MINNESOTA DID NOT COMPLY WITH FEDERAL WAIVER AND STATE REQUIREMENTS FOR 18 OF 20 FAMILY ADULT FOSTER CARE HOMES REVIEWED

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

October 2017
A-05-16-00044
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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.
Minnesota Did Not Comply With Federal Waiver and State Requirements for 18 of 20 Family Adult Foster Care Homes Reviewed

What OIG Found
Minnesota did not comply with Federal waiver and State requirements in overseeing homes that serve vulnerable adults who receive services through the program. We determined that 18 of the 20 homes we reviewed did not comply with 1 or more State licensing requirements. Specifically, we found 64 instances of noncompliance related to health and safety and administrative requirements.

County licensor supervisors stated that instances of noncompliance occurred mainly because of low staffing levels and a lack of training opportunities for license holders (providers) and county licensors. Additionally, specific State licensing requirements on the necessity of safeguarding hazardous materials were unclear.

What OIG Recommends and State Agency’s Comments
We recommend that Minnesota ensure that the 64 instances of noncompliance with health and safety and administrative requirements identified in this report are corrected, work with counties to ensure the health and safety of vulnerable adults by considering staffing standards and caseload thresholds for county agencies, review training opportunities available to providers and county licensors and improve or increase them as needed, and ensure that Minnesota guidance accurately reflects administrative requirements related to hazardous materials.

Minnesota partially concurred with our first and second recommendations and concurred with our third and fourth recommendations. Minnesota also outlined its plans for corrective actions, which include updating State guidance and developing training materials and licensor training specific to home safety.

In response to Minnesota’s comments, we maintain that all of our findings and the associated recommendations are valid and that in four of the six instances of noncompliance involving kitchen knives we reviewed, homes had at least one vulnerable adult residing who either had a history of physical aggression towards others or had a medical condition (i.e., dementia) that could pose a potential danger to self or others when kitchen knives are readily accessible.

The full report can be found at https://oig.hhs.gov/oas/reports/region5/51600044.asp.
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INTRODUCTION

WHY WE DID THIS REVIEW

The Minnesota Department of Human Services (State agency) operates the Elderly Waiver program (the program) under a Federal waiver to its Medicaid State plan. The program funds home- and community-based services for people aged 65 and older who are eligible for medical assistance and require the level of care provided in a nursing home but choose to live in the community, such as at a family adult foster care home (home).

The Office of Inspector General has conducted health and safety reviews of Head Start grantees1 and of regulated childcare facilities, including two reviews in Minnesota.2 Those reviews identified multiple health and safety issues that put children at risk. We wanted to determine whether similar health and safety risks exist for vulnerable adults living in homes receiving services from license holders (providers).

OBJECTIVE

Our objective was to determine whether the State agency complied with Federal waiver and State requirements in overseeing homes that serve vulnerable adults who receive services through the program.

BACKGROUND

The Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the Medicaid program. In Minnesota, the State agency administers its Medicaid program in accordance with a CMS-approved State plan. The State plan establishes which services the Medicaid program will cover.

Section 1915(c) of the Social Security Act authorizes the Secretary of Health and Human Services to waive certain Medicaid statutory requirements so that a State may offer home and community-based services to a State-specified target group of Medicaid beneficiaries who need a level of institutional care that is provided under the Medicaid State plan.

Before the enactment of section 1915(c), the Medicaid program provided limited coverage for long-term services and support in noninstitutional settings but offered full or partial coverage

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of institutional care. Section 1915(c) was enacted to enable States to address the needs of individuals who would otherwise receive costly institutional care by furnishing cost-effective services that allow them to remain in their households and communities.

Federal regulations for section 1915(c) waivers require States to provide assurance that necessary safeguards be taken, including adequate standards for provider participation, to protect the health and welfare of individuals served under the waiver and to assure financial accountability for funds expended for those services.

As part of the waiver, the State agency must also provide assurances that State licensure or certification requirements are met for services or for individuals furnishing services that are provided under the waiver.

**Elderly Waiver Program**

The State agency operates the program, administered by counties, tribal entities, and health plan partners, under a 1915(c) waiver to its Medicaid State plan. The program funds home and community-based services for people aged 65 and older who are eligible for medical assistance and require the level of care provided in a nursing home but choose to live in the community, such as in a home or similar facility.

**Minnesota Adult Foster Care**

In Minnesota, family adult foster care is a licensed living arrangement that provides food, lodging, supervision, and household services but may also provide personal care and medication assistance. Providers are homeowners who are also the primary caregivers in their home.

The State agency, as the licensing agency for family adult foster care, must ensure the health and safety of vulnerable adults through licensing standards in State statutes and through details in its application for waiver services. The State agency delegates monitoring authority to county and tribal agencies that perform routine inspections of providers every 2 years using their licensed inspectors. The State does not require such agencies to make unannounced visits.

**HOW WE CONDUCTED THIS REVIEW**

Of the 131 homes in Minnesota where vulnerable adults who received services through the program resided for the quarter ended March 2016, we selected 20 homes for our review. We selected the homes on the basis of their geographic location and history of health- and safety-related violations identified by the State agency. To evaluate the State agency’s oversight of

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3 Minnesota Statutes, Chapter 245A, Human Services Licensing and the program waiver, Appendix C-1/C-3: Provider Specifications, which includes Minnesota Administrative Rules, Chapter 9555, Social Services for Adults.
State licensing requirements for homes, we conducted unannounced site visits at the 20 selected homes from June 21 through August 18, 2016.

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.

Appendix A contains Federal regulations and specific State licensing requirements related to health and safety and administration. Appendix B contains the details of our audit scope and methodology.

**FINDINGS**

The State agency did not comply with Federal waiver and State requirements in overseeing homes that serve vulnerable adults who receive services through the program. We determined that 18 of the 20 homes we reviewed did not comply with 1 or more State licensing requirements. Specifically, we found 64 instances of noncompliance with health and safety and administrative requirements. (See Appendix C for a summary of these instances of noncompliance.)

County licensor supervisors stated that instances of noncompliance occurred mainly because of low staffing levels and a lack of training opportunities for providers and county licensors. Additionally, specific State licensing requirements on the necessity of safeguarding hazardous materials were unclear.

**SOME HOMES DID NOT COMPLY WITH HEALTH AND SAFETY REQUIREMENTS**

Providers must comply with State licensing requirements at all times during the term of the license and ensure the health and safety of vulnerable adults living in their homes.4 Among other requirements, a provider must ensure that knives are inaccessible to vulnerable adults, unless being used with appropriate supervision; the home is free of structural hazards; the home is clean; and weapons are stored separately in locked areas.5

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4 Minnesota Statutes, Chapter 245A, Human Services Licensing, and Minnesota Administrative Rules, Chapter 9555, Social Services for Adults.

5 As part of the inspection completed for licensure under Minnesota Administrative Rules, Chapter 9555.6125, subpart 2, providers and the commissioner must complete a Home Safety Checklist that reviews certain aspects of physical safety at a provider’s residence every year a fire marshal inspection is not made. County licensors review the Home Safety Checklist as part of their inspection. The Home Safety Checklist is available at: [http://www.dhs.state.mn.us/main/groups/licensing/documents/pub/dhs16_193581.pdf](http://www.dhs.state.mn.us/main/groups/licensing/documents/pub/dhs16_193581.pdf). Accessed on September 29, 2017.
We determined that 15 of the 20 homes that we reviewed did not comply with 1 or more health and safety requirements. Specifically, we found 39 instances of noncompliance with State licensing requirements on health and safety.

For example, we found knives in the kitchen area of a home that were readily accessible to vulnerable adults (Photograph 1). In another home, we found exposed wires from an uncovered smoke detector (Photograph 2). In a different home, we found a kitchen area that was very dirty and cluttered (Photograph 3). Finally, in the most hazardous example, we found multiple carbon-dioxide-powered handguns\(^6\) that were accessible just outside a vulnerable adult’s bedroom (Photograph 4).

\(^6\) The manufacturer cautions that the handguns are not toys, adult supervision is required, and that misuse or careless use may cause serious injury or death.
SOME PROVIDERS DID NOT COMPLY WITH ADMINISTRATIVE REQUIREMENTS

Providers must comply with State licensing requirements on administration.⁷ Among other requirements, a provider must complete required annual training. Providers must also complete an individual abuse-prevention plan for each vulnerable adult and a program abuse-prevention plan.

We determined that 11 of the 20 providers did not comply with 1 or more administrative requirements. Specifically, we found 25 instances of noncompliance with State licensing requirements on administration.

For example, we found six instances in which providers had not completed the required annual provider training, four instances in which providers had not completed individual abuse-prevention plans for each vulnerable adult, and three instances in which providers had not completed program abuse-prevention plans.

CAUSES OF NONCOMPLIANCE WITH STATE LICENSING REQUIREMENTS

The State agency did not comply with Federal waiver and State requirements in overseeing homes that serve vulnerable adults who receive services through the program because, according to county licensor supervisors, low staffing levels for county licensors did not allow for unannounced site visits. Additionally, county licensor supervisors stated that a lack of training opportunities for providers and county licensors contributed to their lack of knowledge of State licensing requirements. Finally, unclear guidance contributed to provider misinterpretation of State licensing requirements. Specifically, provisions on the necessity of safeguarding hazardous materials (e.g., knives) in the Home Safety Checklist were unclear to providers.

RECOMMENDATIONS

We recommend that the State agency:

- ensure that the 64 instances of noncompliance with health and safety and administrative requirements identified in this report are corrected,
- work with counties to ensure the health and safety of vulnerable adults by considering staffing standards and caseload thresholds for county agencies,
- review training opportunities available to providers and county licensors and improve or increase them as needed, and

⁷ Minnesota Statutes, Chapter 245A, Human Services Licensing, and Minnesota Administrative Rules, Chapter 9555, Social Services for Adults.
• ensure that State guidance accurately reflects administrative requirements related to hazardous materials to ensure the health and safety of vulnerable adults.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency partially concurred with our first and second recommendations and concurred with the third and fourth recommendations. The State agency also outlined its plans for corrective actions, which include updating State guidance and developing training materials and licensor training specific to home safety.

The State agency partially concurred with our first recommendation, stating that it disagreed with six instances of noncompliance involving kitchen knives that were accessible in the kitchen of the adult foster care home. However, the State agency agreed that it would be beneficial to modify the Home Safety Checklist to make it clearer and more specific to the adult foster care setting. The State agency partially concurred with our second recommendation but stated that establishing licensor caseload thresholds would be difficult because onsite inspections are delegated to county agencies, which vary in size and licensor work duties. The State agency concurred with our third and fourth recommendations.

The State agency’s comments are included in their entirety as Appendix D.

OFFICE OF INSPECTOR GENERAL RESPONSE

In response to the State agency’s comments, we maintain that all of our findings and the associated recommendations are valid. Regarding our finding related to the six instances of noncompliance involving kitchen knives, we reviewed individual abuse-prevention plans at the foster care homes where kitchen knives were accessible. We noted that four of the six foster care homes had at least one vulnerable adult residing who either had a history of physical aggression towards others or had a medical condition (i.e., dementia) that could pose a potential danger to self or others when kitchen knives are readily accessible.

Regarding our recommendation related to staffing standards and caseload thresholds, we continue to believe that while difficult, the State agency should continue to work with counties in considering staffing standards and caseload thresholds for county agencies to better serve vulnerable adults who receive services through the program.
APPENDIX A: FEDERAL REGULATIONS AND STATE LICENSING REQUIREMENTS

FEDERAL REGULATIONS

Section 1915(c) of the Social Security Act authorizes the Secretary of Health and Human Services to waive certain Medicaid statutory requirements so that a State may offer home and community-based services to a State-specified target group of Medicaid beneficiaries who need a level of institutional care that is provided under the Medicaid State plan.

Prior to the enactment of section 1915(c), the Medicaid program provided limited coverage for long-term services and support in noninstitutional settings but offered full or partial coverage of institutional care. Section 1915(c) was enacted to enable States to address the needs of individuals who would otherwise receive costly institutional care by furnishing cost-effective services while remaining in their households and communities.

Federal regulations for section 1915(c) waivers require States to provide assurance that necessary safeguards will be taken, including adequate standards for provider participation, to protect the health and welfare of individuals serviced under the waiver and to assure financial accountability for funds expended for those services.

As part of the waiver, the State agency must also ensure that State licensure or certification requirements are met for services or for individuals furnishing services that are provided under the waiver.

STATE STATUTES AND REGULATIONS

Minnesota requirements for Family Adult Foster Care Licensing are in Minnesota Statutes, Chapter 245A, Human Services Licensing, and Minnesota Administrative Rules, Chapter 9555, Social Services for Adults.

General Statutes

Minneapolis Statutes 245A.04 – Application Procedures

An individual, corporation, partnership, voluntary association, other organization or controlling individual that is subject to licensure under section 245A.03 must apply for a license. The application must be made on the forms and in the manner prescribed by the commissioner of the State agency (commissioner). The provider must be able to demonstrate competent knowledge of licensing statutes and rules applicable to the program or services for which the provider is seeking to be licensed. Before issuing an initial license, the commissioner must conduct an inspection of the home.
Minnesota Administrative Rules Chapter 9555.6115 – Licensing Application Process

A license to operate a home must be obtained from the State agency.

Health and Safety Requirements

Minnesota Administrative Rules Chapter 9555.6125 subpart 2 – Inspections

A Home Safety Checklist, approved by the commissioner, must be completed by the provider and the commissioner before licensure in any year in which a fire marshal inspection is not made. The Home Safety Checklist requires the following:

- Emergency phone numbers must be posted and readily accessible in a prominent location in a common area of the home where they can be easily observed by a person responding to an incident.

- A fire extinguisher with a minimum rating of 2A:10BC must be maintained in the kitchen cooking area or area approved by the fire marshal.

- All smoke detectors must be properly installed, appropriately located, and maintained in proper operating condition.

- Knives, tools, matches, and other potentially hazardous materials must be inaccessible to children and vulnerable adults, as needed, except while being used with appropriate supervision.

Chapter 9555.6205 subpart 1 – Residential Occupancy

The home is free of plumbing, electrical, ventilation, mechanical, or structural hazards that would threaten the health or safety of any person living in the home.

Chapter 9555.6205 subpart 4A(3) – Resident Bedrooms

The personal possessions and items of persons receiving services may be the only items stored in their bedrooms.

Chapter 9555.6225 subpart 1 – Sanitation and Cleanliness

The home must be clean and free from accumulations of dirt, rubbish, peeling paint, vermin, or insects.

Chapter 9555.6225 subpart 2 – Toxic Substances

Chemicals, detergents, and other toxic substances must not be stored with food products.
Chapter 9555.6225 subpart 5(A) – Emergencies

The home must have a non-coin-operated telephone and a flashlight that are working and readily available in case of an emergency.

Chapter 9555.6225 subpart 5(F) – Emergencies

Fire drills must be conducted at least once every 3 months.

Chapter 9555.6225 subpart 5(H) – Emergencies

There must be a written fire escape plan for the home that includes emergency phone numbers, a place to meet outdoors for roll call, smoke detector and fire extinguisher locations, plans for quarterly fire and tornado drill sessions, and escape routes to the outside from the levels used by persons served in the home.

Chapter 9555.6225 subpart 5(H) – Emergencies

In buildings with three or more dwelling units, the floor plan must identify the location of enclosed exit stairs.

Chapter 9555.6225 subpart 5(H) – Emergencies

There must be an emergency escape plan for each person served by the home.

Chapter 9555.6225 subpart 10 – Weapons

Weapons and ammunition must be stored separately in locked areas that are inaccessible to residents and may not be visible to residents.

Administrative Requirements

Chapter 9555.5605 subpart 2 – Mobility Access Assessment

A copy of the initial (and any subsequent) mobility assessment for each person served by the program, completed by the person’s social worker or placing worker, must be in the person’s file at the home to determine whether accessibility aides or modifications to the residence are needed.

Chapter 9555.5705 subpart 2 – Development of Individual Resident Placement Agreement

There must be a copy of the initial individual resident placement agreement for each person served by the home.
Chapter 9555.6185 subpart 2 – Training Requirements

A record of all completed training for all providers must be maintained and made available.

Chapter 9555.6185 subpart 2A and B – Training Requirements

Providers with 0 to 5 years of licensure or experience must complete 12 hours of annual training; providers with 6 or more years of licensure or experience must complete 6 hours of annual training.

Chapter 9555.6235 – Adult Foster Home Program

The provider must develop and implement a written plan approved by the licensing agency that allows persons served by the home to share in the privileges and responsibilities of the household.

Chapter 9555.6235 subpart C – Adult Foster Home Program

There must be a program abuse-prevention plan with specific measures to be taken to minimize the risk of abuse to persons receiving services. The scope of the program abuse prevention plan must be limited to the population, physical plant (i.e., licensed physical space, indoors and outdoors), and environment within the control of the provider and the location of the home.

Chapter 9555.6245 subpart 1 – General Provisions

There must be an individual record maintained in the home for each person receiving services.

Chapter 9555.6245 subpart 6 – Individual Abuse Prevention Plan

There must be an individual abuse-prevention plan for each vulnerable adult receiving services from the home.
APPENDIX B: AUDIT SCOPE AND METHODOLOGY

SCOPE

Of the 131 homes in Minnesota that served vulnerable adults who received services through the elderly waiver for the quarter ended March 2016, we selected 20 homes for our review. We selected the homes on the basis of their geographic location and history of health and safety-related violations identified by the State agency.

To evaluate the State agency’s oversight of State licensing requirements for homes, we conducted unannounced site visits at the 20 selected homes from June 21 through August 18, 2016. We conducted fieldwork in the counties of Anoka, Carlton, Douglas, Hennepin, Nicollet, Olmsted, Otter Tail, Pine, Ramsey, Rice, St. Louis, Todd, Washington, and Wright.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, State statutes, and regulations for homes;
- discussed with State officials how Minnesota monitors its homes;
- developed a health and safety checklist, from State licensing requirements, as a guide for conducting site visits;
- conducted unannounced site visits at the 20 homes we selected for review;
- interviewed county officials to inquire about the causes of provider noncompliance; and
- discussed the results of our review with State officials.

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.
APPENDIX C: INSTANCES OF NONCOMPLIANCE AT EACH HOME

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Notice: We provided to the State agency under a separate cover the specific homes reviewed and their specific violations.
APPENDIX D: STATE AGENCY COMMENTS

Minnesota Department of Human Services
Elmer L. Andersen Building
Commissioner Emily Piper
Post Office Box 64998
St. Paul, Minnesota 55164-0998

August 4, 2017

Ms. Sheri L. Fulcher
Regional Inspector General for Audit Services
Office of Inspector General
Office of Audit Services, Region V
233 North Michigan, Suite #1360
Chicago, Illinois 60601

Re: Report Number A-05-16-00044

Dear Ms. Fulcher:

Thank you for giving us the opportunity to respond to your July 5, 2017, draft audit report, “Minnesota Did Not Comply with Federal Waiver and State Requirements for 18 of 20 Family Adult Foster Care Homes Reviewed.” I also wish to thank you and your staff for the time they spent here in Minnesota meeting with our staff as part of your audit. We understand that our response will be published in the Office of Inspector General’s final audit report. Below are our comments regarding the recommendations contained in the report.

Recommendation 1: Ensure that the 64 instances of noncompliance with health and safety and administrative requirements identified in this report are corrected.

The Minnesota Department of Human Services (DHS) partially concurs. Of the sixty-four cited instances of noncompliance, six involved kitchen knives being accessible in the kitchen of the adult foster home. Adult foster care homes are intended to be home-like settings, and the adult foster care regulations do not prohibit knives being accessible in the kitchen. Rather, the home safety checklist requires that knives and other potentially hazardous items be made inaccessible, “as needed,” except while being used with appropriate supervision. This determination is made based on an assessment of each adult foster care resident’s vulnerabilities.

After discussing this item with the auditor at the exit conference, the Department obtained from each county the individual abuse prevention plan for each resident of the six homes. None of the plans identified a vulnerability that required more secure storage of the kitchen knives in the adult foster care home. However, the Department agrees that it would be beneficial to modify the home safety checklist to make it specific to the adult foster care setting, and to revise the “as needed” language to more clearly state “as identified in the individual resident placement agreement, individual abuse prevention...
Once this change is made, the Department will provide training to county licensors regarding all items on both the home safety checklist and the licensing checklist to ensure their understanding and monitoring the importance of all licensing requirements.

To make sure the remaining fifty-eight instances of noncompliance identified in the report are corrected, the Department will contact each county licensor to request that they complete a follow-up visit to each program. We will provide direction and technical assistance as needed.

Recommendation 2: Work with counties to assure vulnerable adult health and safety by considering staffing standards and caseload thresholds for county agencies.

The Department partially concurs. Minnesota law provides for bi-annual licensing inspections of adult foster care programs after the first year of licensure. The county is required to conduct these inspections prior to recommending issuance or renewal of a license to OHS. This is DHS' mechanism for assuring that the required inspections are completed on time.

In Minnesota, most aspects of licensing adult foster care programs, including onsite inspections and investigation of any licensing complaints, are delegated to county agencies. The Licensing division provides oversight, training, and tools for the county agencies, including a uniform licensing checklist for conducting inspections, so that health and safety requirements are monitored during licensing inspections.

There is variation among the eighty-seven counties in the work assigned to adult foster care licensors. For example, in the larger metro counties, licensors are typically performing adult foster care licensing work as the sole or primary focus of their position. In smaller counties, licensors are often responsible for other programs like licensing of child foster care and family child care programs, and some also have other non-licensing work responsibilities. Given this variation, it would be difficult for OHS to establish licensor caseload thresholds.

Recommendation 3: Review training opportunities available to providers and county licensors and improve or increase them as needed.

The Department concurs. The Licensing division plans to develop additional adult foster care licensor training specific to the licensing and home safety checklists. The course will include a complete review of all items on the checklists, as well as a written guide for the home safety checklist as a reference for licensors. Through this training it is anticipated that licensors will be better prepared to have thorough dialogue with, and provide training to, providers on assessing resident vulnerabilities and any necessary safety measures within the adult foster home. This training will be periodically scheduled throughout the state, as well as available upon request.

Recommendation 4: Ensure state guidance accurately reflects administrative requirements related to hazardous materials to ensure the health and safety of vulnerable adults.
The Department concurs. As we work to improve the home safety checklist specific to adult foster care, we will also evaluate and update training materials and other communications related to the administrative requirements for hazardous materials.

The Minnesota Department of Human Services will continue to evaluate the progress being made to resolve all audit findings until full resolution has occurred. If you have any further questions or need additional information, please contact Gary L. Johnson, Internal Auditor, at (651) 431-3623.

Sincerely,

[Signature]

Emily Piper
Commissioner