

STATE OF WEST VIRGINIA
UPDATE OF THE
DIVISION OF REHABILITATION SERVICES
PERFORMANCE AUDIT

~~Long Range Outcome Evaluations not Complete;~~

Planned Compliance on Alternative Funding;

**Partial Compliance with Examining why
a Large Number of Clients are not Rehabilitated;**

**Plan Not Submitted to the Joint Committee
on Government Operations by December 1, 1996**

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Executive Summary

The West Virginia Division of Rehabilitation Services (DRS) provides rehabilitation services to assist disabled individuals in overcoming the barriers they face in obtaining and maintaining competitive employment. In January 1996, the Performance Evaluation and Research Division (PERD) reported the results of a performance audit on the Division. The audit identified the following two issue areas:

- Issue 1. The Division's Rehabilitation Services Have a Positive Impact on the Earnings and Work Continuity of Individuals with Disabilities.
- Issue 2. The West Virginia Rehabilitation Center and its Hospital are Seriously Underutilized Causing a Disproportionate Allocation of Funds Which Should be Available Statewide.

This update report uses the following categories to measure agency compliance with recommendations of the original report.

Levels of Compliance
<u>In Compliance</u> - The Agency has corrected the problems identified in the final draft of the audit report.
<u>Partial Compliance</u> - The Agency has partially corrected the problems identified in the final draft of the audit report.
<u>Planned Compliance</u> - The Agency has not corrected the problem but has provided sufficient documentary evidence to find that the agency will do so in the future.
<u>In Dispute</u> - The Agency does not agree with either the problem identified or the proposed solution.
<u>Non-Compliance</u> - The Agency has not corrected the problem identified in the final draft of the audit report.
<u>Requires Legislation</u> - Statutory change is necessary to address the issue.

In one of five recommendations, DRS is in full compliance. One recommendation requires legislative action, another was in non-compliance, and another was in partial compliance. Recommendation four had four parts, one part was in compliance, two parts were in planned compliance, and one part was in non-compliance. Because the majority of the recommendations are in partial or planned compliance, the PERD recommends that the Division of Rehabilitation Services be given a one year continuance.

Issue 1: The Division's Rehabilitation Services Have a Positive Impact on the Earnings and Work Continuity of Individuals with Disabilities.

Recommendation 1

We recommend that the Division of Rehabilitation Services conduct periodic long-range outcome evaluations. These evaluations should measure the success of the program over a long wage history that can better judge work continuity than the 60-day criteria allows. Comparison groups should be used in the evaluation as was used in this analysis. The Division should test additional demographic variables not used in this study. Also, a cost-benefit analysis of rehabilitation services should be conducted as part of the periodic evaluation.

Level of Compliance: **Non-Compliance**

On January 2, 1996, the Division of Rehabilitation Services entered into a contract for \$65,000 with West Virginia Rehabilitation Research and Training Center to conduct a program evaluation study for the Division. According to DRS, the study will evaluate the impact of the Division's programs on the earnings and work continuity of individuals with disabilities in West Virginia. PERD's analysis of the Division's impact on earnings and work continuity included client characteristics such as age, sex, and severity of disability. As requested by PERD, the Research and Training Center will include type(s) of services received, education, marital status, sources of referral, dollars to provide rehabilitation services, and time spent in the rehabilitation program. Also, the contract states that a cost-benefit analysis will be performed on the rehabilitation program. No date or time frame was listed within the contract for production of a final report or preliminary results. DRS' interim director stated in a letter to PERD that the study is expected to be completed by June 30, 1997, **although in a meeting with PERD staff he stated that a report would be available "next month" which would be February 1997.** Also, according to the FY97 Auditor's reports, **the \$65,000 contract has been paid in full well advance of completion of the study.**

Recommendation 2

The Legislature should consider statutory changes that requires the Division to submit long-range outcome evaluations to the Legislature.

Level of Compliance: **Requires Legislation**

In a response provided to PERD, DRS stated that they would have no objection should the Legislature choose to codify this practice as a statutory requirement.

Recommendation 3

We recommend that the Division examine why a large number of individuals receive

substantial services yet are not rehabilitated. The Division should determine the number of these individuals, why these individuals dropped out of the program, the costs of providing services, and other characteristics that could remedy this condition.

Level of Compliance: **Partial Compliance**

The Division provided PERD with percentages of reported reasons for non-rehabilitated closures. According to this data, the majority dropped out because clients could not be located, or refused further services. However, in a memo one district manager stated that most cases closed as nonrehabilitated “*failed because of inappropriate vocational goals and inadequate vocational evaluation on the part of the counselor.*” In a director’s letter dated December 12, 1995, the Division set goals of reducing non-rehabilitated closures by 25 percent from 2,128 in FY95 to 1,600 through improving the quality of services, and the efficiency of service delivery systems. There was nothing in the Division’s response to indicate that this goal was achieved. The Director also hoped in this letter that each of the seven district managers “*would personally lead at least one quality improvement work team to explore the reasons*” why there are so many nonrehabilitated closures. According to memos provided to PERD, these quality improvement teams were organized but have not been active since March of 1996. The assistant director did send a memo out to all district managers on January 15, 1997, requesting information on the quality improvement teams, such as composition of the teams, and information in regards to results achieved, etc., after PERD requested information from DRS on January 14, 1997 regarding any minutes or reports filed regarding “quality improvement” meetings. PERD commends the Division’s efforts in identifying the reasons why a large number of clients are unrehabilitated after receiving substantial services. **However, the agency did not provide an assessment of what the agency will do or has accomplished in those areas in which the agency has some control in limiting unsuccessful rehabilitations.**

Recommendation 4

PERD recommends that DRS: (a) determine what services should be provided at the WVRC which are not available at the community level; (b) identify alternate funding sources for the Center; (c) phase out direct funding for the Center, shifting those funds to the field program and requiring the Center to compete for field services funds; (d) develop and submit a plan to the Joint Committee on Government Operations relating to this recommendation by December 1, 1996.

Level of Compliance: **Part (a): In Compliance;**
Part (b): Planned Compliance;
Part (c): Planned Compliance;
Part (d): Non Compliance.

Part (a) In Compliance: The DRS indicated in its response that: “...*the West Virginia Rehabilitation Center should provide services not generally available at the community level in the following core areas: Vocational Development, Specialized Education and Training, Rehabilitation Technology, Medical Rehabilitation, Disability Adjustment Services, Services to West Virginians*”

Who Are Blind, and Services to West Virginians Who Are Deaf.”

Part (b) Planned Compliance: In response to identifying alternative funding sources for the Center, DRS identified an improved billing system (which was part of a contract with Arnett & Foster), exploring Outpatient Therapy Services on a fee-for-service basis, discussions with the Public Employees Insurance Agency on developing a PEIA Disease Management program for state employees who are insured by the PEIA Indemnity Plan, and developing a work conditioning program with the Workers' Compensation Division. These are currently planned initiatives. DRS stated that: *“Increases in program income have been offset by declines in total special revenue and other revenue. Nonetheless, we believe that further increases of program income are feasible, and it is in this area that our primary efforts to develop additional alternate funding will be concentrated....No alternative funding sources were identified with potential to entirely offset all costs for operations of the West Virginia Rehabilitation Center, and it appears unlikely that the need for continued State appropriations can be eliminated entirely. However, it appears that additional revenue generation opportunities are available regarding the West Virginia Rehabilitation Hospital....needs for future appropriations could be significantly reduced by strengthened fee-for-service programming for persons with traumatic brain injury, persons who are insured under the Public Employees Insurance Agency's indemnity plan, and injured workers who are claimants of the Workers' Compensation Division.”* **The PERD recommends that DRS continue to explore alternative funding sources for the Center, and that its progress in its planned initiatives be monitored.**

Part (c) Planned Compliance: In the Division's December 12, 1996 update response to PERD, the Division stated that this recommendation was studied extensively. They also felt that *“under the current account system, it would not be possible to shift all funds now being used to operate the West Virginia Rehabilitation Center and immediately depend on services purchased by the field program to support the center's continued operations.”* The statement goes on to say that *“the center would be recast as a non-profit entity aggressively pursuing revenue generation in direct competition with a spectrum of public and private-sector providers.”* The Division also feels that this approach would leave the center with an uncertain financial foundation and eventually threaten its continued operation. Thus, the Division declines against adopting this approach. However, DRS did state that it is *“embarking on a downsizing initiative to augment reallocation of resources from the West Virginia Rehabilitation Center to the Field Services Program.”* **This plan, if accomplished, would meet the intent of PERD's fourth recommendation, part (c).**

Part (d) Non-Compliance: The Division stated that a submission provided to PERD on December 12, 1996, and received on December 13, 1996 “constitutes the requested plan”. PERD feels that the packet provided on December 13, 1996 does not constitute an actual **plan** on correcting the problems occurring at the WVRC and it's hospital. Data provided in the packet included rehabilitation customer satisfaction surveys; letters from DRS clients; a statewide comprehensive needs assessment of individuals with disabilities in West Virginia, printed in October 1995, written two months before the exit conference with DRS; and other statistical data which in no way supported any goals or plan that DRS has implemented. Client testimonies in no way show that a plan is in place or is in the process of being implemented.

Recommendation 5

PERD recommends that the Division renegotiate the current cooperative agreement with the Workers' Compensation Division to include payment for case management services including at a minimum the initial evaluation and the *Individual Written Rehabilitation Plan* development process. A copy of the revised agreement is to be submitted to the Joint Committee on Government Operations by June 15, 1996.

Level of Compliance: **In Compliance**

A revised cooperative agreement between the Division and Worker's Compensation was signed on May 23, 1996 and took effect on September 16, 1996. The agreement between the two agencies includes an Administration, Counseling, and Placement Services Fee. This fee will be a fifty dollar charge per month per injured worker provided rehabilitation services by DRS from the time of the Individual Written Rehabilitation Program development through job placement for a maximum of eighteen months. A copy of the revised agreement was provided to PERD by the specified date.

APPENDIX

Excerpt from Agency's Update Response

