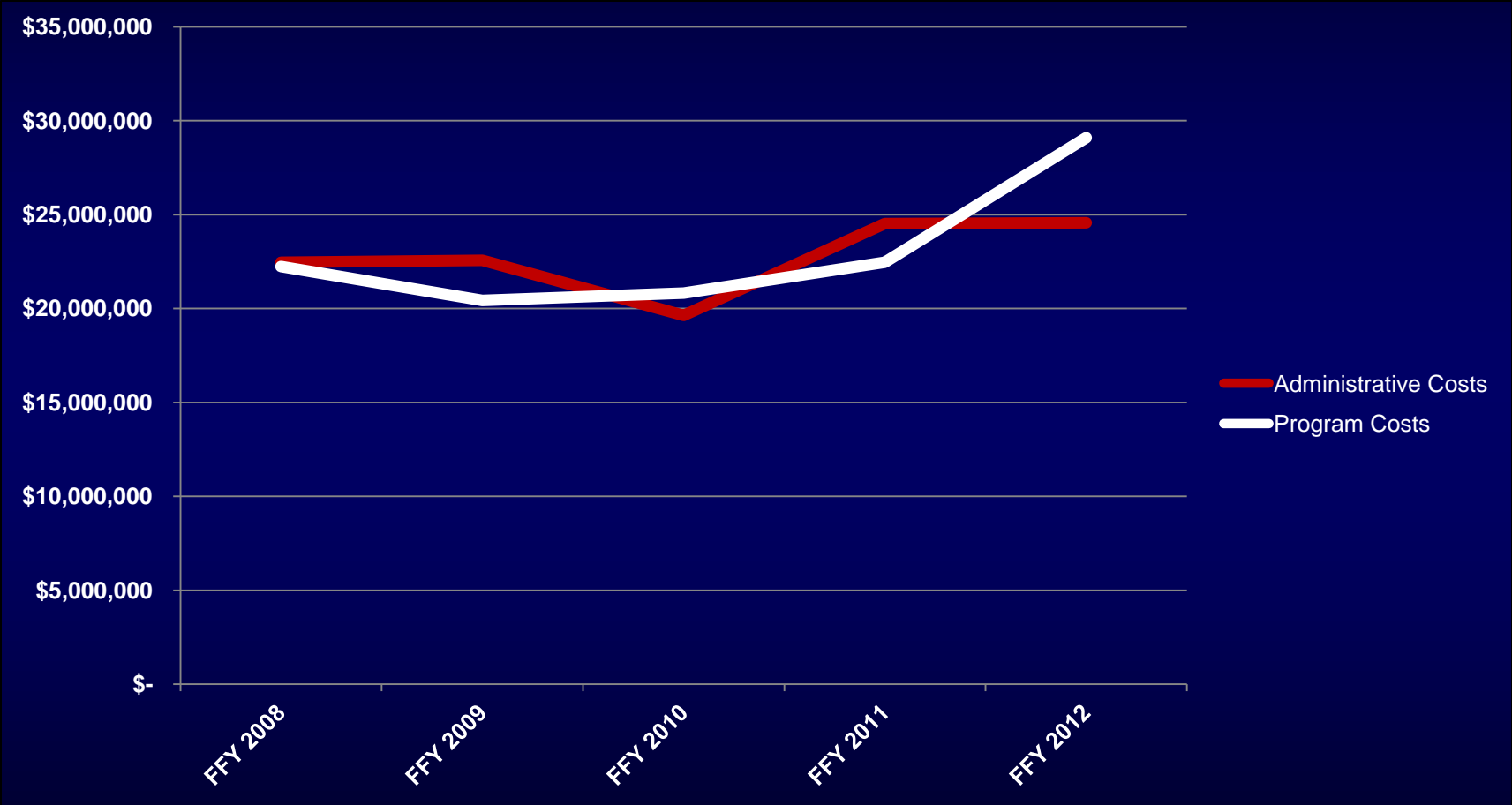


Background

- DRS Established in 1921
- Assists Disabled Clients Obtain/Retain Employment
- VR Disability = “Substantial Impediment to Employment”
- Reports to the State Board of Education



Background



Finding 1: Noncompliance with Policy Leads to Questionable Vehicle Modifications

- None of the 15 Vehicle Modifications Complied with Policy
- Spent \$516,000 on Vehicle Modifications
- May Have Prevented Several Vehicle Modifications by Following Policy



Finding 1: Noncompliance with Policy Leads to Questionable Vehicle Modifications

- DRS Counselor Did not Consider Existing Client Resources Prior to Authorizing:
 - Vehicle Modifications (\$23,000)
 - Home Elevator (\$16,000)
- Client's Job Was not in Jeopardy
- Client Did not Return to Former Job After Receiving Services



Finding 1: Noncompliance with Policy Leads to Questionable Vehicle Modifications

- Counselors Do Not Document Alternatives to Vehicle Modifications
- Lack of Coordination with Public Transportation
- Clients Do Not Return Assets if they Change Employment Objective



Finding 1 Recommendations

- Increased Review and Accountability for Vehicle Modifications
- Improved Coordination with Public Transportation Entities
- Verification of Income and Assets
- Reclaim Assets Not Used for an Employment Objective

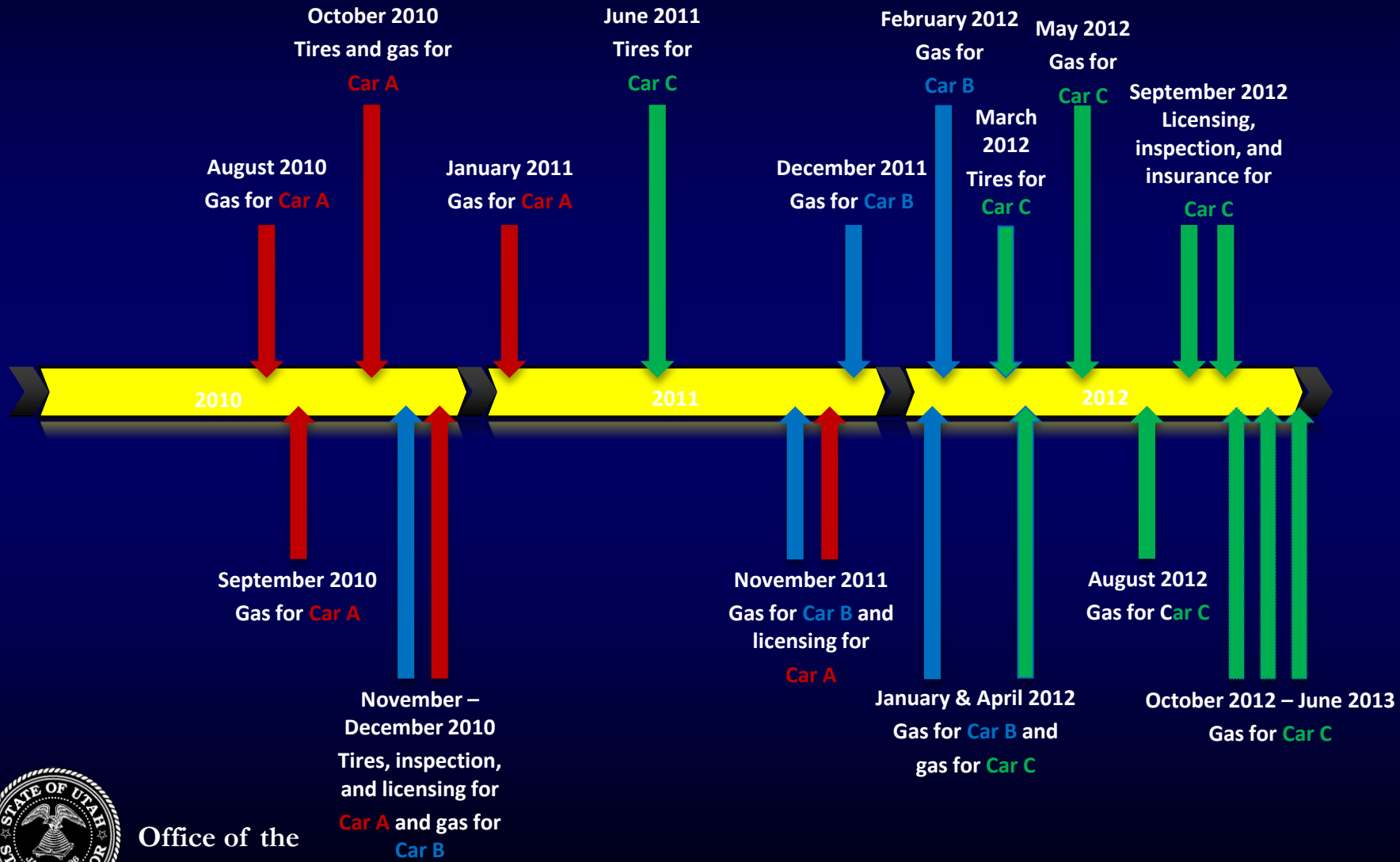


Finding 2: Noncompliance with Direct Authorization Policy Increases Fraud Risks

- Issued \$350,000 in Direct Authorizations
- Could Reduce Fraud Risks by Limiting Direct Authorizations
- Direct Authorizations Include:
 - Food
 - Shelter
 - Transportation



Finding 2: Noncompliance with Direct Authorization Policy Increases Fraud Risks



Finding 2 Recommendations

- Increased Review and Accountability for Direct Authorizations
- Improved Documentation for Use of Direct Authorizations
- Reimbursement of Difference Between Funds Authorized and Funds Spent by Client



Finding 3: The DRS Could Reduce Costs and Improve Controls by Contracting Medical Functions

- Charging Medicaid Rate Would Reduce Medical Costs \$612,000/Year
- Using Medical Claims System Could Decrease Risks



Finding 3: The DRS Could Reduce Costs and Improve Controls by Contracting Medical Functions

| CPT Code | Procedure | DRS Rate | Utah Medicaid Rate (Traditional) | Percent Difference |
|----------|------------------|----------|----------------------------------|--------------------|
| 99213 | Outpatient Visit | \$78.66 | \$51.65 | 53.2% |
| 99203 | Outpatient Visit | \$116.84 | \$76.87 | 52.0% |
| 99214 | Outpatient Visit | \$118.22 | \$75.93 | 55.7% |
| 99205 | Outpatient Visit | \$227.24 | \$145.87 | 55.8% |
| 99204 | Outpatient Visit | \$179.86 | \$117.64 | 52.9% |
| 99215 | Outpatient Visit | \$159.16 | \$101.81 | 56.3% |



Finding 3: The DRS Could Reduce Costs and Improve Controls by Contracting Medical Functions

| CPT Code | Procedure | DRS Rate | Utah Medicaid Rate (Traditional) | Utah Medicaid Rate (Primary Care Network) |
|----------|-----------------------------|----------|----------------------------------|---|
| 90801 | Psychiatric Exam | \$200.10 | Discontinued | Discontinued |
| 90805 | Psychotherapy | \$92.00 | Discontinued | Discontinued |
| 90862 | Pharmacologic Management | \$73.14 | Discontinued | Discontinued |
| 90802 | Interactive Psych Interview | \$212.52 | Discontinued | Discontinued |



Finding 3 Recommendations

- Contract with Medicaid to Process Medical Claims and Access Medical Consultants
- Adopt and Use the Medicaid Fee Schedule



Finding 4: Identity Verification Could Support Client Employment and Reduce Potential Fraud

- Verifying Identity Would Ensure that Clients:
 - Are Properly Identified
 - Are Eligible to Obtain Employment
 - Possess Necessary Documentation



Finding 4: Identity Verification Could Support Client Employment and Reduce Potential Fraud

| State | Requires Identification Documents | Verifies Identity as a Best Practice | Does Not Verify Client Identity |
|------------|-----------------------------------|--------------------------------------|---------------------------------|
| Arizona | X | | |
| Colorado | X | | |
| Idaho | | X | |
| Nevada | X | | |
| New Mexico | | X | |
| Utah | | | X |
| Wyoming | | X | |



Finding 4 Recommendation

Ensure that DRS Clients have
Adequate ID to Verify Identity
Required to Obtain Employment



Recommendation

We recommend that the Legislature evaluate the current organizational alignment and reporting structure for the state's vocational rehabilitation program to ensure appropriate oversight and mission alignment.





QUESTIONS?

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