



Auxiliary Grant Program Monitoring

Report to

**Chairman of the House Appropriations Committee
Chairmen of the Senate Finance Committee
Director of the Department of Planning and Budget**

**Virginia Department for Aging
and Rehabilitative Services**

**Commonwealth of Virginia
Richmond
October 1, 2018**



COMMONWEALTH OF VIRGINIA
DEPARTMENT FOR AGING AND REHABILITATIVE SERVICES

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October 1, 2018

MEMORANDUM

TO: The Honorable Thomas K. Norment, Jr.
The Honorable Emmett W. Hanger, Jr.
Co-Chairmen, Senate Finance Committee

The Honorable S. Chris Jones
Chairman, House Appropriations Committee

Dan Timberlake
Director, Department of Planning and Budget

FROM: Kathryn A. Hayfield 
Commissioner, Department for Aging and Rehabilitative Services

SUBJECT: Annual Report on Auxiliary Grant (AG) Program Monitoring Activities

As Commissioner of the Virginia Department for Aging and Rehabilitative Services (DARS) I am pleased to present the AG Monitoring report in response to the 2018 Appropriation Act, Item 334 C. The report outlines identified issues with local department of social services' AG eligibility determination processes, actions taken to strengthen program integrity, and the critical role the AG Program Consultant is having in improving program quality.

If you have any questions about the report, please do not hesitate to contact me.

KH/pm

Enclosure

EXECUTIVE SUMMARY

The Virginia General Assembly appropriated funding in 2016 to the Department for Aging and Rehabilitative Services (DARS) for an Auxiliary Grant (AG) Program monitor position. The AG Program Consultant, hired in July 2016, is responsible for issuing a report on monitoring activities to the Director of the Department of Planning and Budget and Chairmen of the House Appropriations and Senate Finance Committees by October 1 of each year. The following report highlights the AG Program Consultant's state fiscal year (SFY) 2018 activities including monitoring of local departments of social services' (LDSS) actions on AG applications and case renewals, technical assistance and review of provider compliance with AG Program regulations. The report also provides an overview of the AG Program, including average caseload and expenditure information.

2018 AUXILIARY GRANT PROGRAM MONITORING ACTIVITIES

Background

Section 51.5-160 of the Code of Virginia establishes the Auxiliary Grant (AG) Program and instructs the Commissioner of the Department for Aging and Rehabilitative Services (DARS) to prepare and implement, a plan for a state and locally funded AG program to provide assistance to individuals ineligible for benefits under Title XVI of the Social Security Act and to other individuals for whom benefits provided under Title XVI of the Social Security Act are not sufficient to maintain the minimum standards of need.

The AG Program provides cash payments to Supplemental Security Income (SSI) recipients and other low income aged, blind, or disabled adults who need assistance with activities of daily living and who reside in an assisted living facility (ALF), adult foster care (AFC) home or supportive housing (SH)¹. AG payments are 80% state and 20% locally funded.

Need for AG Program Monitoring

Virginia must adhere to AG Program Maintenance of Effort (MOE) requirements set forth in an agreement with the Social Security Administration (SSA). The MOE ensures that the Federal cost of living adjustments (COLA) is passed along to SSI eligible individuals through appropriate adjustments to the individual's monthly AG payment. Virginia must report successful compliance with the MOE to SSA annually. As various factors, in addition to COLA, may cause an AG recipient's eligibility to change, DARS must ensure that the AG eligibility determination process is accurate and errors that could affect a person's access to an AG payment are rectified. Individuals who receive AG automatically receive Medicaid, further heightening the importance of ensuring precise eligibility determination. Additionally, should the AG Program not meet MOE compliance, the federal government could withhold Virginia's Medicaid funding, thereby threatening Virginia's entire Medicaid Program.

SFY 2018 Program Quality Reviews and Findings

DARS initiated quality reviews, which included assessment of hard copy and electronic AG records, on the following local departments of social services (LDSS).

Accomack	Bedford	Charles City	Clarke
Floyd	Giles	Greensville	Louisa
Powhatan	Prince William		

¹ The SH setting was authorized in 2016 and is limited to 60 AG recipients. Additional information about SH may be found in the annual report available at: <https://rga.lis.virginia.gov/Published/2018/RD226/PDF>

The AG Program Consultant identified the following errors during case monitoring activities. AG cases may have had only one of the errors listed below, though some cases had multiple concerns needing attention.

- The acceptance of improper or partially completed renewal applications.
- Lack of annual assessment documentation to support continued placement.
- Improper verification of client's residence in the ALF.
- Improper evaluation of clients' eligibility in other aid categories when their aid category changed.
- Improper interpretation of AG policy regarding countable, excluded income and allowable deductions.
- Not reviewing COLA changes or other changes reported by recipients in a timely manner.
- Improper verification of income other than Social Security and neglecting to research all possible sources of income. Failure to confirm the current amount and frequency of a payment due to reliance on outdated documents or an insufficient third party as proof.
- Not using proper notice of action forms.
- Not documenting eligibility determinations properly on the evaluation form.

The AG Program Consultant provided each LDSS with a written summary identifying case errors and steps needed to fix them. One LDSS had a significant number of cases out of compliance and submitted a corrective action plan. This LDSS will undergo a six-month subsequent review.

In addition to the formal quality reviews, the Consultant performed targeted reviews of some cases in Fairfax, Lynchburg, Henrico, and Harrisonburg usually in response to a request from the LDSS or from AG providers. To supplement Department of Social Services (DSS) classroom training, the Consultant conducted AG refresher training at two statewide conferences and three regional workshops.² Refresher trainings reinforce basic policy and highlight updates.

² DSS is responsible for conducting AG training for LDSS. DARS provides DSS with course curriculum updates.

Other AG Program Monitoring Efforts

Oversight of AG providers is a critical part of program monitoring. Providers are required to submit an annual certification form to DARS by October 1. DARS reviews certification forms for completeness and accuracy and details the ALF's management of residents' personal funds if the residents have requested this assistance. Fiscal year (FY) 2017 annual certification report data indicated the following³:

- Two hundred and seventy-five facilities submitted certifications.
- Forty-three facilities received third party payments on behalf of their residents.
- Over 1,900 residents' personal needs allowances were managed by the facilities.

DARS also compiles AG statistical data to identify program trends. The following chart provides information on statewide caseload, expenditures, and average monthly payments. The average monthly caseload continues to decline, dropping almost 19% from SFY 2013 to SFY 2018. The AG rate remained static for several years, increasing only a few dollars annually in response to the federal COLA. These small rate increases likely had a negative impact on providers' ability to operate. Over 60 facilities closed in the past five years severely limiting the number of available AG beds and reducing the number of individuals the program can serve.

Auxiliary Grant Expenditures and Monthly Case Counts*			
Year	Average Monthly Cases	Total Payments (in millions)	Average Payment
2013	4,704	\$27.4	\$485
2014	4,610	\$27.7	\$500
2015	4,368	\$26.6	\$507
2016	4,190	\$25.7	\$513
2017	4,084	\$24.7	\$504
2018	3,799	\$23.1	\$508

**Source: Virginia Department of Social Services Laser Local Fund and Count Summary.*

Conclusion

The AG Program Consultant's ability to identify when LDSS did not follow AG Program policy during application processing and eligibility renewals, underscores the need for ongoing monitoring and reinforcement of correct procedures. The Consultant will continue LDSS monitoring in the coming year, selecting ten more LDSS for review and follow up with LDSS who have been reviewed to ensure that errors are corrected and do not reoccur. On a very positive note, in SFY 2018 the Virginia General Assembly approved a \$35 AG rate increase effective July 1, 2018. Twelve ALFs signed agreements to accept AG recipients. DARS will continue to call attention to and raise awareness of this critical program for vulnerable adults.

³ SFY 2018 certification forms are not due until October 1, 2018