

State of Washington
Joint Legislative Audit & Review Committee (JLARC)



**Performance Audit of the
Home Care Quality Authority**

Preliminary Report

September 23, 2009

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JLARC's non-partisan staff auditors, under the direction of the Legislative Auditor, conduct performance audits, program evaluations, sunset reviews, and other analyses assigned by the Legislature and the Committee.

The statutory authority for JLARC, established in Chapter 44.28 RCW, requires the Legislative Auditor to ensure that JLARC studies are conducted in accordance with Generally Accepted Government Auditing Standards, as applicable to the scope of the audit. This study was conducted in accordance with those applicable standards. Those standards require auditors to plan and perform audits to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. The evidence obtained for this JLARC report provides a reasonable basis for the enclosed findings and conclusions, and any exceptions to the application of audit standards have been explicitly disclosed in the body of this report.

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**Performance Audit
of the Home Care
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REPORT SUMMARY

This report presents the results of the second Joint Legislative Audit and Review Committee (JLARC) performance audit of the Home Care Quality Authority (HCQA). Voters created the HCQA in 2001 with the passage of Initiative 775. The Initiative also directed JLARC to conduct a performance review of the Authority by December 1, 2006. In 2008, in response to a recommendation from that first review, the Legislature directed JLARC to conduct this second evaluation, which is more narrowly focused on HCQA's performance of its statutory duties.

Background

Over 30,000 Washington residents receive state-funded in-home long-term care services each month. These people are served by either an employee of a home care agency or by individuals who work as independent contractors and provide their services as individual providers (IPs). Individual providers assist clients by providing help with various personal care tasks, such as feeding, bathing, and dressing.

Voters created the Home Care Quality Authority "to regulate and improve the quality of long-term in-home care services by recruiting, training, and stabilizing the workforce of individual providers" (RCW 74.39A.230(1)). HCQA has statutory duties in four primary areas:

- Recruiting and assisting consumers to find IPs by establishing a referral registry;
- Training IPs and consumers;
- Obtaining background checks for criminal history, abuse, and neglect; and
- Obtaining and providing informed input from consumers in the collective bargaining process.

Conclusions and Recommendation

HCQA is meeting its statutory duties and met 14 of its 15 performance targets.

HCQA has adopted 15 performance measures related to its recruiting and training duties and has kept documentation of its activities related to background checks and consumer input into the collective bargaining process. HCQA has documented its activities related to all four duty areas and has data to demonstrate that it has achieved or exceeded 14 of the 15 performance targets. JLARC has concluded from the data that HCQA is meeting its statutory duties and has integrated its performance measures into the daily operation of the agency.

HCQA has not yet adopted performance measures that enable it to determine the impact of its own actions on the stability of the individual provider (IP) workforce—specifically on the retention or turnover of IPs on the registry.

HCQA does collect data and has contracted with Washington State University to calculate the effect of changes to wages, benefits, and other external factors on the stability of the workforce. Although the university's research shows a stabilizing effect on the IP workforce, the elements studied are not HCQA activities or within HCQA's control.

HCQA also collects or has access to data that it could analyze to better understand the effect of HCQA's activities on the retention and turnover of IPs listed on or hired from the referral registries. These data could be used to identify where management interventions and performance measures may be needed.

Recommendation

The Home Care Quality Authority should develop performance measures that reflect its impact on the stability of the IP workforce on, or hired from, the referral registries.

To develop these performance measures, HCQA will need to analyze its data and identify the factors relevant to workforce stability and the areas in which management interventions are needed.

Report Organization

This report provides brief overviews of long-term care and HCQA's history, examines how well HCQA is performing, and concludes with findings and a recommendation.

BACKGROUND ON LONG-TERM CARE AND HCQA

What is Long-Term Care?

When a person falls ill, his or her care needs are usually met on a short-term basis: a call to the doctor, a visit to a therapist, or an emergency visit to the hospital. These needs are referred to as “short-term” or “acute” care needs.

Sometimes, a person’s care needs become chronic or long term. Long-term care is based on the assumption that care needs will last for long periods, perhaps the remainder of a person’s life. Both adults and children may need long-term care.

Often, a person’s long-term care needs are for assistance with “activities of daily living” such as eating, bathing, and dressing. For those persons who meet financial requirements to receive federal medical assistance, long-term care services are provided through long-term care programs operated by the Department of Social and Health Services (DSHS).

The number of persons needing long-term care has been growing for many years. The federal government estimates that the national need for long-term care will increase from 13 million persons in 2000 to 27 million in 2050.¹ In Fiscal Year 2008, Washington was providing long-term care services to 59,301 adults and children. By Fiscal Year 2011, this number is projected to increase to 66,330, an increase of 12 percent over the four-year period.²

Community-Based Long-Term Care

Historically, publicly funded long-term care was provided only in institutional settings such as nursing homes. Beginning in the 1960s with the Chore Services program, Washington has approached providing publicly funded long-term care by offering alternatives to nursing homes.

Washington’s priorities, since the 1980s have been to provide most consumers of long-term care services a choice of community settings in which to receive care and reduce the number of people using nursing homes by focusing the use of nursing homes on those cannot successfully be served in a community setting. This priority attempts to ensure that care is cost-effective and provided in the most independent setting possible.

The alternatives to nursing homes are called community-based settings. In addition to in-home care, community-based care is provided in such facilities as assisted living facilities, adult family homes, and boarding homes. As reported in March 2009 by the Caseload Forecast Council, 79 percent of Washington’s long-term care consumers are served in community-based settings.

¹ Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, et al., The Future Supply of Long-Term Care Workers in Relation to the Aging Baby Boom Generation: Report to Congress, May 14, 2003.

² JLARC analysis of Washington State Caseload Forecast Council, March 2009 Forecast data.

In-Home Care: One Form of Community-Based Care

About half of the people served in a community-based setting choose to remain in their own homes, and this percentage is growing. Services provided in the person's home are called "in-home care" or "home care." The in-home care caseload is expected to grow by an average of 6.2 percent per year for the 2009-11 Biennium. By contrast, during the same biennium, the community-based facility caseload is expected to grow only an average of 2.4 percent per year. The nursing home caseload is expected to continue shrinking, by an average of 3.5 percent per year. The growth of the in-home care caseload is important because it results in a growing demand for providers of in-home care.

Two Types of In-Home Care Providers

When a person is eligible for publicly funded long-term care services and chooses in-home care, the Department of Social and Health Services (DSHS) will pay for one of two main options: an agency provider or an individual provider (IP). Usually, these consumers are eligible for Medicaid, and the funding is jointly provided by state and federal resources.

Agency providers of in-home care are employed by private agencies that recruit, hire, pay, schedule, and generally manage the provider staff. DSHS contracts with and pays the agency. The agency employs, supervises, and pays the provider.

By contrast, for consumers choosing individual providers, the consumer is the employer and is responsible for recruiting, employing, managing, and, if necessary, terminating the IP. While DSHS contracts with and pays IPs, DSHS does not hire or supervise IPs. The IP option provides consumers more control over which individuals provide their care. This choice also requires more active involvement from consumers, about 65 percent of whom currently hire a relative. Whether the provider is an IP or an agency provider, receiving in-home care providers allows consumers who wish to remain in their homes the ability to do so.

When a consumer is unable to hire an appropriate in-home care provider, he or she may need to find care in a residential facility or nursing home.

What is HCQA and How Does it Fit into the Long-Term Care Picture?

Washington voters established the Home Care Quality Authority (HCQA) by passing Initiative 775 on November 6, 2001. Initiative 775 states:

The home care quality authority is established to regulate and improve the quality of long-term in-home care services by recruiting, training, and stabilizing the work force of individual providers. (RCW 74.39A.230 (1).)

HCQA is a state agency with the equivalent of four full-time staff. The Initiative specifies that HCQA's focus is to be on providing IPs for consumers. Consequently, HCQA's primary business is the establishment and operation of contracted referral registries to assist consumers in finding an IP and to assist prospective IPs to find a placement with an employing consumer. Essentially, the referral registries operate in much the same way that employment placement agencies operate in the private sector; that is, they provide a pool of pre-screened prospects from which the consumer employers can select a temporary or permanent IP. HCQA opened its first referral registry in

February 2005 and had statewide registry coverage through 14 contracted referral registries by August 2006.

The terms registry and referral registry refer both to the statewide database structure managed by HCQA and generally to the 14 physical locations where a contracted referral registry manager operates a local site to serve IPs and consumers in that community. For purposes of this report, the terms registries and referral registries refer specifically to the local sites.

HCQA's referral registries provide a means for consumers to access a pool of pre-screened IPs from which to hire.

HOW WELL IS HCQA PERFORMING?

HCQA Has Met Executive Branch Management Targets Set By OFM

HCQA has developed performance targets and integrated them into its strategic plan, into the Office of Financial Management's (OFM) Agency Activity Inventory, and into its daily performance of its duties. HCQA established home care referral registries statewide and, through September 2008, had exceeded all of the targets OFM set for growth of the registries. HCQA also reduced both the unit costs per hire and the quarterly number of workers' compensation claims further than the targets set by OFM.

HCQA participated in the Government Management, Accountability and Performance (GMAP) process and completed a timely application for the Washington State Quality Award.

HCQA Has Met Its Statutory Duties

HCQA is charged with a duty to "regulate and improve the quality of long-term in-home care services by recruiting, training, and stabilizing the workforce of individual providers." In addition, the statute sets out four areas of specific duties:

1. Recruiting and assisting consumers to find IPs by establishing a referral registry;
2. Training IPs and consumers;
3. Obtaining background checks for criminal history, abuse, and neglect; and
4. Obtaining and providing informed input from consumers in the collective bargaining process.

In 2007, HCQA adopted the 15 performance measures shown in Exhibit 1. The adopted measures are focused on the first two of its established duties—the referral registry and training—and HCQA has integrated those measures into the daily operation of the agency. HCQA also kept data demonstrating that it was performing its duties relating to background checks and providing informed input from consumers in the collective bargaining process.

Neither the background check duty nor the collective bargaining duty required performance measures to demonstrate that HCQA was meeting its statutory duty.

Background Checks

The Department of Social and Health Services is required by state and federal law to perform the background checks for all persons with unsupervised access to children and vulnerable adults. This includes prospective IPs listed on the referral registry. Consequently, HCQA's only duties related to background checks are to ensure that no one on the referral registry has failed a background check or has an expired background check. HCQA has established procedures to prevent a prospective IP from being added to the referral registry until a background check is completed and prospective IPs on the referral registry automatically become inactive if their background check expires.

Consumer Input to Collective Bargaining

HCQA's duty to provide informed input from consumers in the collective bargaining process is an infrequent duty and only occurred once during the audit period. HCQA provides input to the process in two ways. First, HCQA directly solicits consumer input to the collective bargaining process through public meetings and its newsletter. These tools also serve to educate consumers about collective bargaining and the kinds of issues that can be raised in the collective bargaining process. The consumer education component is designed to make the consumer input process as informed as possible.

Second, seven of HCQA's nine board members represent various consumer groups and some board members are named to the collective bargaining team. These bargaining team members represent the HCQA board as a whole, including all the consumer groups and the board's position on consumer issues.

Referral Registries and Training

When HCQA adopted its 15 performance measures, the 14 referral registries had been in place less than a year. Consequently, most of the measures relate to the initial growth and operation of the referral registries.

HCQA substantially exceeded some measures and some measures may not be sustainable on a long-term basis. An example of an unsustainable measure is a requirement that registries improve performance scores 5 percent per year when some registries are within 5 to 10 percent of the top of the scale. Consequently, as HCQA goes forward, some performance measures will need to be adjusted.

To determine whether HCQA met its performance targets, JLARC reviewed HCQA data, survey data and reports from the Social and Economic Sciences Research Center (SESRC) of Washington State University, caseload forecasts, documents and reports produced in conjunction with the Washington State Long-Term Care Workers Training Workgroup established by the Legislature, other audits and reports, and industry information. JLARC also analyzed the HCQA methodology for developing its monthly reports and analyzed HCQA's monthly consumer satisfaction data.

How Well is HCQA Performing?

Exhibit 1 – HCQA Met 14 of Its 15 Performance Targets

Performance Measure	Status
1. The number of active IPs on the Referral Registry will increase by 20 percent per year in 2007 and 2008. (Baseline January 2007.)	Met
2. The number of consumers using the Referral Registry will increase by 20 percent per year in 2007 and 2008. (Baseline January 2007.)	Met
3. The number of IPs employed through the Referral Registry will increase by 5 percent per year in 2007 and 2008. (Baseline January 2007.)	Met
4. At least 80 percent of consumers who use the Referral Registry are satisfied with services as determined by: <ul style="list-style-type: none"> a. a survey of consumers who use the Registry conducted by WSU. b. a mail questionnaire sent out at the end of each month to consumers who have requested a list of individual providers from the Registry. The survey and the questionnaire will rate the consumer’s experience using the registry and their satisfaction with providers employed.	Not Met
5. The unit cost per IP employed through the Referral Registry will decrease by 5 percent per year in 2007 and 2008. (Baseline January 2007.)	Met
6. Performance scores of regional Registry sites will increase overall by 5 percent per year in 2007 and 2008 as measured by the Referral Registry Service Delivery Expectations tool. (Baseline September 2007.)	Met
7. HCQA will produce and deliver at least two new products/programs for consumer training as follows: <ul style="list-style-type: none"> a. At least one product/program will be completed by November 2008. b. At least one product/program will be completed by June 2009. 	Met
8. There will be at least one peer-mentor working at each regional Registry site by October 2007.	Met
9. HCQA will conduct at least two surveys by June 2008 including: <ul style="list-style-type: none"> a. One consumer survey measuring satisfaction with the Referral Registry. b. One IP survey measuring satisfaction with the Referral Registry. These surveys also will measure awareness of the Referral Registry.	Met
10. HCQA will complete a study analyzing the feasibility of private payor access to the Referral Registry by December 2007.	Met
11. HCQA will conduct a statewide training for Referral Registry staff by August 2007.	Met
12. HCQA will complete branding of all existing materials and products by September 2007 and any new materials after that prior to distribution.	Met
13. HCQA will complete a marketing and outreach plan by August 2008 and will begin implementation by November 2008.	Met
14. HCQA will establish a benchmark score for the HCQA Support Evaluation tool by October 2007.	Met
15. HCQA will use the HCQA Support Evaluation tool every six months beginning October 2007 and will demonstrate improvement each time over its preceding score. The HCQA Support Evaluation tool measures the satisfaction of Referral Registry staff with HCQA Registry support services.	Met

Source: JLARC analysis of HCQA data.

HCQA did not meet Measure #4, which stated “at least 80 percent of consumers who use the Referral Registry are satisfied with services.” HCQA measures this with a 5-question survey and has described 80 percent satisfaction as a “stretch” goal.

Two questions on the satisfaction survey—the accuracy of referral lists and consumers’ ability to hire an IP from the registry—initially received substantially lower scores than the other questions and lowered the overall satisfaction averages. In response, HCQA provided training on ensuring the accuracy of referral lists during its annual training conference for registry staff in September 2008. The scores on these questions increased during November and December 2008 and brought the overall percentage of satisfied consumers to 84 percent and 88 percent, respectively. However, the average number of satisfied consumers during the entire period was 67 percent.

HCQA’s Performance Measures Do Not Identify the Impact of HCQA’s Work on the Stability of the IP Workforce

The performance measures that HCQA has adopted relate to its statutory duty areas, focus on its largest area of responsibility, and were adopted based on goals and prior registry performance. However, HCQA has not yet adopted performance measures that enable it to determine the impact of its own actions on the stability of the IP workforce—specifically on the retention or turnover of IPs on the registry.

HCQA does collect data related to changes in wages, benefits, and other external factors and has contracted with Washington State University to calculate the effect of these factors on the stability of the IP workforce. Although the University’s research shows a stabilizing effect, the elements studied are not HCQA activities or within HCQA’s control. Rather, they are established through collective bargaining and legislation.

HCQA does currently collect data that that could be analyzed, particularly in conjunction with data collected by DSHS, to better understand retention and turnover of IPs listed on, or hired from, the registry. These data could be used to identify where management interventions might be needed and the performance measures that would help it determine its own impact on workforce stability.

Registry Services Were Reduced in the 2009-2011 State Budget

The 2009-2011 Biennial Operating Budget included a 29 percent budget cut to HCQA. The Legislature’s accompanying budget notes directed HCQA to eliminate the peer mentor program and close three to four registries.

As a result, HCQA eliminated the peer program and closed four registries, effective June 30, 2009. HCQA based its selection of registries for closure on performance, particularly the unit cost per hire. That is, the four registries with the highest unit cost per hire were closed. These were the North East, North Central, South East and King County registries. The result of these closures is that there are nine counties and about one-third of the population of the state that will no longer have access to home care referral registry services. As of July 1, 2009, the number of active IPs and consumers on the registries dropped with the closure of the registries.

CONCLUSIONS AND RECOMMENDATION

HCQA is meeting its statutory duties and met 14 of the 15 performance measures it adopted. HCQA has documented its activities related to all four duty areas and has data to demonstrate that it has achieved or exceeded 14 of the 15 performance targets. JLARC has concluded from the data that HCQA is meeting its statutory duties and has integrated its performance measures into the daily operation of the agency.

HCQA has not yet adopted performance measures that enable it to determine the impact of its own actions on the stability of the individual provider (IP) workforce—specifically on the retention or turnover of IPs on the registry.

HCQA does collect data and has contracted with Washington State University to calculate the effect of changes to wages, benefits, and other external factors on the stability of the workforce. Although the University’s research shows a stabilizing effect on the IP workforce, the elements studied are not HCQA activities or within HCQA’s control.

HCQA also collects or has access to data that it could analyze to better understand the effect of HCQA’s activities on the retention and turnover of IPs listed on or hired from the referral registries. These data could be used to identify where management interventions and performance measures may be needed.

Recommendation

The Home Care Quality Authority should develop performance measures that reflect its impact on the stability of the IP workforce on, or hired from, the referral registries.

To develop these performance measures, HCQA will need to analyze its data and identify the factors relevant to workforce stability and the areas in which management interventions are needed.

Legislation Required:	None
Fiscal Impact:	JLARC assumes that this can be completed within existing resources.
Implementation Date:	June 30, 2010

APPENDIX 1 – SCOPE AND OBJECTIVES

PERFORMANCE AUDIT OF THE HOME CARE QUALITY AUTHORITY

SCOPE AND OBJECTIVES

APRIL 9, 2009



STATE OF WASHINGTON

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Why a Second Performance Audit of the Home Care Quality Authority?

Voters created the Home Care Quality Authority (HCQA) in 2001 with the passage of Initiative 775. The Initiative also directed the Joint Legislative Audit and Review Committee (JLARC) to conduct a performance review of the Authority by December 1, 2006. In response to a recommendation from that first review, the Legislature directed JLARC to conduct this second, more narrowly focused review of HCQA (Chapter 140, Laws of 2008).

Background

Over 30,000 Washington residents receive state-funded in-home long-term care services each month. These people are served by either an employee of a home care agency or by individuals who work as independent contractors and provide their services as individual providers (IPs). Individual providers assist clients by providing help with various personal care tasks, such as feeding, bathing, and dressing.

Voters created the Home Care Quality Authority to ensure that the quality of long-term care services provided by individual providers is improved through better regulation, higher standards, increased accountability, and improved access to IP services. HCQA is also directed to encourage stability in the IP workforce through collective bargaining and by providing training opportunities.

HCQA has four staff and is governed by a nine-member board appointed by the Governor. HCQA has duties in four primary areas:

- Recruiting and assisting consumers to find IPs by establishing a referral registry;
- Training IPs and consumers;
- Obtaining background checks for criminal history, abuse, and neglect; and
- Obtaining and providing informed input from consumers in the collective bargaining process.

Study Scope

This performance audit will assess the services provided by HCQA to meet its statutory duties. It will also analyze how HCQA is meeting its obligation to “to regulate and improve the quality of long-term in-home care services by recruiting, training, and stabilizing the workforce of individual providers” (RCW 74.39A.230(1)). In 2007 JLARC recommended that HCQA update its performance measures to ensure that its performance targets are clear and adequately reflect HCQA’s current duties and goals. This study will also review those measures.

Study Objectives

This performance audit will focus on HCQA’s current statutory duties and how the performance of those duties assists HCQA to meet its purposes of regulating and improving the quality of long-term in-home care services and stabilizing the workforce of individual providers.

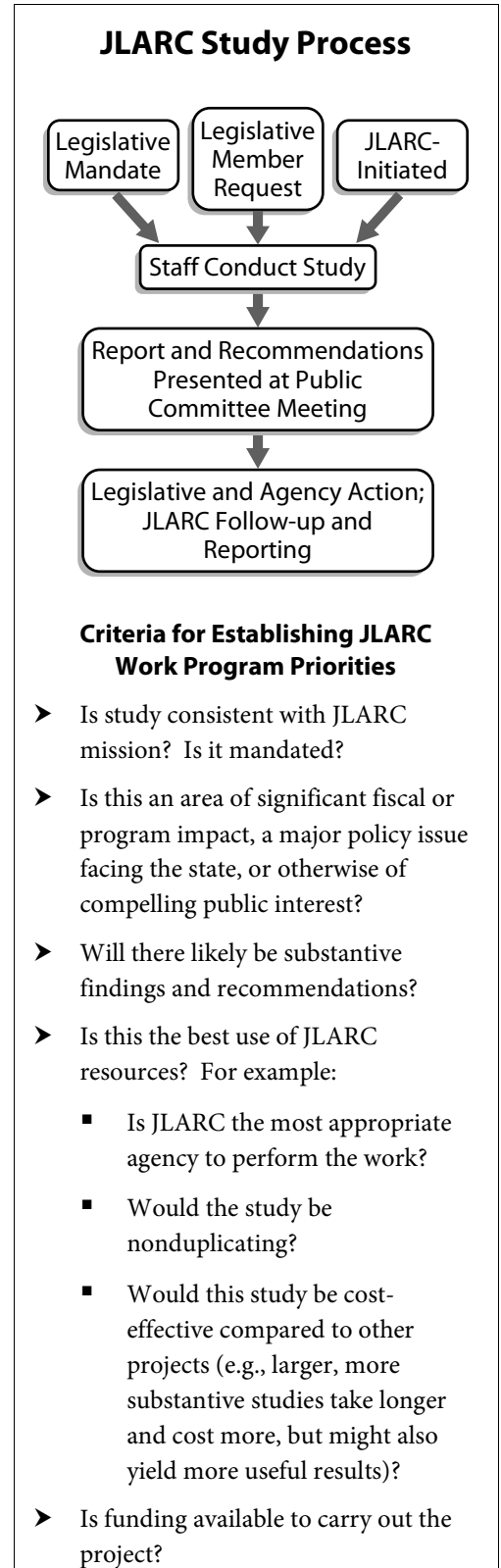
- 1) What information is HCQA collecting to measure its performance?
- 2) How are HCQA’s performance measures related to its statutory duties and goals?
- 3) Is HCQA meeting its performance targets?
- 4) To what extent is HCQA meeting its statutory duties?

Timeframe for the Study

Staff will present the preliminary report in September 2009 and the proposed final report in October 2009.

JLARC Staff Contact for the Study

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APPENDIX 2 – AGENCY RESPONSES

Agency responses will be included in the final report.