



KATE WITEK, STATE AUDITOR
AUDITOR OF PUBLIC ACCOUNTS
STATE CAPITOL, SUITE 2303
LINCOLN, NEBRASKA 68509
(402) 471-2111

Audit Report

Nebraska Health And Human Services System Beatrice State Developmental Center For Fiscal Year Ended June 30, 1999

Report Highlights

Comments and Recommendations

- Medicaid Billings
- Observation Days
- Utilization Reviews & Annual Reviews
- Patient Trust Accounts
- Purchasing of Pharmacy Products
- Reported Costs
- Fixed Assets

The Beatrice State Developmental Center (BSDC) primarily serves individuals with mental retardation. BSDC provides 24 hour, on-campus, residential, rehabilitative, and medical services to these individuals in the least restrictive manner, consistent with each resident's habilitation objectives, and in a way which best promotes community placement or reintegration with family. BSDC also provides technical assistance, training, and other services to staff and clients of community-based provider programs.

Annual facility costs at BSDC were more than \$35 million

Our report included seven Comments and Recommendations outlining various concerns relating to accounting, billing, and payment procedures, and internal controls. We specifically noted several areas relating to BSDC's need to improve procedures relating to Medicaid funding to ensure Medicaid funds are not jeopardized.

Specific areas of concern included:

- ◆ Improper billings for bedhold days resulted in approximately \$111,000 in excess payments
- ◆ Accounting and controls over Patient Trust Accounts, with annual transactions in excess of \$2 million, were weak
- ◆ Internal control procedures were not in place to ensure that the purchases of nearly \$1 million in pharmaceutical products were accounted for properly
- ◆ An underreporting in the amount of \$239,283 for total facility costs resulted in BSDC not receiving all of the Medicaid reimbursements they were otherwise entitled to receive
- ◆ Controls over more than \$2.9 million in fixed assets needed to be improved

We have detailed our findings in the Comments and Recommendations Section of the report. See our website at www.nol.org/home/auditor/index.html.

