

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**WASHINGTON STATE DID NOT
ALWAYS VERIFY CORRECTION
OF DEFICIENCIES IDENTIFIED
DURING SURVEYS OF NURSING
HOMES PARTICIPATING IN
MEDICARE AND MEDICAID**

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EXECUTIVE SUMMARY

Washington State did not verify correction of an estimated 84 percent of deficiencies identified during surveys in 2012 of nursing homes participating in the Medicare and Medicaid programs.

WHY WE DID THIS REVIEW

Federal regulations require nursing and skilled nursing facilities (nursing homes) to submit correction plans to the Centers for Medicare & Medicaid Services (CMS) or to their respective State survey agency for certain deficiencies identified during surveys, such as nursing homes' failure to provide necessary care and services. State survey agencies must verify the correction of identified deficiencies by obtaining evidence of correction or through onsite reviews. A previous Office of Inspector General review found that the State survey agency in California did not verify that three selected nursing homes had corrected identified deficiencies. We expanded our review to determine whether a similar issue existed at other State survey agencies.

After analyzing CMS's deficiency data for seven States in the Western United States, we selected for review the Washington State Department of Social and Health Services, Aging and Long-Term Support Administration, Residential Care Services Division (State agency), which conducts surveys of nursing homes in Washington. The State agency had the highest number of deficiencies among the seven States.

Our objective was to determine whether the State agency verified nursing homes' correction of deficiencies identified during surveys in calendar year (CY) 2012 in accordance with Federal requirements.

BACKGROUND

Nursing homes participating in the Medicare and Medicaid programs must meet certain specified requirements (Federal participation requirements), which cover such areas as quality of care, nursing services, and infection control. The State survey agency must conduct standard surveys to determine whether nursing homes are in compliance with Federal participation requirements. A standard survey is a periodic inspection to gather information about the quality of resident care furnished in a nursing home. A nursing home's noncompliance with a Federal participation requirement is defined as a deficiency. The State survey agency must report to nursing homes and CMS each deficiency identified during a survey, including the seriousness of the deficiency (known as the deficiency rating, which ranges from *A* through *L*). *A*-rated deficiencies are the least serious, and *L*-rated deficiencies are the most serious.

For all deficiencies except those rated *A*, nursing homes must submit correction plans for approval to the State survey agency or CMS. After a correction plan is submitted, the State survey agency or CMS must certify whether a nursing home is in substantial compliance with Federal participation requirements. A nursing home is in substantial compliance when identified deficiencies have the ratings *A* through *C*, which represent no greater risk than potential for minimal harm to resident health and safety.

The State survey agency must determine whether a nursing home is in substantial compliance by verifying correction of the identified deficiencies through obtaining evidence of correction (such as invoices verifying purchases or repairs or sign-in sheets verifying attendance of staff at inservice training) or conducting an onsite review (followup survey). Deficiencies rated *B* or *C* do not require verification of correction. The deficiency rating guides which verification method the State survey agency uses. For less serious deficiencies (with the ratings *D* or *E*, or *F* without substandard quality of care), the State survey agency may accept the nursing home's evidence of correction in lieu of conducting a followup survey to determine substantial compliance. For more serious deficiencies (with the ratings *G* through *L*, or *F* with substandard quality of care), the State survey agency must conduct a followup survey to determine substantial compliance. CMS uses survey data for every certified Medicare and Medicaid nursing home, including deficiencies and their ratings, in information provided to the public on its Nursing Home Compare Web site.

During CY 2012, the State agency had 3 districts, consisting of 16 field offices with approximately 40 surveyors. Also, the State agency was responsible for conducting surveys of 234 nursing homes.

HOW WE CONDUCTED THIS REVIEW

According to CMS's deficiency data, the State agency identified 2,228 deficiencies that required a correction plan during CY 2012. We excluded from our review 838 deficiencies that (1) were not directly related to resident health services; (2) had the ratings *B* or *C*, which did not require verification of correction; (3) were not included on the Nursing Home Compare Web site, or (4) were duplicates. The remaining 1,390 deficiencies had ratings that required the State agency to verify correction by either obtaining evidence of correction (1,240 deficiencies) or conducting a followup survey (150 deficiencies). We selected a stratified random sample of 100 deficiencies and reviewed State agency documentation to determine whether the State agency had verified the nursing homes' correction of the sampled deficiencies. We also interviewed State agency officials and employees, including those at four field offices, regarding survey operations, quality assurance, and training.

WHAT WE FOUND

The State agency did not always verify nursing homes' correction of deficiencies identified during surveys in CY 2012 in accordance with Federal requirements. For the 100 sampled deficiencies, the State agency verified the nursing homes' correction of 30 deficiencies but did not have documentation supporting that it had verified the nursing homes' correction of the remaining 70 deficiencies. Specifically, the State agency did not have the nursing homes' evidence of correction for 64 deficiencies and did not document that it had verified the correction of 6 deficiencies during followup surveys. The State agency certified that the nursing homes that had these 70 deficiencies were in substantial compliance with Federal participation requirements; however, the State agency's certifications did not comply with all Federal requirements related to appropriately verifying the nursing homes' correction of these deficiencies. On the basis of our sample results, we estimated that the State agency did not verify nursing homes' correction of

deficiencies in accordance with Federal requirements for 1,164 (84 percent) of the 1,390 deficiencies identified during surveys in CY 2012.

The State agency did not provide adequate guidance and training to its surveyors or establish standardized practices for them to follow when verifying and documenting the correction of deficiencies. Further, the State agency did not have adequate internal controls over retaining documentation to support that it had verified the correction of deficiencies.

WHAT WE RECOMMEND

To ensure that the State agency complies with Federal requirements for verifying and documenting nursing homes' correction of deficiencies, we recommend that the State agency:

- provide guidance and training to its surveyors and establish standardized practices for them to follow and
- improve internal controls over retaining documentation to support that it has verified the correction of deficiencies.

We also recommend that the State agency follow all Federal requirements to appropriately verify and document nursing homes' correction of deficiencies before certifying their substantial compliance with Federal participation requirements.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency concurred with our findings and provided information on corrective actions taken.

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INTRODUCTION

WHY WE DID THIS REVIEW

Federal regulations require nursing and skilled nursing facilities (nursing homes) to submit correction plans to the Centers for Medicare & Medicaid Services (CMS) or to their respective State survey agency for certain deficiencies identified during surveys, such as nursing homes' failure to provide necessary care and services. State survey agencies must verify the correction of identified deficiencies by obtaining evidence of correction or through onsite reviews. A previous Office of Inspector General (OIG) review found that the State survey agency in California did not verify that three selected nursing homes had corrected identified deficiencies.¹ We expanded our review to determine whether a similar issue existed at other State survey agencies.

After analyzing CMS's deficiency data for seven States in the Western United States, we selected for review the Washington State Department of Social and Health Services, Aging and Long-Term Support Administration, Residential Care Services Division (State agency), which conducts surveys of nursing homes in Washington. The State agency had the highest number of deficiencies among the seven States. (Appendix A lists related OIG reports on nursing home compliance issues.)

OBJECTIVE

Our objective was to determine whether the State agency verified nursing homes' correction of deficiencies identified during surveys in calendar year (CY) 2012 in accordance with Federal requirements.

BACKGROUND

Medicare and Medicaid Coverage of Nursing Homes

The Medicare and Medicaid programs cover care in skilled nursing and nursing facilities, respectively, for eligible beneficiaries in need of nursing services, specialized rehabilitation services, medically related social services, pharmaceutical services, and dietary services. Sections 1819 and 1919 of the Social Security Act (the Act) provide that nursing homes participating in the Medicare and Medicaid programs, respectively, must meet certain specified requirements (Federal participation requirements), such as quality of care, nursing services, and infection control. These sections also establish requirements for CMS and States to survey nursing homes to determine whether they meet Federal participation requirements. For both Medicare and Medicaid, these statutory participation and survey requirements are implemented in Federal regulations at 42 CFR part 483, subpart B, and 42 CFR part 488, subpart E, respectively.

¹ *Federal Survey Requirements Not Always Met for Three California Nursing Homes Participating in the Medicare and Medicaid Programs* (A-09-11-02019), issued Feb. 27, 2012.

Standard and Complaint Surveys of Nursing Homes

The Secretary of Health and Human Services must use the State health agency, or other appropriate State agency, to determine whether nursing homes meet Federal participation requirements (the Act § 1864(a)). Further, the State must use the same State agency to determine whether nursing homes meet the participation requirements in the State Medicaid plan (the Act § 1902(a)(33)).

Under an agreement with the Secretary, the State agency must conduct standard surveys to determine whether nursing homes are in compliance with Federal participation requirements² (42 CFR § 488.305(a) and § 7200 of CMS's *State Operations Manual* (the Manual), Pub. No. 100-07). A standard survey is a periodic nursing home inspection, using procedures specified in the Manual that focuses on a sample of residents selected by the State survey agency to gather information about the quality of resident care furnished to Medicare or Medicaid beneficiaries in a nursing home. A standard survey must be conducted at least once every 15 months (42 CFR § 488.308(a)).

The State survey agency must review all nursing home complaint allegations (42 CFR § 488.308(e)(2)).³ Depending on the outcome of the review, the State survey agency may conduct a standard survey or an abbreviated standard survey (complaint survey) to investigate noncompliance with Federal participation requirements. A nursing home's noncompliance with a Federal participation requirement is defined as a deficiency (42 CFR § 488.301). Examples of deficiencies include a nursing home's failure to adhere to proper infection control measures or failure to provide necessary care and services.

Deficiencies and Deficiency Ratings

The State survey agency must report each deficiency identified during a survey on the appropriate CMS form⁴ and provide the form to the nursing home and CMS. These forms include (1) a statement describing the deficiency, (2) a citation of the specific Federal participation requirement that was not met, and (3) a rating for the seriousness of the deficiency (deficiency rating).

The State survey agency must determine the deficiency rating using severity and scope components (42 CFR § 488.404(b)). Each deficiency is given a letter rating of A through L (deficiency rating), which corresponds to a severity and scope level. (A-rated deficiencies are the least serious, and L-rated deficiencies are the most serious.) Severity is the degree of or potential for resident harm and has four levels (beginning with the most severe): (1) immediate jeopardy

² CMS and the State survey agency certify compliance with Federal participation requirements for State-operated and non-State-operated nursing homes, respectively (42 CFR § 488.330).

³ An allegation of improper care or treatment of beneficiaries at a nursing home may come from a variety of sources, including beneficiaries, family members, and health care providers.

⁴ Form CMS-2567, Statement of Deficiencies and Plan of Correction, is used for all deficiencies except those determined to be isolated and with the potential for minimal harm. For these deficiencies, Form A, Statement of Isolated Deficiencies Which Cause No Harm with Only a Potential for Minimal Harm, is used.

to resident health or safety, (2) actual harm that is not immediate jeopardy, (3) no actual harm with potential for more than minimal harm, and (4) no actual harm with potential for minimal harm. Scope is the number of residents affected or pervasiveness of the deficiency in the nursing home and has three levels: (1) isolated, (2) pattern, and (3) widespread. The Manual provides information on the severity and scope levels used to determine the deficiency rating (§ 7400.5.1). Table 1 shows the letter for each deficiency rating and its severity and scope levels.

Table 1: Severity and Scope Levels for Deficiency Ratings

SEVERITY	SCOPE		
	Isolated	Pattern	Widespread
Immediate jeopardy to resident health or safety	J	K	L
Actual harm that is not immediate jeopardy	G	H	I
No actual harm with potential for more than minimal harm but not immediate jeopardy	D	E	F
No actual harm with potential for minimal harm	A	B	C

Correction Plans

Nursing homes must submit for approval correction plans to the State survey agency or CMS for all deficiencies except A-rated deficiencies (with the severity level of no actual harm with potential for minimal harm and the scope level of isolated) (42 CFR § 488.402(d)). An acceptable correction plan must specify exactly how the nursing home corrected or plans to correct each deficiency (the Manual § 2728B). Nursing homes use Form CMS-2567, Statement of Deficiencies and Plan of Correction, to submit correction plans (Figure 1).

Figure 1: Form CMS-2567

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES		FORM APPROVED OMB NO. 0928-0391	
STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____
NAME OF FACILITY		(X3) DATE SURVEY COMPLETED	
STREET ADDRESS, CITY, STATE, ZIP CODE			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY SHOULD BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERRED TO THE APPROPRIATE DEFICIENCY)
			(X5) COMPLETION DATE
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE		TITLE	(X6) DATE
FORM CMS-2567 (02/99) Previous Versions Obsolete		If continuation sheet Page ____ of ____	

After a nursing home submits a correction plan, the State survey agency or CMS must certify whether the nursing home is in substantial compliance with Federal participation requirements (the Manual § 7317).⁵ A nursing home is in substantial compliance when identified deficiencies have ratings that represent no greater risk than potential for minimal harm to resident health and safety (*A, B, or C*). The State survey agency must determine whether there is substantial compliance by verifying correction of the identified deficiencies through obtaining evidence of correction⁶ or conducting an onsite review (followup survey).⁷ The deficiency rating guides which verification method the State survey agency uses. For less serious deficiencies (with the ratings *D or E, or F* without substandard quality of care), the State survey agency may accept the nursing home's evidence of correction in lieu of conducting a followup survey to determine substantial compliance. For more serious deficiencies (with the ratings *G through L, or F* with substandard quality of care), the State survey agency must conduct a followup survey to determine substantial compliance.

The State survey agency uses Form CMS-2567B, Post-Certification Revisit Report, to report those deficiencies previously reported on Form CMS-2567 that have been corrected and the dates of the corrective actions.

Nursing Home Compare System

CMS uses survey data for every certified Medicare and Medicaid nursing home, including deficiencies and their ratings, in information provided to the public on its Nursing Home Compare Web site. Nursing Home Compare uses a five-star rating scale to help consumers, their families, and caregivers compare nursing homes. A five-star rating represents the highest quality rating. The determination of the star rating is based in part on the nursing home's number of deficiencies and deficiency ratings that were identified during the three most recent standard surveys and the most recent 36 months of complaint surveys.

Washington State Agency

In Washington, the State agency determines whether nursing homes meet Federal participation requirements and recommends to CMS whether nursing homes should be certified for participation in the Medicare and Medicaid programs. During CY 2012, the State agency had 3 districts, consisting of 16 field offices with approximately 40 surveyors. Also, the State agency was responsible for conducting surveys of 234 nursing homes.

⁵ The State survey agency provides the certification information to CMS on Form CMS-1539, Medicare/Medicaid Certification and Transmittal (the Manual § 2762).

⁶ Examples of evidence of correction include sign-in sheets of those attending inservice training and interviews with training participants.

⁷ The State survey agency is not required to verify the correction of deficiencies with the ratings *B or C*; however, correction plans are still required for deficiencies with those ratings.

HOW WE CONDUCTED THIS REVIEW

According to CMS's deficiency data, the State agency identified 2,228 deficiencies that required a correction plan during CY 2012. We excluded from our review 838 deficiencies that (1) were not directly related to resident health services; (2) had the ratings *B* or *C*, which did not require verification of correction; (3) were not included on the Nursing Home Compare Web site, or (4) were duplicates. The remaining 1,390 deficiencies had ratings that required the State agency to verify correction by either obtaining evidence of correction (1,240 deficiencies) or conducting a followup survey (150 deficiencies). We selected a stratified random sample of 100 deficiencies and reviewed State agency documentation to determine whether the State agency had verified the nursing homes' correction of the sampled deficiencies. We also interviewed State agency officials and employees, including those at four field offices, regarding survey operations, quality assurance, and training.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B describes our audit scope and methodology, Appendix C describes our statistical sampling methodology, and Appendix D contains our sample results and estimates.

FINDINGS

The State agency did not always verify nursing homes' correction of deficiencies identified during surveys in CY 2012 in accordance with Federal requirements. For the 100 sampled deficiencies, the State agency verified the nursing homes' correction of 30 deficiencies but did not have documentation supporting that it had verified the nursing homes' correction of the remaining 70 deficiencies. Specifically, the State agency did not have the nursing homes' evidence of correction for 64 deficiencies and did not document that it had verified the correction of 6 deficiencies during followup surveys. The State agency certified that the nursing homes that had these 70 deficiencies were in substantial compliance with Federal participation requirements; however, the State agency's certifications did not comply with all Federal requirements related to appropriately verifying the nursing homes' correction of these deficiencies. On the basis of our sample results, we estimated that the State agency did not verify nursing homes' correction of deficiencies in accordance with Federal requirements for 1,164 (84 percent) of the 1,390 deficiencies identified during surveys in CY 2012.

The State agency did not provide adequate guidance and training to its surveyors or establish standardized practices for them to follow when verifying and documenting the correction of deficiencies. Further, the State agency did not have adequate internal controls over retaining documentation to support that it had verified the correction of deficiencies.

FEDERAL REQUIREMENTS

For deficiencies rated *D* or *E*, or *F* not involving substandard quality of care, the State survey agency has the option to accept evidence of correction to confirm substantial compliance in lieu of conducting a followup survey (i.e., an onsite review) (the Manual § 7300.3). However, the State agency must conduct a followup survey to determine whether a nursing home is in substantial compliance for deficiencies rated *G* through *L*, or *F* involving substandard quality of care (the Manual § 7300.3).

Section 7317.1 of the Manual states: “While the plan of correction serves as the facility’s allegation of compliance in non-immediate jeopardy cases, substantial compliance cannot be certified and any remedies imposed cannot be lifted until facility compliance has been verified.”

Section 7317.2 of the Manual lists examples of acceptable evidence of a nursing home’s correction of a deficiency, which include invoices verifying purchases or repairs, sign-in sheets verifying attendance of staff at inservice training, or interviews with more than one training participant about training.

Section I of Appendix P of the Manual states: “The [followup survey] is an onsite visit intended to verify correction of deficiencies cited in a prior survey.”

Section II.B.3 of Appendix P of the Manual states:

In accordance with §7317 [of the Manual], the State agency conducts a revisit, as applicable, to confirm that the facility is in compliance and has the ability to remain in compliance. The purpose of the [followup survey] is to re-evaluate the specific care and services that were cited as noncompliant during the original standard, abbreviated standard, extended or partial extended survey(s). Ascertain the status of corrective actions being taken on all requirements not in substantial compliance.

THE STATE AGENCY DID NOT HAVE DOCUMENTATION SUPPORTING THAT IT HAD VERIFIED NURSING HOMES’ CORRECTION OF DEFICIENCIES

On the basis of our review of documentation provided by the State agency for the 100 sampled deficiencies, we found that the State agency verified the nursing homes’ correction of 30 deficiencies but did not verify the nursing homes’ correction of the remaining 70 deficiencies. Specifically, the State agency did not have the nursing homes’ evidence of correction for 64 deficiencies and did not document that it had verified the correction of 6 deficiencies during followup surveys. The State agency certified that the nursing homes that had these 70 deficiencies were in substantial compliance with Federal participation requirements; however, the State agency’s certifications did not comply with all Federal requirements to appropriately verify the nursing homes’ correction of these deficiencies.

The State Agency Did Not Have Nursing Homes' Evidence of Correction

For 64 deficiencies, the State agency did not have the nursing homes' evidence of correction. These 64 deficiencies had the ratings *D* or *E*, or *F* not involving substandard quality of care, which required the State agency to obtain, at a minimum, evidence of correction from the nursing homes before certifying their substantial compliance with Federal participation requirements.⁸

For example, on March 15, 2012, the State agency completed a nursing home survey and identified several deficiencies, including a *D*-rated deficiency related to quality of care (42 CFR § 483.25). The surveyor noted: "Based on record review and interview, the facility failed to monitor hours of sleep and/or target behaviors for 3 of 3 residents who received routine medication for sleep and/or anxiety in a sample ... reviewed for unnecessary medications." On the same day, the State agency certified that the nursing home was in substantial compliance with Federal participation requirements despite the fact that it had not yet received a correction plan.⁹

To address this deficiency, the nursing home listed four corrective actions in the correction plan. One of these was the following: "Nursing staff ... will document number of hours slept or episodes of behaviors as applicable to individual Residents." The nursing home also included plans to educate nursing staff on how to properly document (1) the number of hours of sleep for residents with insomnia and (2) the nursing staff's monitoring of the residents' behavior. However, the State agency did not have documentation to show that the nurses had recorded the number of hours of sleep and the results of behavior monitoring. Also, the State agency did not have training sign-in sheets to support that the nursing home had provided the training.

The State Agency Did Not Document That It Had Verified Correction of Deficiencies During Followup Surveys

For six deficiencies, the State agency did not document that it had verified the correction of the deficiencies when conducting the followup surveys. These six deficiencies had the ratings *G* or *J*, which required the State agency to conduct a followup survey. The State agency conducted the required followup surveys but did not document that it had verified the nursing homes' correction of deficiencies.

For example, on July 17, 2012, the State agency completed a nursing home survey and identified several deficiencies, including a *G*-rated deficiency related to quality of care (42 CFR § 483.25). The surveyor noted: "Based on observation, interview and record review, the facility failed to provide the necessary care and services ... in accordance with the comprehensive assessment and plan of care for 1 of 4 diabetic residents ... reviewed for medication administration. This failure

⁸ For 2 of the 64 deficiencies, the State agency conducted a followup survey instead of obtaining evidence of correction. However, there was no documentation that the State agency had verified the correction of the two deficiencies during its followup surveys.

⁹ The nursing home's correction plan was dated April 4, 2012, and received by the State agency on April 5, 2012. Also, the Form CMS-2567B, Post-Certification Revisit Report, showed that the correction of the deficiency was completed on April 20, 2012.

occurred when the resident received too much diabetic medication and sustained a life threatening event requiring emergency medical intervention.” In the correction plan, the nursing home stated that its licensed staff were trained on diabetic management policies and procedures before the survey ended on July 17, 2012.

On September 12, 2012, the State agency conducted the required followup survey. However, it did not have documentation supporting that it had verified the correction of the deficiency. The State agency provided only a form showing the date of and numbers of hours spent on the followup survey. See Figure 2 for Form CMS-670, Survey Team Composition and Workload Report.

Figure 2: Survey Team Composition and Workload Report

DEPARTMENT OF HEALTH AND HUMAN SERVICES		CENTERS FOR MEDICARE & MEDICAID SERVICES		FORM APPROVED					
SURVEY TEAM COMPOSITION AND WORKLOAD REPORT									
SURVEY TEAM AND WORKLOAD DATA									
Please enter the workload information for each surveyor. Use the surveyor's identification number.									
Surveyor ID Number (A)	First Date Arrived (B)	Last Date Departed (C)	Pre-Survey Preparation Hours (D)	On-Site Hours 12am-8am (E)	On-Site Hours 8am-6pm (F)	On-Site Hours 6pm-12am (G)	Travel Hours (H)	Off-Site Report Preparation Hours (I)	
1. 30549	09/12/2012	09/12/2012	0.50	0.00	1.75	0.00	1.25	1.00	

THE STATE AGENCY DID NOT PROVIDE ADEQUATE GUIDANCE AND TRAINING OR HAVE ADEQUATE CONTROLS OVER RETAINING DOCUMENTATION

The State agency did not provide adequate guidance and training to its surveyors or establish standardized practices for them to follow when verifying and documenting the correction of deficiencies. We received different responses from field office managers and surveyors that we interviewed relating to their understanding and routine practices for obtaining evidence of correction. For example, the employees from two field offices stated that for G-rated or less serious deficiencies, their routine practice was not to obtain evidence of correction but to rely on the nursing homes’ correction plans. However, the employees from two other field offices stated that they did the same for F-rated or less serious deficiencies and D-rated or less serious deficiencies, respectively.

Further, the State agency did not have adequate internal controls over retaining documentation. When we asked why the State agency had not documented that it had verified correction of the six sampled deficiencies, a State agency official replied: “It is highly possible and probable [surveyors] performed the required follow-up concerning the correction of the 6 deficiencies and that we simply failed to retain (and/or misplaced) the paperwork substantiating said work had been completed.”

RECOMMENDATIONS

To ensure that the State agency complies with Federal requirements for verifying and documenting nursing homes’ correction of deficiencies, we recommend that the State agency:

- provide guidance and training to its surveyors and establish standardized practices for them to follow and
- improve internal controls over retaining documentation to support that it has verified the correction of deficiencies.

We also recommend that the State agency follow all Federal requirements to appropriately verify and document nursing homes’ correction of deficiencies before certifying their substantial compliance with Federal participation requirements.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency concurred with our findings and provided information on corrective actions taken. The State agency’s comments are included in their entirety as Appendix E.

APPENDIX A: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

Report Title	Report Number	Date Issued
<i>Nursing Facilities' Compliance With Federal Regulations for Reporting Allegations of Abuse or Neglect</i>	<u>OEI-07-13-00010</u>	8/15/2014
<i>CMS's Reliance on California's Licensing Surveys of Nursing Homes Could Not Ensure the Quality of Care Provided to Medicare and Medicaid Beneficiaries</i>	<u>A-09-12-02037</u>	6/4/2014
<i>Adverse Events in Skilled Nursing Facilities: National Incidence Among Medicare Beneficiaries</i>	<u>OEI-06-11-00370</u>	2/27/2014
<i>Skilled Nursing Facilities Often Fail To Meet Care Planning and Discharge Planning Requirements</i>	<u>OEI-02-09-00201</u>	2/27/2013
<i>Federal Survey Requirements Not Always Met for Three California Nursing Homes Participating in the Medicare and Medicaid Programs</i>	<u>A-09-11-02019</u>	2/27/2012
<i>Unidentified and Unreported Federal Deficiencies in California's Complaint Surveys of Nursing Homes Participating in the Medicare and Medicaid Programs</i>	<u>A-09-09-00114</u>	9/21/2011

APPENDIX B: AUDIT SCOPE AND METHODOLOGY

SCOPE

According to CMS's deficiency data, the State agency identified 2,228 deficiencies that required a correction plan during CY 2012. We excluded from our review 838 deficiencies that (1) were not directly related to resident health services; (2) had the ratings *B* or *C*, which did not require verification of correction; (3) were not included on the Nursing Home Compare Web site; or (4) were duplicates. The remaining 1,390 deficiencies had ratings that required the State agency to verify correction by either obtaining evidence of correction (1,240 deficiencies) or conducting a followup survey (150 deficiencies). We selected for review a stratified random sample of 100 deficiencies.

We did not review the overall internal control structure of the State agency or the nursing homes associated with the selected sample items. Rather, we reviewed only those internal controls related to our objective.

We performed fieldwork at the State agency's office in Lacey, Washington, and at four State agency field offices in Kent, Lakewood, Tumwater, and Yakima, Washington.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- analyzed CMS's deficiency data for seven States (Arizona, Hawaii, Idaho, Nevada, Oregon, Utah, and Washington) and selected Washington for our review;
- interviewed CMS officials to gain an understanding of the State agency's oversight responsibilities for nursing homes and CMS's guidance to the State agency regarding verification of corrections of deficiencies identified during nursing home surveys;
- interviewed State agency officials and employees, including those at four field offices, regarding survey operations, quality assurance, and training;
- obtained from CMS a database containing 2,228¹⁰ deficiencies that required a correction plan and were identified during standard and complaint surveys of Washington nursing homes in CY 2012;

¹⁰ This figure does not include A-rated deficiencies.

- removed 838 deficiencies that:
 - were not directly related to resident health services,¹¹
 - had the ratings *B* or *C* (not requiring verification of correction),
 - were not included on the Nursing Home Compare Web site, or
 - were duplicates;
- developed a stratified random sample from the remaining 1,390 deficiencies by:
 - creating two strata, representing deficiencies that required the State agency to obtain, at a minimum, evidence of correction (stratum 1) and that required the State agency to conduct a followup survey (stratum 2) and
 - selecting a total of 100 sample units, consisting of 70 sample units from stratum 1 and 30 sample units from stratum 2;
- reviewed State agency documentation for each sampled deficiency to determine whether the State agency had verified the nursing home’s correction of the deficiency;¹²
- determined whether the State agency had certified the nursing homes that had the sampled 100 deficiencies;
- estimated the number and percentage of deficiencies in the sampling frame for which the State agency did not verify the nursing homes’ correction in accordance with Federal requirements; and
- discussed the results of our review with State agency officials.

See Appendix C for the details of our statistical sampling methodology and Appendix D for our sample results and estimates.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹¹ We excluded deficiencies that were related to administration; physical environment; residents’ rights; admission, transfer, and discharge of residents; dietary services; and quality of life.

¹² Documentation included surveyor notes and resident review worksheets, if available.

APPENDIX C: STATISTICAL SAMPLING METHODOLOGY

POPULATION

The population consisted of all deficiencies identified during nursing home surveys conducted by the State agency in CY 2012 and that required the State agency to verify the correction of deficiencies.

SAMPLING FRAME

We obtained from CMS a Microsoft Access database containing 2,228 deficiencies that required a correction plan and were identified during standard and complaint surveys of Washington nursing homes in CY 2012. CMS extracted the data from the Certification and Survey Provider Enforcement Reporting system. We then removed 838 deficiencies as shown in Table 2.

Table 2: Deficiencies Removed

Reason for Removing Deficiencies	No. of Deficiencies Removed
Not directly related to resident health services	671
Had the ratings <i>B</i> or <i>C</i> (not requiring verification of correction)	103
Not included on the Nursing Home Compare Web site	45
Duplicates	19
Total	838

After we removed these deficiencies, the sampling frame consisted of 1,390 deficiencies.

SAMPLE UNIT

The sample unit was a deficiency that was identified during a nursing home survey in CY 2012 and that required the State agency to verify the correction.

SAMPLE DESIGN

We used a stratified random sample containing two strata. Table 3 details the deficiency ratings and number of deficiencies in each stratum.

Table 3: Number of Deficiencies in Each Stratum

Stratum	Description	No. of Deficiencies
1	Deficiencies with ratings of <i>D</i> or <i>E</i> , or <i>F</i> without substandard quality of care	1,240
2	Deficiencies with ratings of <i>G</i> through <i>L</i> , or <i>F</i> with substandard quality of care	150
Total		1,390

SAMPLE SIZE

We selected a total of 100 sample units, consisting of 70 sample units from stratum 1 and 30 sample units from stratum 2.

SOURCE OF RANDOM NUMBERS

We generated the random numbers for each stratum using the OIG, Office of Audit Services (OAS), statistical software.

METHOD FOR SELECTING SAMPLE UNITS

For stratum 1, the frame was numbered 1 through 1,240. For stratum 2, the frame was numbered 1 through 150. Using the random numbers generated for each stratum, we selected the corresponding frame items in each of the strata.

ESTIMATION METHODOLOGY

We used the OIG/OAS statistical software to estimate the statewide number and percentage of deficiencies for which the State agency did not verify the nursing homes' correction of deficiencies in accordance with Federal requirements.

APPENDIX D: SAMPLE RESULTS AND ESTIMATES

Table 4: Sample Results

Stratum	No. of Deficiencies in Stratum	Sample Size	No. of Deficiencies Not Verified by the State Agency
1	1,240	70	64
2	150	30	6
Total	1,390	100	70

Table 5: Estimated Statewide Number and Percentage of Deficiencies Not Verified by the State Agency
(Limits Calculated for a 90-Percent Confidence Interval)

	Number of Deficiencies Not Verified	Percentage of Deficiencies Not Verified
Point estimate	1,164	84%
Lower limit	1,095	79%
Upper limit	1,232	89%

APPENDIX E: STATE AGENCY COMMENTS



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Aging and Long-Term Support Administration
PO Box 45600, Olympia, WA 98504-5600

May 22, 2015

Lori A. Ahlstrand, Regional Inspector General for Audit Services
Office of Audit Services, Region IX
90 7th Street, Suite 3-650
San Francisco, CA 94103

Dear Ms. Ahlstrand:

Thank you for the opportunity to review the Office of Inspector General's audit report entitled, *Washington State Did Not Always Verify Nursing Homes' Correction of Deficiencies Identified During Surveys in Accordance With Federal Requirements for Participation in Medicare and Medicaid*.

The Department's response is attached. The findings and recommendations of the audit will assist the Department as we seek ways to improve the surveying of nursing homes.

Again, thank you for the opportunity to respond. If you have additional questions please feel free to contact us.

Sincerely,

/Bill Moss/

Bill Moss
Assistant Secretary

"Transforming Lives"

Enclosures

cc: Binh Ly, Auditor, Office of Inspector General
Maria Lourdes B. Silvestre, Senior Auditor, Office of Inspector General
Lisa Yanagida, Office Chief, Residential Care Services
Tim Hoekstra, Compliance Office Chief, Residential Care Services
Paul DesJardien, Legislative Policy Analyst, Aging and Long-Term Support Administration

OIG Audit: State Agency Response

Audit Topic: Verification of Nursing Homes' Correction of Deficiencies

Audit Report Number: A-09-13-02039

Date: May 22, 2015

AGENCY RESPONSE

The Department concurs with the findings that it did not properly document its review and verification of nursing home correction of deficiencies and lacked sufficient internal controls for retention of verification documentation. Although the Department failed to adequately document its verification activities, we did complete the required follow-up.

As a result of these audit findings the Department has:

- revised operational principles and procedures for documenting verification of nursing home correction of deficiencies;
- issued written guidance to staff via a management bulletin in June of 2013 and again in March of 2015;
- delivered statewide training sessions to surveyors on the verification process – including documentation requirements; and,
- implemented quarterly quality assurance audits of survey revisit and verification documentation.