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***Connect CARRE* Program**

**Medical Assistance Program  
Department of Human Services**

Performance Audit

December 2003

Ernest A. Almonte, CPA, CFE  
Auditor General

State of Rhode Island and Providence Plantations  
General Assembly  
Office of the Auditor General

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December 29, 2003

JOINT COMMITTEE ON LEGISLATIVE SERVICES:

SPEAKER William J. Murphy

Senator William V. Irons  
Senator Dennis L. Algieri  
Representative Gordon D. Fox  
Representative Robert A. Watson

We have completed a performance audit of the *Connect CARRE* program administered by the Rhode Island Department of Human Services. Our report is included herein as outlined in the Table of Contents.

Sincerely,

Ernest A. Almonte, CPA, CFE  
Auditor General

**Connect CARRE Program**  
**Medical Assistance Program**  
**Department of Human Services**

**PERFORMANCE AUDIT**

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# **EXECUTIVE SUMMARY**

## **Performance Audit – Connect CARRE Program – Department of Human Services**

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We conducted a performance audit of the *Connect CARRE (Coordinated Assessment Referral Re-assessment Evaluation)* program administered by the Rhode Island Department of Human Services (DHS). *Connect CARRE* is a voluntary care management and wellness program aimed at assisting chronically ill individuals within the Medical Assistance Program. The program is designed to provide care management services to these individuals with the goal of reducing their utilization of emergency and inpatient hospital services. DHS has contracted the care management function of the program to a private health maintenance organization. Our audit focused on evaluating the current practices and procedures employed by DHS in administering the program with the objective of highlighting opportunities for improved efficiency and effectiveness.

Our audit covered the period from the inception of the program in November 2001 through our audit fieldwork in August 2003. As part of the audit, we reviewed all 105 participant files maintained by the *Connect CARRE* provider. This review mainly encompassed evaluating the program's current policies based on the information documented within these files.

DHS identifies individuals for the program through several sources and refers these individuals to the *Connect CARRE* provider to initiate the enrollment process. We found several instances where individuals identified for participation in the program did not meet the stated criteria established for program recruitment. DHS needs to develop more comprehensive criteria to ensure that program recruitment is controlled and administered fairly throughout the Medical Assistance Program.

Immediately upon referring individuals to the program, DHS begins payment to the *Connect CARRE* provider. DHS incurred costs for considerable lengths of time for participants before enrollment was completed and care management commenced. Our review of participant files indicated the following enrollment statistics:

- 45% of the participants (47 out of 105) referred by DHS had not been formally enrolled at the time of our audit. The amount paid as of the time of our review for these individuals totaled \$75,825,
- For 36 of the 47 participants referred to above, the formal enrollment process exceeded 3 months. In 27 of these 47 instances, the enrollment process exceeded 6 months,
- Provider documentation included only attempted telephone contacts for 31% (33 out of 105) of the participants referred to the program. Ultimately, the provider did not enroll these individuals and the majority was subsequently deactivated from the program. The amount paid related to these cases as of the time of our audit totaled \$50,850.

In the majority of instances, formal enrollment was evidenced by the initial visit with the participant where the nurse care manager assesses their medical condition and overall needs and obtains consent for program participation. Controls should be improved to ensure timely

***EXECUTIVE SUMMARY***  
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***Connect CARRE Program – Department of Human Services***

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enrollment in the program. A fixed enrollment fee or a maximum enrollment period should be implemented to better control costs prior to actual commencement of care management services.

Nurse care managers develop care plans specific to each individual upon completing the participant's medical assessment during enrollment. Our review of file documentation found that the topics discussed between care managers and program participants during telephone contacts often had no relevance to the objectives outlined in the individual's care plan. In addition, we noted that participant files often contained no documentation regarding the patient's adherence to stated care objectives.

The primary service provided by the *Connect CARRE* provider is care management initiated by the nurse care managers. For example, these efforts should include contacting the participant and assessing their adherence to care plans developed by the nurse care manager. Based on our review of files maintained for the 58 participants that were successfully enrolled by the provider, we noted the following:

- 59% (34 out of 58) of enrolled participants had documented gaps of at least two months between attempted contacts from their nurse care manager,
- In 11 cases, gaps of six months or more between attempted contacts were noted.

A formalized care management process needs to be established between DHS and the *Connect CARRE* provider. This process should detail the expected actions required of nurse care managers. Without a formalized process, DHS will be unable to determine if participants are receiving adequate care management services.

As the program administrator, DHS is responsible for the oversight of the *Connect CARRE* provider. Our audit found that DHS does not review the specific care progress of participants enrolled in the program. While DHS does review monthly statistics generated by the provider, no verification of this reported progress is made by DHS. Our report cites many instances where more effective program oversight will be necessary to ensure that *Connect CARRE* participants are receiving specified services and overall program costs are incurred for only those individuals benefiting from the program.

Additionally, since cost containment is one of the program's objectives, DHS needs to develop a mechanism to demonstrate the cost-effectiveness of the program going forward. DHS should formalize the accumulation of cost data for the enrolled population and outline appropriate comparisons to demonstrate cost effectiveness.

Other findings and recommendations address control over patient confidentiality, enrollment of individuals residing in long-term care facilities, and provider payment oversight.

## **II. INTRODUCTION**

### **OBJECTIVES, SCOPE, AND METHODOLOGY**

We conducted a performance audit of the *Connect CARRE (Coordinated Assessment Referral Re-assessment Evaluation)* program administered by the Rhode Island Department of Human Services (DHS). Our audit was conducted in accordance with *Government Auditing Standards*. The period covered by our audit was November 2001 (program inception) through August 2003.

Our audit of the *Connect CARRE* program was undertaken to ensure that the program's design and administration was adequate to accomplish its objectives in an effective and efficient manner. The program's potential for growth and the department's desire to develop similar programs in the future made this an appropriate time to conduct our audit.

Our audit focused on evaluating the practices and procedures employed by DHS in administering the *Connect CARRE* program. Our objective was to identify practices and procedures that could be improved or made more efficient. To achieve our objectives, we reviewed program policies and procedures, interviewed responsible personnel, reviewed participant files, and performed tests and other audit procedures as deemed necessary.

We accomplished our objectives by reviewing all 105 participant files maintained by the *Connect CARRE* provider. In instances where specific policies and procedures were developed and implemented to administer the program, we evaluated program compliance. When program policies and procedures were not determined to be implemented, we used the overall program objectives to evaluate the effectiveness of the procedures being utilized.

### **BACKGROUND**

The *Connect CARRE* Program is a voluntary care management and wellness program administered by DHS's Center for Adult Health. The program is designed to provide care management services to Medical Assistance recipients with high utilization of inpatient hospital and emergency room services.

The intent of the *Connect CARRE* program is to provide individuals with declining health and frequent illnesses with the following:

- Medical contact with a team of providers and care coordinators including a lead physician and a nurse care manager,
- Services to assist in developing more consistent and supportive relationships with their health care providers,
- Educational programs to assist participants and their families with managing chronic illness, and

- Services to identify and coordinate care in the community setting to assist in maintaining wellness and reducing recurrent illness.

DHS has contracted with a health maintenance organization to administer these services to individuals agreeing to participate in the program. DHS pays this provider \$225 per month per individual enrolled. Costs associated with care management since the inception of the *Connect CARRE* program totaled \$247,500 through August 2003. As part of the Medical Assistance program, the federal government participates in these costs. For the fiscal year beginning July 1, 2003, the federal participation rate is 58.35%.

DHS employs one individual responsible for the daily administration of the *Connect CARRE* program. This individual's primary responsibility is the identification and referral of participants to the program provider. The assigned individual is a registered nurse with the required training and experience to understand the medical history and varied diagnosis of the target population. In addition to DHS management, this individual is also involved with the daily oversight of the program provider and overall administration of the program.

The main goal of the program is to reduce the amount of high cost services such as inpatient hospital stays and emergency room visits for this population through better care management of individuals with chronic illnesses. DHS hopes to achieve this goal by accomplishing the following objectives for participants:

- Improving overall wellness,
- Maintaining or improving the individual's functional status,
- Ensuring that each participant has a primary medical contact,
- Providing non-medical support services to support health maintenance,
- Increasing the individual's overall satisfaction with the health care system,
- Increasing the ability of participants to manage their care, and
- Identifying and addressing the unmet needs of the target population.

Individuals are identified for the program through a variety of different means including; analysis of claims data and utilization history by DHS, referrals from discharge planners at area hospitals, case workers at community mental health centers, and in some cases, physicians. DHS has outlined the target population for the program and is responsible for ensuring that enrolled members meet the criteria. The population criteria includes Medical Assistance recipients who are:

- Disabled and chronically ill members age 22 and older,
- At risk for recurrent adverse medical events,
- At risk for frequent hospitalizations and emergency room visits,
- Frequent users of acute care services, or
- Residing in a community setting but lacking social and community support services.

In addition to the above criteria, DHS has excluded the following Medical Assistance members from participating in the *Connect CARRE* program:

- Individuals participating in the Mental Retardation and Developmentally Disabled Waiver program,
- Individuals residing in long-term care facilities, and
- Individuals enrolled in the Rite Care program (recipients covered by participating HMOs with capitation paid by Medical Assistance).

Since the inception of the program, DHS has referred 105 individuals to their *Connect CARRE* provider. At the time of our audit, 73 individuals had active status in the program.

### **III. FINDINGS AND RECOMMENDATIONS**

#### **PROGRAM RECRUITMENT**

Medical Assistance recipients meeting criteria established by DHS are identified as potential program participants. Based on program documentation and interviews with program officials, individuals had to meet the definition of incurring a high utilization of inpatient hospital and/or emergency room services. High utilization for these purposes was defined as three (3) inpatient hospital visits or five (5) emergency room visits within the 12-month period prior to enrollment.

Our testing of the 105 individuals recruited into the program noted that 20 cases or 19% of the population did not meet the above stated criteria. Upon further inquiry with DHS officials, we determined that other factors were taken into consideration by DHS when allowing individuals into the program. According to DHS, other factors included an increased risk of nursing home admittance and existing mental health concerns.

DHS needs to develop a more comprehensive policy outlining the Medical Assistance population targeted for the program. Such a policy will improve control over the enrollment process for the program and will ensure that enrollment is applied uniformly throughout the Medical Assistance population.

Exceptions deviating from the established policy should be well documented by the department and include the participant's need for the program and the expected benefits to be derived by the individual. Also, such deviations should trigger a reevaluation of the current policy and amendment of the program guidelines if necessary.

#### **RECOMMENDATIONS**

1. Formalize the recruitment criteria for the program.
2. Document all instances where exceptions to the recruitment criteria are made and determine if further amendment of the criteria is warranted.

#### **Auditee Views:**

*DHS concurs with these recommendations.*

#### **PARTICIPANT ENROLLMENT**

DHS currently pays the *Connect CARRE* provider \$225 per month per individual beginning in the month the participant is referred to the provider. The provider is paid whether or not they are successful in formally enrolling the individual in the program. In the majority of cases reviewed, formal enrollment was evidenced by the following:

- Nurse Care Manager visit with the individual,
- “Enrollment” and “Authorization to Obtain or Release Confidential Information” forms signed by the individual, and
- Nurse Care Manager’s assessment of the individual’s medical condition and overall needs.

This immediate reimbursement upon referral to the provider is designed to compensate the provider for their enrollment efforts.

Our review of the 105 participant files maintained by the provider resulted in the following observations related to the enrollment process:

- 45% (47 out of 105) of the participants referred by DHS had not been formally enrolled at the time of our audit. The amount paid as of the time of our review for these cases totaled \$75,825,
- In 36 of the 47 instances referred above, the formal enrollment process exceeded 3 months. In 27 of these cases, the enrollment process exceeded 6 months, and
- Provider documentation included only attempted telephone contacts for 31% (33 out of 105) of the individuals referred to the program. Ultimately, these individuals were unable to be successfully enrolled by the provider and the majority was subsequently deactivated from the program. The amount paid related to these cases as of the time of our audit totaled \$50,850.

The following are examples of case details that best depict the types of enrollment concerns noted during our audit:

- The provider was paid \$4,050 over a period of 18 months and no documentation of actual contact with the individual referred to the program could be provided,
- Case notes for one file indicated that upon being contacted by the provider in March 2002, the individual expressed disinterest in enrolling in the program. However, the provider was still paid \$2,025 through October 2002 before the individual was deactivated by DHS, and
- Case notes for another file indicated that upon an initial home visit in January 2003, the individual expressed disinterest in enrolling in the program. The participant in this instance was not disenrolled from the program until June 2003, resulting in payments of \$2,925 to the provider.

Based on the results of our review, policies and procedures related to the enrollment process are lacking in the *Connect CARRE* program. Adequate policies and procedures would

ensure a timelier enrollment or disenrollment from the program and provide more effective cost management over the enrollment process.

### RECOMMENDATIONS

3. Implement a fixed enrollment fee or a maximum enrollment period to compensate the provider for participant enrollments.
4. Recover monthly premiums for cases where individuals were not immediately disenrolled upon refusing participation in the program.

#### Auditee Views:

*DHS concurs with these recommendations and has implemented a 60-day limit on the enrollment process.*

### PATIENT CONFIDENTIALITY

Enrollment procedures for the *Connect CARRE* program require participants to sign a form authorizing DHS to obtain from or release to the provider any and all medical records including information about the individual's diagnosis and treatment related to medical, mental health or substance abuse conditions. The form also authorizes the *Connect CARRE* program to discuss this information with the individual's providers.

We found that in all cases, DHS referred participant information to the program provider *prior* to the participant signing this authorization. Furthermore, we noted 5 cases where the nurse care manager had contact with a participant's physician, family, and/or social worker prior to obtaining authorization from the participant.

DHS should either adhere to its own policy regarding obtaining this authorization from the participant or reassess the overall objectives being accomplished by having this authorization completed. Although it appears that the department may have the authority to share participant information with its providers without further authorization, completed authorizations would provide documentation of the individual's agreement to participate in this program.

### RECOMMENDATION

5. Obtain the individual's authorization relating to release of confidential information prior to their referral to the provider or implement a more formalized process to document their agreement to participate in the program.

Auditee Views:

*DHS believes that sharing health care information with the Connect CARRE provider for treatment, payment and/or healthcare operations is allowable in accordance with federal regulations; therefore obtaining an individual's release is not required.*

**CARE MANAGEMENT PROCESS**

Based on our discussions with program officials, no mandated process had been outlined between DHS and the provider to formalize the expectations of the provider's care management process. This process would establish the frequency and nature of contacts expected between nurse care managers and participants.

Our review of participant files maintained by the provider noted no consistent pattern of contact with individuals enrolled in the program. Based on file documentation of the 58 individuals who were successfully enrolled by the provider, 59% (34 out of 58) of enrolled participants had gaps of at least two months between attempted contacts by their nurse care manager. In 11 cases, gaps of 6 months or more in attempted contacts were noted. The case notes in these instances also had no documented evidence of any contact being made by the nurse care manager on behalf of the participant. Such gaps in communication with the participant seem contrary to the objectives of the *Connect CARRE* program.

DHS and the provider should develop a formalized care management process. This process should detail the expected actions required of nurse care managers. Such a process is necessary for DHS to be able to adequately assess the care management effort being made by the provider. Prior to evaluating a participant's success in the program, DHS must first determine if that individual received an appropriate level of care management.

**RECOMMENDATION**

6. Formalize an individual care management process for nurse care managers.

Auditee Views:

*DHS concurs with this recommendation.*

**LONG-TERM CARE ENROLLMENT**

The *Connect CARRE* program is designed to provide care management services to chronically ill Medical Assistance recipients living in the community. Program officials indicated that Medical Assistance recipients residing in long-term care facilities (nursing homes and group homes) did not meet program recruitment criteria.

Our audit noted 5 participants that resided in long-term care facilities at the time of their enrollment. Two of these participants were still enrolled at the time of our audit. In most cases, these individuals were enrolled in *Connect CARRE* for several months while also residing in these facilities.

One case had an individual enrolled into *Connect CARRE* during September 2002. Case notes in this instance indicated that the participant was residing in a nursing home as of June 2003 yet the participant was still enrolled in the program at the time of our audit. This participant should have been disenrolled from the program upon admittance into the nursing home.

Another case documented a participant's enrollment during April 2003. At the time of enrollment, the participant was residing in a nursing facility. The participant has continued to reside in this facility since April and was currently still enrolled in the *Connect CARRE* program at the time of our review. DHS has paid the provider \$1,350 while this individual has been enrolled in a long-term care facility.

### RECOMMENDATIONS

7. Establish a maximum length of allowable enrollment prior to patient discharge from a long-term care facility.
8. Ensure that payments to the provider terminate upon a participant's admittance to a long-term care facility.

#### Auditee Views:

*DHS concurs with these recommendations and has implemented an interim 90-day limit on the enrollment of individuals transitioning from long-term care facilities.*

### PARTICIPANT CARE PLANS

Our audit noted that the provider was not documenting its assessment of individual care progress. In many instances, there was no obvious link between the participant's care plan and the topics discussed during contact by the nurse care manager. Objectives noted on care plans were not prioritized and documentation regarding the achievement of these objectives was not evident.

Participant care plans need to be more detailed to establish a more methodical approach to managing the individual's care. These plans should include anticipated time frames for completion, when practical, or periodic re-assessments of plan objectives when necessary.

In order to determine if progress is being made in particular cases of the *Connect CARRE* program, periodic evaluations should be conducted to determine if case goals are being accomplished. These evaluations should include benefits derived by the participant from the

program, care plan objectives achieved, changes required to the participant's care plan, and a reprioritization of the case goals.

In instances where care plan objectives are not being achieved, the reasons for the lack of progress should be documented, as well as a plan to address these issues going forward. In cases where a participant repeatedly fails to comply with the program, their continuation in the program should be re-evaluated.

### RECOMMENDATIONS

9. Develop care plans with sufficient detail to outline objectives for the nurse care manager to guide the actions and contacts needed by the participant.
10. Conduct periodic assessments of care plans to ensure that participant objectives are being met and overall case objectives are being reprioritized.
11. Conduct periodic case assessments to determine if the program is benefiting and still required by the participant.
12. Disenroll individuals who repeatedly do not derive any desired benefits from the program.

#### Auditee Views:

*DHS concurs with these recommendations.*

### PROVIDER PAYMENT MONITORING

Upon referral of an individual to the *Connect CARRE* provider, DHS indicates enrollment of the participant within their claims payment system to initiate a monthly payment to the provider. Once this process takes place, the participant must later be disenrolled from the system to stop any further payment to the provider. During our audit, we noted the following exceptions relating to provider monthly payments:

- 75 monthly payments where the provider was paid \$450 per month instead of the contracted \$225 care management fee, resulting in an overpayment of \$16,875,
- 12 cases where the provider continued to receive monthly payments for participants where attempted enrollment exceeded six months. Our discussions with both DHS and the *Connect CARRE* provider were unclear as to whether this six-month limit was a practice in place at the time of our audit. Payments to the provider beyond six-months without completed enrollment totaled \$10,125 for these cases, and
- 1 monthly payment of \$225 for an individual who was deceased.

The fact that participant disenrollment is accomplished only through manual intervention highlights the need for DHS to closely monitor payments made to the provider. Effective monitoring of provider payments in coordination with enhanced controls over the program population is essential to prevent program overpayments.

### RECOMMENDATIONS

13. Improve monitoring of payments made to the *Connect CARRE* provider.
14. Recover identified overpayments made to the provider.

#### Auditee Views:

*DHS concurs with these recommendations.*

### PROGRAM OVERSIGHT

The majority of our audit findings related to the *Connect CARRE* program pertain to weaknesses in program policies and procedures. DHS needs to implement new or re-evaluate current policies and procedures to ensure adequate oversight of the program. These policies and procedures should include the following:

- procedures designed to evaluate the program's progress in meeting stated objectives,
- periodic case reviews to verify that care management efforts are being maintained by the provider, and
- procedures to enhance control over program expenditures.

Since cost containment is one of the program's objectives, DHS needs to develop a mechanism to demonstrate the cost-effectiveness of the program going forward. DHS should formalize the accumulation of cost data for the enrolled population and outline appropriate comparisons to demonstrate cost effectiveness. For example, such comparisons might include comparing utilization of emergency and inpatient hospital services in the year prior to enrollment with the twelve months following enrollment and comparisons with similar sub-populations enrolled in the Medical Assistance program.

Improved program oversight will be critical to addressing many of the issues noted during our audit. Policies and procedures developed to address these issues will also serve to identify future changes required within the program as it continues to develop and identify the specific needs of the population.

## RECOMMENDATIONS

15. Improve program oversight to ensure that program objectives are being achieved and continually re-assessed.
16. Develop appropriate criteria to demonstrate the cost effectiveness of the program.
17. Implement procedures to improve controls over program expenditures.

### Auditee Views:

*DHS concurs that its oversight, monitoring, and control measures need to be refined and improved. Current procedures regarding program monitoring and measuring program outcomes will be reviewed and amended, and additional reports to measure the department's return on investment will be developed.*