

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**NORTH CAROLINA DID NOT ALWAYS
VERIFY CORRECTION OF DEFICIENCIES
IDENTIFIED DURING SURVEYS OF
NURSING HOMES PARTICIPATING IN
MEDICARE AND MEDICAID**

*Inquiries about this report may be addressed to the Office of Public Affairs at
Public.Affairs@oig.hhs.gov.*



Gloria L. Jarmon
Deputy Inspector General
for Audit Services

January 2018
A-04-17-02500

Office of Inspector General

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Report in Brief

Date: January 2018

Report No. A-04-17-02500

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Review

For certain deficiencies, identified during surveys, Federal Regulations require nursing and skilled nursing facilities (nursing homes) to submit correction plans to CMS or to their respective State survey agencies. State survey agencies must verify the correction of identified deficiencies either by obtaining evidence of correction or through onsite reviews.

Previous Office of Inspector General (OIG) reviews found that State survey agencies did not verify that selected nursing homes had corrected identified deficiencies. This review of the State survey agency in North Carolina is part of a series of OIG reviews.

Our objective was to determine whether North Carolina Department of Health and Human Services, Division of Health Service Regulation (State survey agency), verified the correction of nursing home deficiencies identified during surveys in calendar year (CY) 2015 in accordance with Federal requirements.

How OIG Did This Review

Of the 1,150 deficiencies that required a correction plan during CY 2015, we selected and reviewed a stratified random sample of 100. We reviewed State survey agency documentation to determine whether the State survey agency had verified the correction of nursing home deficiencies.

North Carolina Did Not Always Verify Correction of Deficiencies Identified During Surveys of Nursing Homes Participating in Medicare and Medicaid

What OIG Found

The State survey agency did not always verify the correction of nursing home deficiencies identified during surveys in CY 2015 in accordance with Federal requirements.

For the 100 sampled deficiencies, the State survey agency verified the correction of 96 nursing home deficiencies but did not obtain evidence of correction for the remaining 4 deficiencies.

On the basis of our sample results, we estimated that that State survey agency did not verify the correction of nursing home deficiencies in accordance with Federal requirements for 5 percent of the deficiencies identified during surveys in CY 2015.

What OIG Recommends and State Survey Agency Comments

We recommend that the State survey agency (1) provide guidance and training to its surveyors to ensure that they properly upload system data and (2) ensure that it obtains, reviews, and verifies adequate documentation that supports all aspects of nursing home correction plans.

In written comments on our draft report, the State survey agency concurred with our recommendations and stated that it had begun to implement them; however, it did not concur with four of the five errors we identified in the draft report. The State survey agency provided documentation for the remaining four errors to demonstrate that it had verified the nursing homes' corrections of deficiencies that we had identified as errors.

After reviewing the State survey agency's comments and documentation for the four errors with which it did not concur, we agreed with the documentation provided for one and we revised the number of deficiencies that the State survey agency did not verify as corrected. However, the additional information provided did not alter our error determination on the remaining three errors. Therefore, we maintain that we identified a total of four errors and this has been reflected in this final report.

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INTRODUCTION

WHY WE DID THIS REVIEW

For certain deficiencies, identified during surveys, Federal Regulations require nursing and skilled nursing facilities (nursing homes) that participate in Medicare and Medicaid to submit correction plans to the Centers for Medicare & Medicaid Services (CMS) or to their respective State survey agencies. State survey agencies must verify the correction of identified deficiencies by obtaining evidence of correction or through onsite reviews. Previous Office of Inspector General (OIG) reviews found that the State survey agencies did not always verify that selected nursing homes had corrected identified deficiencies. This review of the State survey agency in North Carolina is part of an ongoing series of reviews of States' verification of correction of deficiencies. (Appendix B lists related OIG reports on nursing home compliance issues.)

OBJECTIVE

The objective of our audit was to determine whether North Carolina Department of Health and Human Services, Division of Health Service Regulation (State survey agency), verified the correction of nursing home deficiencies identified during surveys in calendar year (CY) 2015 in accordance with Federal requirements.

BACKGROUND

Medicare and Medicaid Coverage of Nursing Homes

The Medicare and Medicaid programs cover care in skilled nursing and nursing facilities, respectively, for eligible beneficiaries in need of nursing services, specialized rehabilitation services, medically related social services, pharmaceutical services, and dietary services. Sections 1819 and 1919 of the Social Security Act (the Act) provide that nursing homes participating in the Medicare and Medicaid programs, respectively, must meet certain specified requirements (Federal participation requirements), such as quality of care, nursing services, and infection control. These sections also establish requirements for CMS and States to survey nursing homes to determine whether they meet Federal participation requirements. For both Medicare and Medicaid, these statutory participation and survey requirements are implemented in Federal regulations at 42 CFR part 483, subpart B, and 42 CFR part 488, subpart E, respectively.

Standard and Complaint Surveys of Nursing Homes

The Secretary of Health and Human Services must use the State health agency, or other appropriate State survey agency, to determine whether nursing homes meet Federal participation requirements (the Act § 1864(a)). Further, the State must use the same State survey agency to determine whether nursing homes meet the participation requirements in the State Medicaid plan (the Act § 1902(a)(33)).

Under an agreement with the Secretary, the State survey agency must conduct standard surveys to determine whether nursing homes are in compliance with Federal participation requirements¹ (42 CFR § 488.305(a) and § 7200 of CMS's *State Operations Manual* (the Manual), Pub. No. 100-07). A standard survey is a periodic nursing home inspection, using procedures specified in the Manual, that focuses on a sample of residents selected by the State survey agency to gather information about the quality of resident care furnished to Medicare or Medicaid beneficiaries in a nursing home. A standard survey must be conducted at least once every 15 months (42 CFR § 488.308(a)).

The State survey agency must review all nursing home complaint allegations (42 CFR § 488.308(e)(2)).² Depending on the outcome of the review, the State survey agency may conduct a standard survey or an abbreviated standard survey (complaint survey) to investigate noncompliance with Federal participation requirements. A nursing home's noncompliance with a Federal participation requirement is defined as a deficiency (42 CFR § 488.301). Examples of deficiencies include a nursing home's failure to adhere to proper infection control measures or failure to provide necessary care services.

Deficiencies and Deficiency Ratings

The State survey agency must report each deficiency identified during a survey on the appropriate CMS form³ and provide the form to the nursing home and CMS. These forms include (1) a statement describing the deficiency, (2) a citation of the specific Federal participation requirement that the nursing home did not meet, and (3) a rating for the seriousness of the deficiency (deficiency rating).

The State survey agency must determine the deficiency rating using severity and scope components (42 CFR § 488.404(b)). Each deficiency is given a letter rating of A through L, which corresponds to a severity and scope level. (A-rated deficiencies are the least serious, and L-rated deficiencies are the most serious.) Severity is the degree of or potential for resident harm and has four levels, beginning with the most severe: (1) immediate jeopardy to resident health or safety, (2) actual harm that is not immediate jeopardy, (3) no actual harm with potential for more than minimal harm, and (4) no actual harm with potential for minimal harm. Scope is the number of residents affected or pervasiveness of the deficiency in the nursing home and has three levels: (1) isolated, (2) pattern, and (3) widespread. The Manual provides information on the severity and scope levels used to determine the deficiency rating (§ 7400.5.1). Table 1 shows the letter for each deficiency rating and its severity and scope levels.

¹ CMS and the State survey agency certify compliance with Federal participation requirements for State-operated and non-State-operated nursing homes (42 CFR § 488.330).

² An allegation of improper care or treatment of beneficiaries at a nursing home may come from a variety of sources, including beneficiaries, family members, and health care providers.

³ Form CMS-2567, Statement of Deficiencies and Plan of Correction, is used for all deficiencies except those determined to be isolated and with the potential for minimal harm. For these deficiencies, Form A, Statement of Isolated Deficiencies Which Cause No Harm With Only a Potential for Minimal Harm, is used.

Table 1: Severity and Scope Levels for Deficiency Ratings

SEVERITY	Isolated	SCOPE Pattern	Widespread
Immediate Jeopardy to Resident Health or Safety	J	K	L
Actual Harm That is Not Immediate Jeopardy	G	H	I
No Actual Harm With Potential for More Than Minimal Harm But Not Immediate Jeopardy	D	E	F
No Actual Harm With Potential for Minimal Harm	A	B	C

Correction Plans

Nursing homes must submit for approval correction plans to the State survey agency or CMS for all deficiencies except A-rated deficiencies (with a severity level of no actual harm with potential for minimal harm and a scope level of isolated) (42 CFR § 488.402(d)). An acceptable correction plan must specify exactly how the nursing home corrected, or plans to correct, each deficiency (the Manual § 7304.4). Nursing homes use Form CMS-2567, Statement of Deficiencies and Plan of Correction, to submit correction plans.

After a nursing home submits a correction plan, the State survey agency or CMS must certify whether the nursing home is in substantial compliance with Federal participation requirements (the Manual § 7317.1).⁴ A nursing home is in substantial compliance when identified deficiencies have ratings that represent no greater risk than potential for minimal harm to resident health and safety (A, B, or C). The State survey agency must determine whether there is substantial compliance by verifying correction of the identified deficiencies through obtaining evidence of correction⁵ or conducting an onsite review (followup survey).⁶ The deficiency rating guides which verification method the State survey agency uses. For less serious deficiencies (with the ratings D or E, or F without substandard quality of care), the State survey agency may accept the nursing home’s evidence of correction in lieu of conducting a followup survey to determine substantial compliance. For more serious deficiencies (with the ratings G through L, or F with substandard quality of care), the State survey agency must conduct a followup survey to determine substantial compliance.

⁴ The State survey agency provides the certification information to CMS on Form CMS-1539, Medicare/Medicaid Certification and Transmittal (the Manual § 2762).

⁵ Examples of evidence of correction include sign-in sheets of those attending in-service training and interviews with training participants.

⁶ The State survey agency is not required to verify the correction of deficiencies with the ratings B or C; however, correction plans are still required for deficiencies with those ratings.

North Carolina State Survey Agency

In North Carolina, the State survey agency determines whether nursing homes meet Federal participation requirements and recommends to CMS whether nursing homes should be certified for participation in the Medicare and Medicaid programs. During CY 2015, the State survey agency had approximately 92 surveyors to conduct surveys of all 419 nursing homes in the State.

The State survey agency has participated in CMS's Quality Indicator Survey (QIS) process since 2007. QIS is a computer-based, long-term care survey process used to determine whether Medicare and Medicaid certified nursing homes meet the Federal requirements. The QIS is a two-stage process used by surveyors to systematically review specific nursing home requirements and to objectively investigate any regulatory areas that QIS identifies. QIS uses customized software on tablet personal computers to guide surveyors through a structured investigation.

The State survey agency uses the Automated Survey Processing Environment System (ASPEN) to record these surveys of nursing homes. As surveyors conduct surveys, they identify deficiencies using the QIS process then record on tablets and upload the results into ASPEN. Similarly, when surveyors conduct followup reviews of identified deficiencies, they upload the results of those reviews into ASPEN.

HOW WE CONDUCTED THIS REVIEW

According to CMS's deficiency data, the State survey agency identified 3,580 deficiencies that required a correction plan during CY 2015. We compared CMS's deficiency data with State survey agency data and identified one additional deficiency, which we added to the working database, resulting in 3,581 deficiencies. We excluded from our review 2,431 deficiencies that (1) were not directly related to resident health services; (2) were identified at nursing homes not under the State's jurisdiction; or (3) had the ratings *B* or *C*, which did not require verification of correction. The remaining 1,150 deficiencies had ratings that required the State survey agency to verify correction by either obtaining evidence of correction (1,050 deficiencies) or conducting a followup survey (100 deficiencies). We selected a stratified random sample of 100 of these 1,150 deficiencies and reviewed State survey agency documentation to determine whether the State survey agency had verified the correction of the sampled nursing home deficiencies. We also interviewed State survey agency officials and employees regarding survey operations, quality assurance, and training.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions

based on our objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix A describes our audit scope and methodology, Appendix C describes our statistical sampling methodology, and Appendix D contains our sample results and estimates.

FINDINGS

The State survey agency did not always verify the correction of nursing home deficiencies identified during surveys in CY 2015 in accordance with Federal requirements. For the 100 sampled deficiencies, the State survey agency verified the correction of 96 nursing home deficiencies but did not verify the correction of the remaining 4 deficiencies. On the basis of our sample results, we estimated that the State survey agency did not verify the correction of nursing home deficiencies in accordance with Federal requirements for 60 (5 percent) of the 1,150 deficiencies identified during surveys in CY 2015.

FEDERAL REQUIREMENTS

For deficiencies rated *D* or *E*, or *F* not involving substandard quality of care, the State survey agency has the option to accept evidence of correction to confirm substantial compliance in lieu of conducting a followup survey (i.e., an onsite review) (the Manual § 7300.3). However, the State survey agency must conduct a followup survey to determine whether a nursing home is in substantial compliance for deficiencies rated *G* through *L*, or *F* involving substandard quality of care (the Manual § 7300.3).

Section 7317.1 of the Manual states, “While the plan of correction serves as the facility’s allegation of compliance in non-immediate jeopardy cases, substantial compliance cannot be certified and any remedies imposed cannot be lifted until facility compliance has been verified.”

Section 7317.2 of the Manual lists examples of acceptable evidence of a nursing home’s correction of a deficiency, which include invoices verifying purchases or repairs, sign-in sheets verifying attendance of staff at in-service training, or interviews with more than one training participant about training.

Section I of Appendix P of the Manual states: “The [followup survey] is an onsite visit intended to verify correction of deficiencies cited in a prior survey.”

Section II.B.3 of Appendix P of the Manual states:

In accordance with §7317 [of the Manual], the State [survey] agency conducts a revisit, as applicable, to confirm that the facility is in compliance and has the ability to remain in compliance. The purpose of the [followup survey] is to re-

evaluate the specific care and services that were cited as noncompliant during the original standard, abbreviated standard, extended or partial extended survey(s). Ascertain the status of corrective actions being taken on all requirements not in substantial compliance.

THE STATE SURVEY AGENCY LACKED ADEQUATE DOCUMENTATION TO SUPPORT THE CORRECTION OF SOME DEFICIENCIES

The State survey agency verified the correction of 96 of the 100 nursing home deficiencies in our sample but did not verify the correction of the remaining 4 deficiencies. The State survey agency certified that the nursing homes that had these deficiencies were in substantial compliance with Federal participation requirements; however, the State survey agency's certifications did not comply with all Federal requirements to appropriately verify the correction of these deficiencies.

For these four sample items:

- two lacked supporting documentation and
- two included inadequate surveyor notes that only partially addressed the nursing home's correction plan.

State survey agency officials attributed human error and technical issues with the ASPEN system for two of the errors. They stated that, for these two errors, the surveyors conducted the survey but the system upload from the surveyors' tablets to ASPEN failed; therefore, there was no documentation for us to review. For the remaining two errors, the State survey agency files did not contain sufficient information for us to conclude that the deficiency was verified as corrected.

On the basis of our sample results, we estimated that the State survey agency did not verify the correction of nursing home deficiencies in accordance with Federal requirements for 60 (5 percent) of the 1,150 deficiencies identified during surveys in CY 2015.

RECOMMENDATIONS

We recommend that the State survey agency:

- provide guidance and training to its surveyors to ensure that they properly upload system data and
- ensure that it obtains, reviews, and verifies adequate documentation that supports all aspects of nursing home correction plans.

STATE SURVEY AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, the State survey agency concurred with our recommendations and stated that it had begun to implement them; however, it did not concur with four of the five errors we identified in the draft report. The State survey agency also provided documentation for the remaining four errors to demonstrate that it had verified some of the nursing homes' corrections of deficiencies that we had identified as errors.

After reviewing the State survey agency's comments and documentation for the four errors with which it did not concur, we agreed with the documentation provided for one and we revised the number of deficiencies that the State survey agency did not verify as corrected. However, the additional information provided did not alter our error determination on the remaining three errors. Therefore, we maintain that we identified a total of four errors and this has been reflected in this final report.

The State survey agency's comments are included in their entirety as Appendix E. However, we did not include the attachments because they contained sensitive information.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

According to CMS's deficiency data, the State survey agency identified 3,580 deficiencies that required a correction plan during CY 2015. We compared CMS's deficiency data with the State survey agency data and identified one additional deficiency that we added to the working database, resulting in 3,581 deficiencies. We excluded from our review 2,431 deficiencies that (1) were not directly related to resident health services; (2) were identified at nursing homes not under the State's jurisdiction; or (3) had the ratings *B* or *C*, which did not require verification of correction. The remaining 1,150 deficiencies had ratings that required the State survey agency to verify correction by either obtaining evidence of correction (1,050 deficiencies) or conducting a followup survey (100 deficiencies). We selected from these 1150 deficiencies a stratified random sample of 100 deficiencies.

We did not review the overall internal control structure of the State survey agency or the nursing homes associated with the selected sample items. Rather, we reviewed only those internal controls related to our objective.

We conducted our audit from March to August 2017 and performed fieldwork at the State survey agency's office in Raleigh, North Carolina.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- interviewed State survey agency officials and employees regarding survey operations, quality assurance, and training;
- obtained from CMS a database containing 3,580 deficiencies⁷ that required a correction plan and were identified during standard and complaint surveys of North Carolina nursing homes in CY 2015;
- compared CMS's deficiency data with State survey agency data and identified one additional deficiency, which we added to the working database, resulting in 3,581 deficiencies;
- removed 2,431 deficiencies that:

⁷ This figure does not include A-rated deficiencies.

- were not directly related to resident health services,⁸
- were not under the State survey agency’s jurisdiction, or
- had the ratings *B* or *C* (not requiring verification of correction);
- developed a stratified random sample from the remaining 1,150 deficiencies by:
 - creating two strata, representing deficiencies that required the State survey agency to obtain, at a minimum, evidence of correction (stratum 1) and that required the State survey agency to conduct a followup survey (stratum 2) and
 - selecting a total of 100 sample units, consisting of 70 sample units from stratum 1 and 30 sample units from stratum 2;
- reviewed State survey agency documentation for each sampled deficiency to determine whether the State survey agency had verified the nursing home’s correction of the deficiency;⁹
- estimated the number and percentage of deficiencies in the sampling frame for which the State survey agency did not verify the nursing homes’ correction in accordance with Federal requirements; and
- discussed the results of our review with State survey agency officials.

See Appendix C for the details of our statistical sampling methodology and Appendix D for our sample results and estimates.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁸ We excluded deficiencies that were related to residents’ rights; admission, transfer, and discharge rights; and administration.

⁹ Documentation included surveyor notes and training sign-in sheets, if available.

APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

Report Title	Report Number	Date Issued
<i>New York Did Not Always Verify Correction of Deficiencies Identified During Surveys of Nursing Homes Participating in Medicare and Medicaid</i>	<u>A-02-15-01024</u>	10/19/2017
<i>Kansas Did Not Always Verify Correction of Deficiencies Identified During Surveys of Nursing Homes Participating in Medicare and Medicaid</i>	<u>A-07-17-03218</u>	9/6/2017
<i>Missouri Properly Verified Correction of Deficiencies Identified During Surveys of Nursing Homes</i>	<u>A-07-16-03217</u>	3/17/2017
<i>Arizona Did Not Always Verify Correction of Deficiencies Identified During Surveys of Nursing Homes Participating in Medicare and Medicaid</i>	<u>A-09-16-02013</u>	10/20/2016
<i>Oregon Properly Verified Correction of Deficiencies Identified During Surveys of Nursing Homes Participating in Medicare and Medicaid</i>	<u>A-09-16-02007</u>	3/14/2016
<i>Washington State Did Not Always Verify Correction of Deficiencies Identified During Surveys of Nursing Homes Participating in Medicare and Medicaid</i>	<u>A-09-13-02039</u>	7/9/2015
<i>Nursing Facilities' Compliance With Federal Regulations for Reporting Allegations of Abuse or Neglect</i>	<u>OEI-07-13-00010</u>	8/15/2014
<i>CMS's Reliance on California's Licensing Surveys of Nursing Homes Could Not Ensure the Quality of Care Provided to Medicare and Medicaid Beneficiaries</i>	<u>A-09-12-02037</u>	6/4/2014
<i>Adverse Events in Skilled Nursing Facilities: National Incidence Among Medicare Beneficiaries</i>	<u>OEI-06-11-00370</u>	2/27/2014
<i>Skilled Nursing Facilities Often Fail To Meet Care Planning and Discharge Planning Requirements</i>	<u>OEI-02-09-00201</u>	2/27/2013
<i>Federal Survey Requirements Not Always Met for Three California Nursing Homes Participating in the Medicare and Medicaid Programs</i>	<u>A-09-11-02019</u>	2/27/2012
<i>Unidentified and Unreported Federal Deficiencies in California's Complaint Surveys of Nursing Homes Participating in the Medicare and Medicaid Programs</i>	<u>A-09-09-00114</u>	9/21/2011

APPENDIX C: STATISTICAL SAMPLING METHODOLOGY

TARGET POPULATION

Our target population consisted of nursing home deficiencies that were identified during the State survey agency's surveys in CY 2015 and that required verification of a correction plan. Deficiencies with A-ratings do not require a correction plan and deficiencies with B and C ratings do not require verification.

SAMPLING FRAME

We obtained from CMS's Nursing Home Compare website a Microsoft Excel database, which contained 3,580 standard and complaint health survey deficiencies identified in North Carolina nursing homes during CY 2015. The 3,580 deficiencies does not include A-rated deficiencies.

According to CMS's deficiency data, the State survey agency identified 3,580 deficiencies that required a correction plan during CY 2015. We compared CMS deficiency data with the State survey agency data and identified three additional deficiencies; however, we did not include two of the deficiencies in our sampling frame because one deficiency had an A-rating, and the other deficiency was disputed through the Independent Dispute Resolution process and was subsequently deleted. We added the one remaining deficiency to the working database, resulting in 3,581 deficiencies. We then removed 2,431 deficiencies as shown in Table 2.

Table 2: Deficiencies Removed

Reason for Removing Deficiencies	No. of Deficiencies Removed
Not directly related to resident health services	2,326
Not under the State survey agency's jurisdiction	8
Had the ratings B or C (not requiring verification of correction)	97
Total	2,431

Additionally, we ensured that the remaining deficiencies were not duplicated. The resulting sampling frame consisted of 1,150 health deficiencies.

SAMPLING UNIT

Our sample unit was a health deficiency.

SAMPLE DESIGN AND SAMPLE SIZE

We used a stratified random sample. We created two strata, representing deficiencies that required the State survey agency to obtain, at a minimum, evidence of correction (stratum 1)

and deficiencies that required the State survey agency to conduct a followup survey (stratum 2). Table 3 details the deficiency ratings and number of deficiencies in each stratum.

Table 3: Number of Deficiencies in Each Stratum

Stratum	Description	Frame Count	Sample
1	Deficiencies with ratings of <i>D</i> , <i>E</i> , and <i>F</i> (without SQC) ¹⁰	1,050	70
2	Deficiencies with ratings of <i>G</i> , <i>H</i> , <i>J</i> , and <i>K</i> ¹¹	100	30
	Total	1,150	100

SOURCE OF RANDOM NUMBERS

We used the OIG, Office of Audit Services (OIG/OAS), statistical software to generate the random numbers.

METHOD FOR SELECTING SAMPLE UNITS

We consecutively numbered the sample units in each stratum. After generating the random numbers, we selected the corresponding frame items.

ESTIMATION METHODOLOGY

We used the OIG/OAS RAT-STATS Attribute Appraisal Program for stratified samples to estimate the number and percentage of any deficiencies for which the State survey agency did not verify the correction of nursing home deficiencies.

¹⁰ No level-*F*-rated deficiencies in the sample frame contained substandard quality of care (SQC); therefore, all level-*F* deficiencies are in Stratum 1.

¹¹ No level-*I*- or -*L*-rated deficiencies were in the sample frame.

APPENDIX D: SAMPLE RESULTS AND ESTIMATES

Table 4: Sample Results

Stratum	Sample Frame	Sample Size	Number of Deficiencies Not Verified by the State Survey Agency
1	1,050	70	4
2	100	30	0
Total	1,150	100	4

Table 5: Estimated Statewide Number and Percentage of Deficiencies Not Verified by the State Survey Agency
(Limits Calculated at the 90-Percent Confidence Level)

	No. of Deficiencies Not Verified	Percentage of Deficiencies Not Verified
Point Estimate	60	5%
Lower Limit	13	1%
Upper Limit	107	9%

APPENDIX E: STATE SURVEY AGENCY COMMENTS



DEPARTMENT OF HEALTH AND HUMAN SERVICES DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

December 1, 2017

Ms. Lori S. Pilcher
Regional Inspector General for Audit Services
Office of Audit Services, Region IV
61 Forsyth Street, SW, Suite 3T41
Atlanta, Georgia 30303

RE: Report Number A-04-17-02500

Dear Ms. Pilcher:

Thank you for opportunity to review and comment on the Office of Inspector General's (OIG) draft audit report dated October 24, 2017 entitled, *North Carolina Did Not Always Verify Correction of Deficiencies Identified During Surveys of Nursing Homes Participating in Medicare and Medicaid*.

In the draft report, the OIG found that the State survey agency did not verify the correction of nursing home deficiencies in accordance with Federal requirements for an estimated seven percent (7%) of the 1,150 deficiencies identified during surveys in CY 2015. As a result of the finding, the OIG recommended that the State survey agency: 1) "provide guidance and training to its surveyors to ensure that they properly upload system data", and 2) "ensure that it obtains, reviews, and verifies adequate documentation that supports all aspects of nursing home correction plans." The North Carolina Department of Health and Human Services, Division of Health Service Regulation (DHSR) serves as the State survey agency for North Carolina. DHSR has carefully reviewed the draft report and is in concurrence with both of the OIG's recommendations and, as set forth in more detail in the attachment to this correspondence, has already begun steps to implement the recommendations.

In determining North Carolina's estimated seven percent (7%) error rate, the OIG determined that North Carolina did not verify the correction of five (5) deficiencies in the 100 sampled. North Carolina concurs with OIG's determination on one (1) of the five (5) sampled deficiencies. As to the remaining four (4) sampled deficiencies, for the reasons explained in more detail on the attachment to this correspondence, North Carolina does not concur with OIG's determinations on these four (4).

NURSING HOME LICENSURE AND CERTIFICATION SECTION

[HTTPS://WWW2.NCDHHS.GOV/DHSR/](https://www2.ncdhhs.gov/dhsr/)

TEL 919-855-4520 • FAX 919-715-3290

LOCATION: 1205 UMSTEAD DRIVE • LINEBERGER BUILDING • RALEIGH, NC 27603

MAILING ADDRESS: 2711 MAIL SERVICE CENTER • RALEIGH, NC 27699-2711

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Ms. Lori S. Pilcher
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Nonetheless, as stated above, North Carolina concurs with the OIG's recommendations. DHSR appreciates the OIG's review of its important work as the state survey agency, the professionalism of OIG's auditors and the opportunity to take action to improve its survey process.

Please feel free to contact me if you have any questions regarding North Carolina's response.

Sincerely,

Cindy Deporter

Cindy Deporter
State Agency Director

cc: Mark Payne
Emery E. Milliken
Becky Wertz
Mark Benton
Lisa Corbett
Lisa Allnut

Enclosure