

**STATE OF NEW HAMPSHIRE
OFFICE OF LEGISLATIVE BUDGET ASSISTANT - AUDIT DIVISION**

**PROPOSED SCOPE STATEMENT
BUREAU OF DEVELOPMENTAL SERVICES**

In April 2015, the Fiscal Committee approved a joint Legislative Performance Audit and Oversight Committee-requested performance audit on the Bureau of Developmental Services (BDS). We held our entrance conference with Department of Health and Human Services (DHHS) officials the same month.

Background

The BDS is responsible for range of programs for different populations of people in need of services including: developmentally disabled adults and children, adults with acquired brain disorders (ABD), support services for families with eligible children, early support for children, forensic services for individuals posing a risk to themselves or the community, and children with chronic health conditions. Some of these services are paid for through federally-approved waivers to the Medicaid program known as Home and Community-Based Care Services waivers. The waivers allow states to provide supportive service to eligible individuals in non-institutional settings. The BDS is also responsible for administering the Medicaid to School program.

The developmental disabilities (DD) and ABD waiver programs for adults, with a combined expenditure of \$219 million in State fiscal year (SFY) 2014, represent 80 percent of BDS expenditures (\$275 million). Table 1 presents the number of clients served and total expenditures for that year. Approximately one-half of these Medicaid waiver expenditures are funded by the federal government and the remainder by the State's General Fund.

**Table 1
ABD And DD
Home And Community-Based Services Waivers
SFY 2014**

Waiver Name	Clients¹	Expenditures	Average Per Client Expenditure
Developmental Disabilities	4,956	\$198,790,000	\$40,111
Acquired Brain Disorders	256	20,879,000	81,559

Source: Statement of Appropriations and unaudited DHHS data.
Note: ¹ Includes 462 DD and 13 ABD waitlist clients.

DD And ABD Waiver Programs

The Bureau's oversight responsibilities include both programmatic and fiscal monitoring of the service delivery system. Its mission is to promote "opportunities for normal life experience for persons with developmental disabilities or acquired brain disorder in all areas of community life, including: employment, housing, recreation, and community associations. Family support is a guiding principle for providing valuable assistance and cost effective services." Services are required to be relevant to clients' abilities, goals, and employment based on the client's choices, satisfaction, safety, and positive outcomes. These services include: 1) instruction; 2) employment and volunteer opportunities; 3) job development and on-the-job training; 4) community activities; 5) consultation services to improve or maintain the individual's communication, mobility, and physical and psychological well-being; and 6) transportation related to community participation and employment.

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As part of New Hampshire's service delivery system, the Legislature statutorily established non-profit corporations, known as area agencies. They are designated by the DHHS, regulated by law and DHHS rules, and enter into non-competitive bid contracts with the Department. The ten area agencies are responsible for determining applicants' eligibility for services and providing those services to clients and their families, either directly or through contracted agencies.

Issues Facing The BDS

According to BDS officials, the Bureau has recently been: 1) updating its rules, 2) reviewing its organizational structure to rearrange responsibilities compromised by persistent vacancies, 3) dealing with issues surrounding the inadequate oversight of the Lakeview facility, 4) implementing a new area agency redesignation process after a four-year hiatus, 5) planning for the introduction of managed care to the service delivery system, and 6) examining reasons for unused Medicaid appropriations.

Audit Scope

This performance audit will focus on why approximately \$38 million (8.6 percent) in available budgeted Medicaid funding was not spent during SFYs 2014 and 2015, on DD and ABD services. We will seek to answer the following question:

Did the Bureau efficiently and effectively manage Medicaid appropriations to ensure clients timely received needed services during SFYs 2014 and 2015?

To identify the reasons for the millions of dollars in unused Medicaid appropriations, we may have to review multiple components of the Bureau's oversight of the service delivery system by:

- reviewing laws, rules, policies, procedures, and contracts;
- reviewing area agency and Bureau reporting of financial and programmatic data (including client satisfaction data);
- examining how individual client service agreements are developed and approved;
- identifying how client budgets are tracked and modified;
- interviewing BDS personnel, area agencies officials, advocacy and client groups, and other stakeholders;
- reviewing client files and budgets;
- determining the status of any relevant observations from prior LBA audits; and
- identifying other states' practices.

While the audit period is SFYs 2014-2015, current management controls will also be assessed and may be commented upon when appropriate. We anticipate completing this project in November 2015 and presenting the final report to the Fiscal Committee at its December 2015 meeting.