



**WISCONSIN LEGISLATIVE AUDIT BUREAU  
LETTER OF TRANSMITTAL**

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April 10, 2002

Senator Gary R. George and  
Representative Joseph K. Leibham, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator George and Representative Leibham:

We have completed a review of the Department of Health and Family Services' process for conducting audits of Medical Assistance personal care providers, as requested by the Joint Legislative Audit Committee. This letter report is an extension of our [Evaluation of Prior Authorization for Therapy and Other Services \(report 01-13\)](#).

During 1998 and 1999, the Department conducted audits of 25 of the approximately 160 agencies that provide personal care services to eligible Medical Assistance recipients in their homes. These services include assisting recipients with daily activities such as bathing, eating, and certain housekeeping chores and, if delegated by a medical professional, assisting with certain medical activities by, for example, administering medication. Annual expenditures for personal care services have nearly tripled in recent years, increasing from \$37.8 million in fiscal year (FY) 1995-96 to \$101.7 million in FY 2000-01, while the number of providers has remained relatively stable.

In its 1998 and 1999 audits, the Department questioned \$13.1 million in Medical Assistance payments, or 20.5 percent of the total billed by the 25 agencies for the audited period. Costs were questioned largely because auditors found that claimed services and travel time were inadequately documented. The Department has collected \$1.2 million related to nine of the audits that either have been or are in the process of being resolved in a routine manner.

Although the Department's overall audit policies and procedures are generally reasonable, its narrow interpretation and strict application of documentation requirements created concerns and was challenged by some provider agencies that believed the standards and questioned costs were not reasonable. The Department subsequently offered settlement agreements to 16 providers at significantly reduced amounts. Providers that accepted these settlement offers have agreed to repay the Department only \$613,924, or approximately 5.7 percent of their initially questioned costs. Because of the concerns raised in response to the 1998 and 1999 audits, the Department now needs to increase confidence in its process for auditing personal care providers. Therefore, we include suggestions for the Department to offer additional opportunities for provider education and to resume its plans to conduct ongoing audits of personal care providers.

We appreciate the courtesy and cooperation extended to us by the Department in conducting this review.

Respectfully submitted,

Janice Mueller

State Auditor

[letter report, PDF file \(126KB\)](#)

