

Attestation Report of the Nebraska Health & Human Services System (HHSS) Developmental Disability Aid July 1, 2002 through June 30, 2003

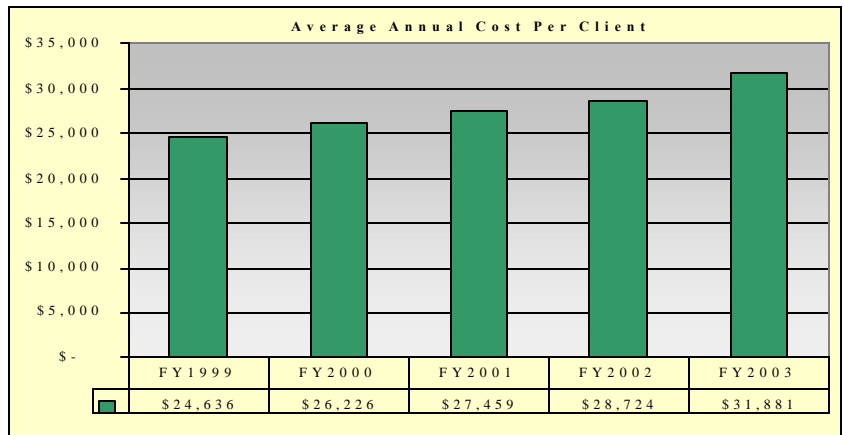
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Report Highlights

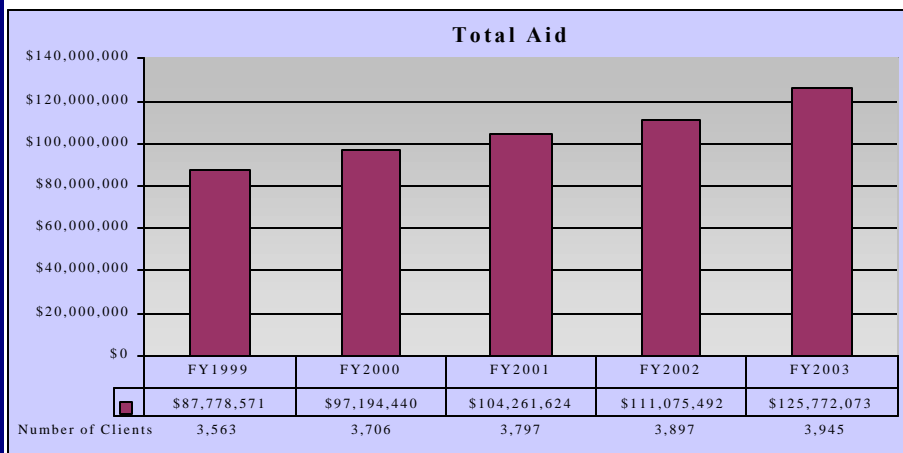
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HHSS uses State and Federal funds to purchase community-based services for individuals with developmental disabilities. Developmental Disability Aid is accounted for in Programs 424 and 348. Individuals are referred to providers for services by HHSS Service Coordination Local Field Offices. HHSS certifies the service providers prior to the service and prior to the providers receiving any aid payments. Service providers, located across the State, offer adult developmental services to facilitate the psychological, social, intellectual, and physical adjustment and development of each individual. These services include basic life skills, vocational-related instruction, and residential services to support an independent living situation. Some child developmental services are also provided. Developmental Disability Aid does not provide for any of the clients' room, board, or personal costs. The expenditures are only for the aid provided to the clients. HHSS's costs related to administering the Developmental Disability Aid, such as payroll and operating expenses, are recorded in a different HHSS program.



- Our report included six Comments and Recommendations. A summary of the Comments are listed below:
- Nebraska Information System:** During the fiscal year ended June 30, 2003, the State of Nebraska implemented two significant components of a new information system called the "Nebraska Information System" (NIS). From examinations and procedures completed we have identified concerns and areas where improvement to NIS is needed.
 - CMS Reconciliation:** There is an ongoing disagreement between HHSS and the U.S. Department of Health & Human Services - Center for Medicaid and Medicare Services (CMS). The main issue concerns what are allowable components of costs that can be claimed. A reconciliation between actual allowable expenditures and Medicaid claims for the State fiscal years ended June 30, 1998, 1999, 2000, and 2001 showed HHSS had overbilled CMS by \$998,505.
 - Contract Rate Reimbursement Calculations:** Four of five contract reimbursement rates used to determine payments for services to developmental disability providers could not be verified.
 - Collection of Outstanding Accounts Receivable Balances:** No steps were taken by the Financial Responsibility area to collect on or write off clients' outstanding accounts receivable balances, other than to send out a monthly statement.



- Provider Contracts:** None of the seven contracts with developmental disability providers reviewed were entered into NIS.
- Provider Audit Not On File:** One of seven developmental disability providers tested did not have an annual audit on file, and no process was in place to ensure all provider audits were reviewed and problems noted investigated.

We have detailed our findings in the Comments and Recommendations section of the report, which can be found at www.auditors.state.ne.us.