



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

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GENERAL GOVERNMENT
DIVISION

FEB 15 1979

[D.C. Department of Human Resources as State Health Planning
and Development Agency]

Mr. Albert P. Russo, Director
Department of Human Resources
Washington, D.C. 20004

CNV-00029

Dear Mr. Russo:

The Department of Health, Education and Welfare (HEW), conditionally designated the Department of Human Resources (DHR) as a State Health Planning and Development Agency (SHPDA) on March 1, 1977. The SHPDA has recently begun to make progress in developing a plan for meeting the District's health care needs as required by law and HEW regulations. DHR's failure, in the past, to give adequate priority to health planning and to recruiting a SHPDA Executive Director and staff were the principal causes for the delays in developing a District health plan and in meeting requirements.

Background

Past delays in meeting requirements caused the DHR to lose \$175,000 of Federal health planning funds. DHR has a target date of March 1980 to have an approved State Health Plan and to receive full SHPDA designation by HEW. If DHR accomplishes these goals, it would continue to receive about \$7 million in Federal funds for certain health programs. Failure to meet designation requirements could result in HEW relocating the SHPDA in another agency of the District Government, or in an independent commission.

DHR's health planning efforts from April 1975 to January 1979.

BACKGROUND

The National Health Planning and Resources Development Act of 1974, Public Law 93-641, approved January 4, 1975, and which is administered by HEW, provides for the development of comprehensive health plans that would assure everyone equal access to health care at a reasonable cost. Each State and the District of Columbia is required to develop a comprehensive health plan for meeting its health needs. The act provides that planning is to be performed at the local and State levels. The act provides also for establishing health service areas that are appropriate for the effective planning and developing of health services.

In 1977 an interagency...



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Health System Agencies (HSA's), established for each health service area, are responsible for developing the local health plans; SHPDA's are responsible for reviewing the HSA's plans and preparing, reviewing, and revising a comprehensive health plan for the State, and reviewing periodically all institutional health services offered in the State. HEW provides funds to HSA's and SHPDA's for the development of the plan.

The act also requires States and the District to establish Statewide Health Coordinating Councils (SHCC). SHCC responsibilities include review and coordination of HSA plans, preparation, review, and revision of State health plans, and review of budgets and applications for health grants. The District's SHCC organization has been established and the members were appointed by the Mayor in October 1977.

Originally the National Health Planning and Resources Development Act provided that SHPDA's could be conditionally designated for no more than 2 years. The act was amended to provide an additional 12 months to receive full designation as a SHPDA. HEW conditionally designates SHPDA's until they meet the requirements and then it grants full designation.

The District's SHPDA has until March 1980 to develop an acceptable health plan and receive full designation.

SHPDA's are also required to administer a State "certificate of need program." This program determines the need for new health services, facilities, and organizations before funds are committed for their development. The District regulations to be used for the program were approved in June 1978. SHPDA's could prevent new health services from operating if they find these services are unneeded or contrary to State health planning.

In April 1975, the District sought an exemption under section 1536 of the act to establish a SHPDA only, which would act as a local HSA and a SHPDA. A section 1536 exemption is permissible if, at the local level, there is no local health department, or health institution, but there exists a system of health planning that complies with the purposes of the act. The Secretary of HEW granted the District an exemption in September 1975.

In February 1976, or 5 months after the District received its section 1536 exemption, the Mayor designated DHR as the

agency responsible for health planning for the District. DHR was given the authority to prepare an application for approval by HEW for designation as the SHPDA.

Because the District was going to operate as a local HSA and a SHPDA, and the Washington metropolitan area was to be divided into four separate health service areas, extensive negotiations, coordination, and agreements were required between the District and surrounding jurisdictions. An agreement was necessary between the Mayor of the District of Columbia and the Governors of Maryland and Virginia to coordinate planning at the State level. This agreement was signed in July 1976. *Dec 1977* → ~~In addition, an interagency agreement had to be worked out which would describe how the District would coordinate its health activities with the Northern Virginia HSA, the southern Maryland HSA, and the Montgomery County HSA.~~ *signed* This agreement was signed in February 1977.

DELAYS IN MEETING HEW'S REQUIREMENTS AND FAILURE TO USE AVAILABLE FUNDS

DHR was conditionally designated as the District's SHPDA by HEW in March 1977. Although progress is now evident, the SHPDA had been hindered, in the past, by many problems in meeting HEW requirements for designation and in developing a comprehensive health plan. The problems were caused by the SHPDA's inability to recruit experienced planning staff. HEW threatened to cut-off grant funds for planning in September 1978 unless the SHPDA clearly demonstrated its commitment for meeting conditions placed upon it.

The SHPDA has complied generally with the conditions imposed by HEW and progress to avoid fund cut off is now evident. However, unless DHR continues to give emphasis to meeting the the March 1980 target for HEW plan approval, it could result in HEW relocating the SHPDA in another agency of the District Government, or in an independent commission. HEW State plan approval and granting full SHPDA designation would ensure that DHR would continue to receive health planning funds and about \$7 million in Federal funds for certain health programs.

were rejected by HEW for the following,
~~DHR submitted its applications for SHPDA designation to HEW in August 1976. HEW rejected the application. It was resubmitted in October 1976, and, because it was again rejected, DHR resubmitted it in November 1976. The applications were rejected for a number of reasons such as (1) the organizational location of the SHPDA within DHR was too far removed from the Director, DHR, (2) the extensive dependence~~

on consultants for developing a health plan, (3) timeframes for completing the work program were unrealistic, and (4) the lack of an inter-agency agreement to insure coordination of health activities with surrounding jurisdictions.

By Jan 1 1979
Between November 1976 and February 1977, DHR and HEW resolved many of the problems associated with the application including the preparation of an acceptable work program to complete the plan. HEW, on March 1, 1977, conditionally designated DHR as the SHPDA for the District of Columbia for 4 months--through June 30, 1977. This conditional 4-month designation is consistent with HEW's procedures for authorizing designation for the period remaining in a fiscal year and for a full year thereafter. HEW grants conditional designations to States until they produce a health plan and establish a representative SHCC organization that HEW can approve.

For the first 4-month planning period (3/77-6/77), the SHPDA received about \$147,000 in planning funds. The SHPDA did not, however, use about \$100,000 of these funds before their period of availability expired on June 30, 1977. The funds were to be used to pay salaries for planning personnel.

Because the SHPDA was having problems in filling vacant SHPDA positions, (according to SHPDA officials it was necessary to reclassify both current and proposed positions in order to increase the SHPDA's capability to carry out the required functions) HEW granted SHPDA permission in June 1977 to use about \$75,000 of the planning funds to enter into a contract to obtain information related to health planning such as gathering socio-demographic data. According to HEW, the contract was not approved because of administrative problems in DHR's contract office. Unfilled positions also contributed to the failure to use all personnel funds.

In July 1977, HEW extended the SHPDA's conditional designation to June 30, 1978. SHPDA received about \$642,000 in planning funds for the year. As a condition to this designation, SHPDA was required to fill 25 percent (8 positions) of the professional staffing positions by August 1977, and 90 percent (28 positions) by October 1977. According to SHPDA officials, SHPDA had not obligated at June 30, 1978, about \$74,800 of the \$642,000 and therefore could not use all the funds it received for the SHPDA activities. The unused funds--\$74,800--includes \$50,000 designated by HEW for personnel hiring and \$24,800 for other expenses.

The next HEW designation would have been for the period July 1, 1978 to June 30, 1979. HEW, on the basis of its review of SHPDA's progress, extended the designation for the District's SHPDA only 3 months--July to September 30, 1978. According to a HEW letter to the Mayor dated June 29, 1978, SHPDA, after 16 months of being conditionally designated, "has not progressively to this point assumed the functions and responsibilities which will result in a fully designated agency at the end of 36 months" (March 1980). Specifically, HEW pointed out, among other things, that the membership pattern of the SHCC was not in compliance with HEW regulations which require that the SHCC be representative of the constituency of the District, both for consumers and providers of health care services. HEW pointed out also that the SHPDA had not been productive in plan development and its certificate of need program.

HEW officials told us that the health planning branch chief, who was hired in December 1977, spent, because of staff shortages, much time on administrative matters rather than on health planning and this had contributed to the slow pace in developing the health plan. Problems in hiring a SHPDA Director was also a contributing factor. According to SHPDA records, 20 of the 32 Federal authorized positions, including the Executive Director, remained unfilled, as of June 1978.

In a July 1978 letter to the HEW Regional Health Administrator, the Mayor stated

"* * * that future appointments to fill vacancies to the SHCC will be representative of the community which will resolve HEW's concerns, and that while the initial progress on health planning efforts was less than I wished, substantial progress is now being made and the District intended to meet fully all its future obligations. * * *"

Because the SHPDA has now generally complied with the requirements included in the conditional designation through September 30, 1978, HEW has extended such designation to June 30, 1979. As of January 31, 1979, 25 of the 32 Federal authorized positions have been filled including the position of Executive Director. The SHPDA also has forwarded to HEW two of five components of the health plan, and has established five health status priorities--perinatal mortality and morbidity, mental disorders, diseases of the digestive system, infections and parasitic diseases, and complications of pregnancy.

It is extremely important that the SHPDA comply with the HEW requirements by March 1980. Such compliance will assure that DHR will continue to receive public health service funds for certain medical programs. According to information obtained from HEW for fiscal year 1978, DHR received about \$7 million in Federal funds for such programs. In addition, DHR would continue to receive planning funds under the National Health Planning and Resources Development Act.

A health plan is needed also to help assure that the District will not lose Federal medicaid and medicare reimbursements. Much has been written and reported about empty hospital beds, the need for more intermediate care facilities, inappropriate stays in District hospitals, high infant mortality rate, and nonaccredited District health facilities. A health plan would be the major stimulus toward solving these problems and assuring that all funds to which the District is entitled are received.

CONCLUSIONS AND RECOMMENDATION

Findings
In the past, the SHPDA was hindered by many problems in meeting HEW's requirements and developing a comprehensive health plan. Most of these problems were associated with the lack of top management emphasis and experienced planning staff. As of January 31, 1979, there remain seven unfilled Federal SHPDA positions of the 32 authorized. Four of the seven positions are for professional planners. While progress is now *Recommendation* evident, the Director of DHR should closely monitor the planning program to assure that the SHPDA meets HEW's full designation requirements by March 1980 so that DHR will not unnecessarily lose planning or medical program funds. The District must also have its SHCC representation in compliance with HEW regulations and its certificate of need regulations approved by HEW's Central Office.

We recommend that the Director, DHR, give increased attention, over the remaining months, to ensure that the health plan is developed and approved by HEW by March 1980.]

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Copies of this report are being sent to the Mayor; the Council of the District of Columbia; the City Administrator; the Assistant City Administrator for Budget and Resource Development; the District of Columbia Auditor; and the Acting Inspector General of the District of Columbia.

This report completes our work involving DHR's health planning efforts, which covered the period April 1975 to January 1979. We appreciate your help and the cooperation of other Department of Human Resources' offices given us during our survey.

Sincerely yours,



Frank Medico
Assistant Director