



# **PERFORMANCE AUDIT REPORT**

**CDDOs: Reviewing Issues Related to  
Community Services Provided for  
Individuals with Developmental Disabilities**

**[CDDOs' Responses to the Draft Report]**

**A Report to the Legislative Post Audit Committee  
By the Legislative Division of Post Audit  
State of Kansas  
March 2014**

# ***Legislative Division of Post Audit***

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## **LEGISLATIVE DIVISION OF POST AUDIT**

800 SW Jackson  
Suite 1200  
Topeka, Kansas 66612-2212  
Telephone: (785) 296-3792  
Fax: (785) 296-4482  
Website: <http://www.kslpa.org>

**Scott Frank, Legislative Post Auditor**

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**LEGISLATIVE DIVISION OF POST AUDIT**

800 SOUTHWEST JACKSON STREET, SUITE 1200  
TOPEKA, KANSAS 66612-2212  
TELEPHONE (785) 296-3792  
FAX (785) 296-4482  
WWW.KSLPA.ORG

March 12, 2014

To: Members, Legislative Post Audit Committee

Senator Jeff Longbine, Chair  
Senator Anthony Hensley  
Senator Laura Kelly  
Senator Julia Lynn  
Senator Michael O'Donnell

Representative John Barker, Vice-Chair  
Representative Tom Burroughs  
Representative Peggy Mast  
Representative Virgil Peck, Jr.  
Representative Ed Trimmer

This supplemental report contains the complete CDDO responses we received from 14 of 27 CDDOs in response to the draft audit report, *CDDOs: Reviewing Issues Related to Community Services Provided for Individuals with Developmental disabilities*. These complete responses were bound separately because of the large number of respondents. Each CDDO also had the opportunity to provide a brief response which was included in **Appendix D** on page 51 of the main report.

CDDOs disagreed with a number of finding and conclusions, which are discussed in more detail on the next page. CDDOs also pointed out a number of minor errors in the draft report related to the report's characterization of the developmental disability system and its comparison between CDDOs and Aging and Disability Resource Centers (ADRCs). We corrected those errors in the final report. Those corrections had no effect on our findings or conclusions.

Sincerely,

Scott Frank  
Legislative Post Auditor

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**CDDOs that did not provide a formal response**

- Achievement
- Arrowhead West, Inc
- Brown County Developmental Center
- COF Training Center
- Cowley County CDDO
- Butler County CDDO
- Futures Unlimited
- McPherson County Developmental Services
- Nemaha County Training Center
- Harvey-Marion County CDDO
- Riverside Resources, Inc.
- Shawnee County CDDO
- Wyandotte County CDDO

This audit was conducted by Dan Bryan, Laurel Murdie, Brad Hoff, and Michael Shelton. Chris Clarke was the audit manager. If you need any additional information about the audit's findings, please contact Dan Bryan at the Division's offices.

Legislative Division of Post Audit  
800 SW Jackson Street, Suite 1200  
Topeka, Kansas 66612

(785) 296-3792  
Website: [www.kslpa.org](http://www.kslpa.org)

## Summary of CDDO responses

On February 18, 2014 we provided copies of the full draft audit report to all 27 Community Developmental Disability Organizations (CDDOs). We received 14 responses which are included in this supplemental report.

In their responses, several CDDO officials disagreed with a number of findings and conclusions. After carefully reviewing the CDDOs' responses, any supporting documents they provided, as well as our original documentation, we think our findings, conclusions, and recommendations are appropriate. While we understand these concerns and have made minor corrections in the final report to address several points the CDDOs raised, the substance of our findings and conclusions did not change. Listed below are the findings in the report where CDDOs raised substantive disagreements:

- **CDDO officials disagree with our finding on page 34 that consolidating CDDOs is an option to reduce administrative costs.** CDDO officials do not support a reduction in the number of CDDOs. They brought up concerns regarding decreased access to gatekeeping services and additional costs relating to travel time and expenses. We also acknowledge in the report that without a detailed study it is difficult to know how much actual savings could result from consolidating CDDOs. However, our analysis showed that in general, CDDOs serving the largest numbers of individuals with developmental disabilities had lower administrative costs per individual. Our rough estimate of savings of \$500,000 to \$800,000 a year could be potentially applied toward serving more individuals on the waiver. Further, several CDDOs objected to our comparison of CDDO functions to ADRC functions. We did not perform a detailed comparison of functions between the two entities but did note that both conduct functional assessments and have some similar duties for their respective Medicaid waiver programs.
- **CDDO officials disagree with our finding on page 39 that Kansas could further reduce its costs associated with paying providers by using more bundled payments and fewer fee-for-service payments.** CDDO officials stated that think day and residential services are already paid with a bundled payment structure. However, we found that community service providers within the developmental disability system are generally paid a fee for each service provided. We added language to the final report to clarify the finding related to bundled payments.
- **CDDO officials disagree with our finding on page 40 that several CDDOs spent restricted funds on lobbying activities which appears to violate federal and contractual requirements.** CDDO officials disagreed that the CDDO's use of state and federal funds to pay for Interhab membership dues was lobbying-related and therefore unallowable. CDDO officials responded that they do not believe Interhab's involvement in contract negotiations is lobbying and disagree with the audit's findings that the CDDOs' comingled funds. We reviewed the contract and believe that Interhab's direct participation in the contracting meetings is a non-allowable lobbying expense, if paid for with contract funds.

31-6

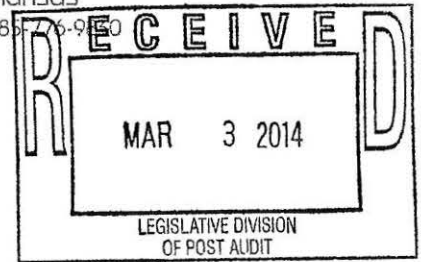


big lakes developmental center, inc.

**Community Developmental Disability Organization**

for Riley, Geary, Clay and Pottawatomie counties of Kansas  
1416 Hayes Drive, Manhattan, KS 66502 Voice/TTY: 785-776-9201 Fax: 785-776-9450

March 3, 2014



Legislative Division of Post Audit  
Attn: Scott Frank  
800 Southwest Jackson Street, Suite 1200  
Topeka, KS 66612-2212

Re: Performance Audit Report  
CDDOs: Reviewing Issues Related to Community Services (R-14-006)

Dear Mr. Frank:

Big Lakes Developmental Center, Inc. (BLDC) provides the following response to the findings of the Legislative Post Audit study (R-14-006) to review issues related to the Community Services provided for Individuals with Developmental Disabilities.

**Question 1: Do substantial conflicts of interest remain for CDDOs that have their own service providers and how could those conflicts be resolved?**

- We agree with the overall LPA findings:
  - "We did not find direct evidence the CDDOs have taken advantage of the inherent conflict of interest;"
  - "There is no evidence of CDDOs unfairly managing requests from CSPs for extraordinary funding requests;"
  - "There is no evidence of CDDOs exploiting the statutory design of the system to create advantages of CSPs that operate under the same organization umbrella as the CDDOs;"
  - "There is no evidence of the CDDOs unfairly overseeing quality assurance activities."
- We agree with the finding that a review of the current peer-reviewed evaluation of the CDDO system may be helpful and would gladly participate in any efforts to strengthen this process
  - Reviews have not been conducted at regular intervals (as was intended with the implementation of this review process) to continually assure law and regulation are being consistently applied. More frequent reviews would assist in assuring conflicts of interest are being mitigated.
- We agree with the finding that a uniform statewide system of tracking formal complaints would be helpful to analyze the effectiveness of the system and BLDC would gladly participate in this effort.

- ◆ Single Point of Application, Determination and Referral ◆ Quality Assurance ◆ Council of Community Members
  - ◆ Dispute Resolution ◆ Ensures Case Management Competency ◆ Continuity and Portability of Services
    - ◆ Annual Education on DD Reform Act and Availability of Services

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- BLDC already has a formal complaint tracking system and has had one for many years to complement its policies and procedures regarding complaints.
  - Only one formal complaint has been made in the BLDC CDDO area in the last 15 years and this complaint successfully tested the policies and procedures in place and approved by the state. The complaint was appealed all the way through the state administrative hearings process and ruled in the CDDOs favor.
  - Every instance where even an informal complaint is made, the CDDO ensures the individual or entity making the complaint is informed of the policy and procedures for formalizing such complaint and encouraged to seek resolution through those processes, if necessary.
- We agree with the finding that no formal State review process exists to evaluate the BASIS assessments.
    - While there is an existing certification process administered by the State for all BASIS assessors, BLDC would cooperate with any additional efforts to assure consistency in the application of the assessment tool statewide.
  - We agree with the recommendation for KDADS to provide more oversight of the extraordinary funding and this has already been addressed by KDADS in recent months.
    - With the move to KanCare, all extraordinary funding recommendations made by the CDDO are now reviewed and approved by KDADS and the appropriate MCO.

**Question 2: How could the community services system be changed to maximize the amount of funding available to provide services for individuals with developmental disabilities?**

- We agree with the LPA analysis that a shift in State Aid SGF to the waiver would result in loss of services to individuals that are Medicaid eligible, have an I/DD diagnosis but whose disability does not qualify as "severe" enough for waiver services.
  - In BLDCs service area, the elimination of State Aid SGF would directly result in loss of services (day and residential) for thirteen individuals with developmental disabilities and extreme reductions in our competitive employment services department, reducing services to those who are looking for and maintaining employment in the community. Any effort to reduce with waiting list for services should not be made at the expense of those who need and are already in services.
  - Given the confirmation that some individuals would lose services to benefit others, we are confused as to why, in the final legislative recommendations, the LPA indicates support for the transfer of these funds to serve fewer numbers of people in higher cost Medicaid/HCBS services.
- We disagree with the LPA analysis: "Consolidating CDDOs could reduce administrative costs by about \$500,000 to \$800,000 a year." We do not support any effort to reduce access points for services for the I/DD population.
  - Savings can only be achieved through reduction in the number of CDDOs (currently 27). Such reduction would result in decreased access to gatekeeping services into the I/DD service system for a population that struggles with access already, due to being poor, transportation challenges (especially in rural areas), and communication and intelligence limitations (majority of population cannot read or write, many are non-verbal).

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- The state currently benefits from having a CDDO administrative system that costs less than 3% of the waiver. I would challenge any other service system to achieve such administrative efficiency with the number of legal, regulatory, and contractual requirements placed on CDDOs. Being part of a larger organization, BLDC's CDDO department incurs significantly less costs in administrative overhead for office space, overhead costs, and access to accounting and IT services at minimal cost than it would as a stand-alone CDDO.
- We disagree with the LPA study's assertion that Kansas could further reduce its costs associated with paying service providers by using more bundled payments and fewer fee-for-service payments and additional preventative efforts such as background checks of services providers should be taken.
  - In the study, the LPA admits they briefly looked at this area. If more time had been taken to review specific the specific reimbursement model in place, they would have discovered that day and residential services are paid at a capitated daily rate which is a bundled payment structure and has been paid in this manner for 20 years. All plans of care have restrictions on how and what can be billed.
  - Criminal background checks and federal fraud background checks have been a requirement for all licensed service providers for many years. Each year during licensure review by KDADS, BLDC is reviewed for compliance with this requirement.

#### Other Findings

We disagree with the finding that CDDOs are using funds to pay for lobbying activities and legal opinions do not support this finding.

- The examples cited in the study are expenses associated with dues paid to a state association with expenses paid by CDDOs in contracting with KDADS as their specific incorrect example of lobbying. Contracting is required by law and expenses associated with contracting are a normal part of doing business. See the letter from Foulsten-Siefken regarding their legal opinion regarding this portion of the LPA audit which should be contained within the finished report.

We disagree with the finding that KDADS does little to monitor CDDOs administrative expenditures for the DD Waiver.

- Detailed expense reports with CDDO administrative costs are filed quarterly with KDADS and have been for years by BLDC and all other CDDOs.
- Annually, BLDC's CDDO administrative costs are audited by an independent accounting firm assuring compliance with GAAP and OMB Circular A-133. The annual audit report is forwarded to KDADS auditing staff.

#### Other LPA Report Concerns

- The report recommends that legislators consider another round of sweeping changes to the I/DD system (in addition to the changes now being implemented with KanCare) without adequate representation from the individuals and families most directly affected. We find this recommendation confusing given that report's findings of "no evidence" of problems in the CDDO system due to conflict of interest.
- The use of negative pull quotes is disproportionate and injects some unintentional bias into the report. For example, the report states, "a majority of case managers and CDDO officials

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*responded that the complaint resolution process used by CDDOs adequately addresses complaints and is fair and impartial.*” There are no pull quotes used to elaborate upon this favorable rating offered by some 99 respondents as outlined in Figure 1-3. The report goes on to state, *“However, several community service provider officials responded with concerns about the complaint resolution process. These concerns include: “...the CDDO that has ties to another community service provider do not treat other community service providers the same. As a community service provider I feel as if trying to resolve issues with the CDDO and the community service provider that they are associated which is akin to beating a dead horse.”; “Some agencies can do anything; others are called in for minor infractions.”* Two negative pull quotes are used to depict this unfavorable rating offered by only 16 respondents as outlined in Figure 1-3.

Thank you for considering the aforementioned responses offered by Big Lakes.

Sincerely,



Lori Feldkamp  
President & CEO

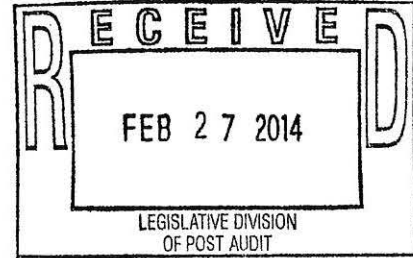


of Southeast Kansas

Community Developmental Disability Organization

PO Box 266 1200 Merle Evans Drive Columbus, KS 66725  
620-429-8985 FAX 620-429-8723

February 27, 2014



Scott Frank, Legislative Post Auditor  
Kansas Legislative Division of Post Audit

Reference: Draft report "CDDOs: Reviewing Issues Related to Community Services Provided for Individuals with Developmental Disabilities"

Via: Email to Brad Hoff @ [brad.hoff@lpa.ks.gov](mailto:brad.hoff@lpa.ks.gov)

Dear Mr. Frank,

The CDDO of Southeast Kansas has submitted a separate, brief, response to the referenced report and will provide additional comments in this extended response.

Again, we thank the Legislative Post Audit (LPA) Division for the opportunity to review and submit comments on the draft report. Although, we were not one of the five CDDOs selected for review, we were contacted by LPA staff to provide certain information concerning several processes and duties performed by CDDOs. We found LPA staff to be extremely professional and seeking to understand and clarify these processes.

As we pointed out in our separate brief response, the report itself affirmed that there was no evidence of CDDOs that have a service provider component exhibiting a conflict of interest.

We had a telephone conference yesterday, February 26, 2014, with LPA staff to verbally review the draft report and offer comments and suggestions. We do not know which suggestions/comments, if any, will be incorporated in the final report, so we will present our suggestions/comments in this response.

- We suggested that all references to the CDDO "referring" persons to service providers be changed to make it clear that CDDOs "offer choice" of service providers.
- The report's presentation that the CDDOs maintain a network of service providers requires a bit of clarification and history. The report states "In turn, CDDOs may establish their own service provider or contract with independent community service providers." Most current CDDOs were *already service providers* prior to the DD Reform Act of 1995 (DDRA), and were known as Community Mental Retardation Centers (CMRC). The CMRCs were the county designated entities to receive county MR/DD mill levy. With the passage of the DDRA, the CMRCs became the CDDOs and were assigned the CDDO responsibilities of the DDRA. The CDDOs are *required* to affiliate/contract with any service provider that meets eligibility criteria. If in the case of a licensed service, KDADS performs the eligibility process, including background checks, and issues the license(s).
- In the report's references to local funding (county mill levy), it is important to emphasize that most of these funds are used for direct services, and *not* for administrative costs.
- The draft report's discussion on Extraordinary Funding (EF) requires clarification. Although the CDDO facilitates the EF process and makes a determination/approval of EF requests, the process is standardized across the State with agreed on forms and calculations. *Final approval* is, and always has been, granted by KDADS.
- The report says that "...CDDOs have the *authority* to create their own community service provider and contract with independent services providers." Once again, CDDOs may *operate* a service

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provider component (see bullet above about CDDOs being CMRCs/service providers prior to the DDRA) and are **required** to contract/affiliate with eligible service providers.

- The draft reports states "KDADS does little to oversee or provide guidance to CDDOs and community service providers." We would respectfully disagree with this observation. KDADS has a system of quality assurance (QA) oversight and regional/local quality oversight staff (QMS) that provide oversight and guidance to both CDDOs and service providers. In most areas, KDADS QA staff work closely with CDDOs to ensure quality services.
- We found the report's discussion/recommendations concerning "bundled rates" for services versus "fee-for-service" interesting and asked about this on our conference call. Several years ago SRS implemented a bundled rate for Residential and Day Supports. However, we were informed that CMS did not allow bundled rates for the HCBS I/DD services provided under Kansas' waiver, so those rates were discontinued. We are curious to learn more about current options for such funding.
- The report's discussion on State Aid states: "Additionally, CDDOs spend a portion of the state aid on non-Medicaid related infrastructure and administrative costs such as transportation." Perhaps it's just the sentence structure, but to clarify "transportation" is a service expense, not an administrative cost.

Once again we appreciate the opportunity to review the draft report and offer suggestions and comments. If we can provide additional information or clarification on our response, please advise.

Sincerely,



Scott Thompson, President/CEO  
[scott.thompson@classltd.org](mailto:scott.thompson@classltd.org)



Cliff Sperry, Vice President for Administration and CDDO Operations  
[cliff.sperry@cddosek.org](mailto:cliff.sperry@cddosek.org)

31-12

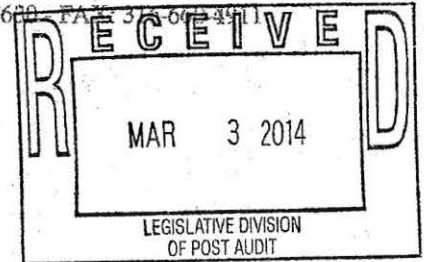


Sedgwick County...  
working for you

## Developmental Disability Organization

615 N. Main, Wichita, KS 67203 - www.sedgwickcounty.org - TEL: 316-660-7688 - FAX: 316-660-4911

Dee E. Staudt, LMSW, LCAC  
Director



March 3, 2014

Scott Frank  
Legislative Division of Post Audit  
800 Southwest Jackson St., Suite 1200  
Topeka, Kansas 66612-2212

Re: Performance Audit Report (R-14-006)

Dear Mr. Frank:

I would like to thank you for the opportunity to review the draft report of the Community Developmental Disability Organization (CDDO) audit performed by your office. As one of the five participating CDDO's involved in providing information and data to the team of auditors, the Sedgwick County Community Developmental Disability Organization (SCDDO) is pleased to provide a response to the 2014 Performance Audit, "CDDO's: Reviewing Issues Related to Community Services Provided for Individuals with Disabilities". On February 28, 2014, per Post Audit staff instruction, SCDDO provided feedback regarding technical corrections (errors of fact, omission, clarification, etc.) therefore, this response will focus on the specific findings and recommendations contained in the draft report. The Sedgwick County Developmental Disability Organization is considered an independent CDDO because we do not also operate a community service provider entity. Our responses are based upon the perspective of that CDDO model.

**Question 1: Do substantial conflicts of interest remain for CDDO's that have their own service providers, and how could those conflicts be resolved?**

- Principle finding: "Although the current structure creates an inherent conflict of interest, CDDO's are not necessarily using it to their advantage."
  - Peer Review Process: We concur with the finding that a review of the current process may be warranted. SCDDO is prepared to collaborate with KDADS and other CDDO's to further strengthen the process. We believe that the peer review process can be a good source of feedback for a comprehensive, continuous quality improvement program for CDDO's. We support the recommendations contained in the report and further recommend a more formal selection and training process for those individuals who volunteer to participate as a reviewer. We further believe that costs related to performing these functions should be considered allowable administrative expenses for a CDDO. Consideration should be given to the uncompensated CSP when participating in the role of reviewer.

- **Complaint Tracking:** We concur with the finding that a more formal system for complaint tracking is needed. SCDDO firmly believes in the use of data and trend analysis as a means to inform continuous quality improvement activities. A formal and comprehensive tracking system would most certainly benefit the I/DD service system and ensure both consumer and provider rights are upheld. Furthermore, the system should be transparent to further inspire confidence in the current system of care for individuals with disabilities.
- **Verification of BASIS Assessments:** We concur with the recommendation that KADADS develop and implement policies and procedures to ensure the accuracy of the functional assessments currently known as BASIS. SCDDO supports consistent initial and on-going training for those performing functional assessments to ensure the validity of the selected assessment tool. We further recommend that KADADS works to ensure that the new KAMIS system is performing correctly regarding the scoring of assessments entered. SCDDO staff has been actively engaged with KDADS to ensure a seamless transition to the new KAMIS system and continues to be firmly committed to assisting in the testing and development of policies and procedures to ensure the integrity of the functional assessment process. As with previous Administrations, SCDDO welcomes the involvement of KDADS to re-engage in procedures to routinely review completed assessments.
- **Strengthening KDADS Oversight:** To the extent that the performance audit report recommends increased oversight by the Department of Aging and Disability Services, we support efforts to enhance the confidence that the State has in the services purchased through its' contract with the CDDO's. As in the past, SCDDO stands ready to collaborate in the development of any reasonable policies or procedures deemed necessary to provide these assurances to the Administration and Kansas Legislature.
- **2013 Senate Substitute for House Bill 2155:** While SCDDO is not also a community service provider this bill would have impact on our service system network and directly on persons served in Sedgwick County. The element of the bill which would prohibit a targeted case manager (TCM) from working for a service provider would impact 10 of the 12 agencies currently providing case management services and over 700 persons served. It is unclear what issue this aspect of the bill is intended to address. We would encourage clarification on the specific concern to be addressed through this action and urge thoughtful consideration to potential unintended consequences for persons served. I/DD consumers and their parents/guardians have been given assurances regarding retaining established relationships with targeted case managers. SCDDO is prepared to engage with KDADS and other stakeholders to ensure any action taken which would impact targeted case management minimizes disruption for persons served.

**Question 2: How could the community services system be changed to maximize the amount of funding available to provide services for individuals with developmental disabilities?**

- Principle finding: Legislative Post Audit staff identified some cost savings options for consideration.
  - **Supporting All I/DD Eligible Persons:** CDDO's are the single point of entry for access to I/DD services. As of May, 2013 there were 13,264 individuals served by the I/DD system of care. This number includes persons receiving HCBS waiver funded services and others receiving services and supports funded through other means such as State Aid and local County Mill Levy funding or are waiting for services and/or funding. CDDO's also assess all individuals who present for services, some of whom are determined not eligible and are referred to other community resources. These individuals who are deemed not eligible are not accounted for in the draft report. We believe it is important to note that the CDDO system serves a broader population that is not limited to those receiving HCBS waiver funding. 31-14

- **Consolidation of CDDO's:** The current system of 27 CDDO's serving 105 Kansas counties represents a system designed to meet local community needs through shared resources. If further consolidation is recommended, the SCDDO is prepared to engage with KDADS and other stakeholders to consider the value added benefits of such a strategy. We concur with the cautionary statements within the draft report highlighting off-setting costs to projected savings estimates. SCDDO values the community based, stakeholder approach and the importance of a system of care flexible enough to accommodate the unique needs reflected in each Kansas community. The Developmental Disability Reform Act and current State regulations provides for a robust system of support to ensure quality service delivery and consumer choice. CDDO's perform unique functions not currently provided in the ADRC system. Any movement to further consolidate CDDO's should include a transparent process that remains compliant with current statutes.
- **Re-purposing State Aid Funds:** We concur with the finding that taking State Aid to combine with federal funds to generate additional support for HCBS waiver funded services would benefit some individuals with developmental disabilities but would cause others to lose services. Any effort to cut State Aid from one population and shift funds to support another is simply taking support from one person in need and giving it to another. It does not resolve the issues of underfunding. In Sedgwick County, 37 individuals are receiving day, residential or personal attendant care services funded by State Aid. Another 85-100 individuals/families would lose access to direct financial assistance and/or in-home supports. Services provided through nine State Aid funded programs may be eliminated or access severely reduced should funding be re-purposed. SCDDO believes that the number of persons who may benefit from such a funding shift would be fewer than those currently receiving assistance. It would limit the ability of local communities to assist I/DD service eligible individuals. These funds help keep parents and caregivers working, reduce the likelihood of children coming into State custody and decrease the need of higher levels of care. This is a critical policy decision for the Legislature and we urge caution.
- **Bundled Payments:** SCDDO does not believe that the contracting process between KDADS and the CDDO's interferes in any way with the State or KanCare managed care organizations abilities to consider alternative payment structures to compensate providers for direct services. Community service provider organizations contract directly with each managed care organization for reimbursement for direct service delivery. SCDDO would encourage KDADS and the Legislature to take action on the Governor's 2012 Rate Commission findings which indicated that I/DD providers have not received a rate increase in six years. The commission cited "a need for significant movement on rate increases and the establishment of a revised methodology to establish appropriate rate increases".
- **Preventative Controls:** We concur with the recommendation to approach accurate claims payment proactively. SCDDO operations and quality assurance staff actively engage in efforts to ensure proper background checks are completed by community service providers in accordance with established policies and procedures. Additionally, SCDDO has taken a proactive approach to training and education for all CDDO employees as well as employees of affiliated community service providers by mandating compliance training on fraud, waste and abuse effective in 2014. SCDDO has implemented a compliance hotline (316-660-1115) for our affiliate network to encourage anonymous reporting of concerns related to fraud, waste and abuse and have also secured a web-based application for that purpose as well ([www.ourworkplace.com](http://www.ourworkplace.com)). SCDDO is committed to partnering with KDADS and other stakeholders to strengthen this aspect of the system.

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**Other findings: Use of Funds for Lobbying-Related Activities and KDADS Oversight of Administrative Expenditures.**

- **Use of Funds for Lobbying-Related Activities:** SCDDO has reviewed, in detail, all questionable expenditures identified by Legislative Post Audit staff. We continue to believe that the majority of the expenses identified were allowable. In order to alleviate any future concern, we have made adjustments to internal practices associated with processing invoices and budgeting. Staff that works with the SCDDO budget or accounts payable have been trained on the adjustments to our practices to ensure accurate payment and accounting of administrative funds. We will continue to work closely with our legal department to ensure compliance.
- **KDADS Does Little to Monitor CDDO's Administrative Expenditure:** SCDDO does not agree with this finding. CDDO's submit quarterly financial reports to KDADS staff. KDADS staff has the ability to question those reports at any time and may request additional information or supporting documentation as deemed necessary. Additionally, CDDO's submit an independent financial audit annually for KDADS review. SCDDO remains willing to respond to any and all inquiries regarding specific expenditures.

The Sedgwick County Developmental Disability Organization appreciated the opportunity to participate in this performance audit with members of the Legislative Post Audit team. Thank you, once again, for allowing me the opportunity to review the draft report and provide a response. Please feel free to contact me if you have any questions concerning this response.

Sincerely,



Dee E. Staudt, LMSW, LCAC  
Director, Sedgwick County  
Developmental Disability Organization

31-16



**Itemized Response to LPA Recommendations**

**Audit Title:** LPA 13-006 – CDDOs: Reviewing Issues Related to Community Services  
**Agency:** Sedgwick County CDDO

LPA Recommendation	Agency Action Plan
<b>Question 2</b>	
3. To address the issue of CDDOs inappropriately spending funds on lobbying-related activities:	
b. The four sampled CDDOs that had non-allowable expenditures identified should take the steps necessary to ensure the funding is not state or federal funding (for example, eliminate co-mingling by separating and tracking different funding sources).	SCDDO reviewed all identified non-allowable expenditures to ensure that all staff managing allocated funds understand what is and is not considered to be an allowable expense. We have made adjustments to internal practices associated with processing invoices and budgeting. Staff who work with the SCDDO budget or accounts payable have been trained on the adjustments to our practices to ensure compliance with KDADS/CDDO contract.

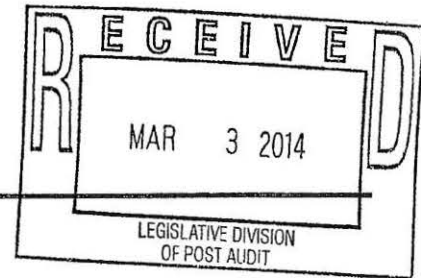
31-17



## Cottonwood CDDO

... a division of Cottonwood, Inc.

2801 W. 31<sup>st</sup> Street • Lawrence, Kansas 66047  
785 • 842 • 0550



March 3, 2014

### RE: LPA Response from Cottonwood CDDO

Thank you for the opportunity to provide a response to the Legislative Post Audit report on CDDOs. While we may have some differences in opinion and/or clarifications to the report, we are pleased with the overall finding that there is no evidence of conflict of interest in our system which supports what we have accomplished as a system to mitigate the inherent conflict of interest.

#### Overview of the Developmental Disability (DD) Waiver:

Historically, Kansas Statute passed in 1970 established a community system of providers for persons with Intellectual and Developmental Disabilities (I/DD) referred to as Community Mental Retardation Centers (CMRC). This statute also supported the establishment of a strong relationship between CMRCs and counties and preceded the Developmental Disability Reform Act (DDRA) of 1995. With the passage of the DDRA, the state recognized the strength, experience, and stability of CMRCs, thus adding the responsibilities of the CDDO to CMRCs was a logical step. There are no instances of CDDOs establishing their own service provider after the passage of the DDRA. The service provider portion of the organization was already in existence as previously noted. Thank you for clarifying that the waiver funding is not given to CDDOs to distribute. Community service providers bill for waiver services. Appendix C is a projection of funding for FY 2014.

#### Question 1:

We are in agreement and pleased that there were no findings of CDDOs taking advantage of inherent conflict of interest, no examples of CDDOs inappropriately awarding extraordinary funding requests and no evidence of CDDOs favoring their own service provider when performing quality assurance reviews.

- CDDO Review and other responsibilities: Pages 9-18: As a point of clarification, with the current process the CDDO review team members may also include staff members from community service providers and consumers/families in addition to CDDO and KDADS staff. We would welcome working with KDADS on changes to the CDDO Review process. Additionally, we would welcome aggregate statewide tracking of Dispute Resolution/Formal Complaints. CDDOs are already required to track Dispute Resolution for CDDO Reviews. We welcome KDADS review of the BASIS process as well.

#### Question 2:

- CDDO Administration: Pages D-25-27: We question the comparison of CDDOs to ADRGs in regards to suggested rough estimates of cost savings. The I/DD community service system encompasses more than just the Medicaid Waiver and related Waiver responsibilities. The ADRGs have a short one step assessment process to determine Waiver eligibility. By contrast,

*Community Developmental Disability Organization serving Douglas and Jefferson Counties*  
[www.cddo.cwood.org](http://www.cddo.cwood.org)

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CDDOs have a two-step eligibility process which includes first determining overall I/DD system eligibility per State requirements and then a second level of eligibility by assessment to determine Waiver eligibility. Unlike ADRCs, the CDDOs also have quality assurance responsibilities for the overall I/DD system. CDDOs maintain a network of service providers and provide monitoring and oversight of the services provided in the community. This includes a Dispute Resolution process, development of a local quality assurance committee, and development of a local Council of Community Members to not only assure quality of services but also stakeholder input into the I/DD system. The CDDOs also have fiscal management responsibilities, not comparable to ADRCs, regarding State Aid funds for individuals who are I/DD system eligible but may not be Medicaid or Waiver eligible, and funding requests for individuals who are in crisis or who have extraordinary support needs.

- State Aid: Pages 27-28: Serving individuals with I/DD using state funds is an efficient way to meet their needs without forcing them to try and become Medicaid eligible. We agree that taking State Aid and using it for Medicaid match is an unacceptable trade off.

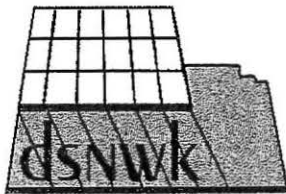
Thank you again for the opportunity to respond to the audit.

Sincerely,



Sharon S. Spratt  
CEO

31-19

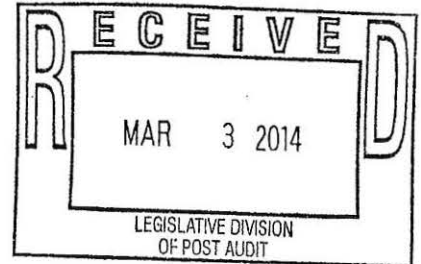


CDDO

**DEVELOPMENTAL SERVICES OF NORTHWEST KANSAS, INC.**

2703 Hall  
(785) 625-5678  
fax number (785) 625-8204

P.O. Box 1016  
Hays, KS 67601  
www.cddo.dsnwk.org



March 3, 2014

Legislative Division of Post Audit  
Attn: Brad Hoff  
800 SW Jackson Street, Suite 1200  
Topeka, KS 66612

RE: CDDOs: Reviewing Issues Related to Community Services Provided for Individuals with Disabilities.

Dear Mr. Brad Hoff,

Thank you for the opportunity to respond to the draft Legislative Post Audit Report: CDDOs Reviewing Issues Related to Community Services Provided for individuals with Disabilities. We appreciated the professional approach and respect provided to us by the LPA staff during the audit process.

As a participating CDDO, we found the tone of the scope statement biased and concerning. As evidence, the LPA's first task was to determine, 'Do substantial conflicts of interest remain?' This question assumes 'substantial conflicts exist' and thus directs the LPA reviewers to target a foregone conclusion. To this core, yet pivotal, question regarding CDDO conflicts of interest, the LPA's findings are a definitive 'No.' No evidence was found of conflict of interest, a finding in sharp contrast to the assertion. This LPA study of the "inherent conflict of interest" acts as clear and convincing evidence that inherent conflicts of interest have been effectively mitigated within the current community CDDO system structure. Given this, it is counter-intuitive to also implement changes to the DDRA, the intended purpose behind SS HB 2155. In spite of the fact that this conflict of interest matter was closely scrutinized through the LPA review, the findings yielded no evidence, only perception, of conflict of interest. Although we concur with this core finding, we wish to include additional comments, clarifications and concerns, which are contained in this letter.

*The Designated Community Developmental Disability  
Organization for Northwest Kansas*

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**Question 1: Do Substantial Conflicts of Interest Remain for CDDOs That Have Their Own Service Providers, and How Could Those Conflicts Be Resolved?**

**Response:**

The LPA was charged to review CDDOs on the matter of conflicts of interest. This is not a new matter to our system; the LPA has looked at the CDDO system and the inherent conflict of interest issue several times since 1995. I believe the authors of the DDRA recognized and understood this potential from its inception leading to the establishment of appropriate structure, safeguards, and policies and appropriate involvement of the service network and other stakeholders. This LPA study yielded no evidence of "conflict of interest." The system is operating as intended, with safeguards in place which mitigate the inherent conflict of interest.

This I/DD system, now under KanCare, the managed care model for Kansas, has and will continue to call upon the strength of the CDDOs all across Kansas and the community I/DD system to be successful. The organizations across the state overseeing, serving and supporting persons with I/DD, like those in Northwest Kansas, remain community organizations focused on carrying out the core functions of the DDRA: supporting persons with I/DD, engaging them in work and activities that maximize their abilities, independence, integration, inclusion and productivity in the community.

There is no logic and no basis for implementing drastic changes to the landmark DDRA, as proposed in SS HB 2155. To suggest change to a well established and well functioning community based system, scrutinized closely in this LPA process and yielding no evidence of 'conflict of interest', would be counter-intuitive.

- ***The Structure of the State's Developmental Disabilities System Creates an Inherent Conflict of Interest for CDDOs***

The report identified areas where a CDDO could favor its own service provider over others.

**Response:** The safeguards built into our system to mitigate inherent conflict of interest are validated by the findings of the LPA review. The report reflects that there was no evidence of conflict of interest of the CDDOs in their role as gatekeepers, addressing extraordinary funding requests, and managing quality assurance processes.

With regard to the finding which relates to the tracking of formal complaints, we concur on the importance of developing a state-wide system to define and track formal complaints for system quality and management. We will collaborate with KDADS to assist in the development of this tracking system.

- ***The Kansas Department for Aging and Disability Services Provides Weak Oversight for CDDOs in Several Areas***

**Response:**

Peer Review:

The community service system leaders have demonstrated responsibility in fair management of the community system. Enhancement in the peer review process could be further refined to allow for tracking of concerns and resolution. In this review, little was

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mentioned of the peer reviews completed on the CDDOs and the positive outcomes of those reviews.

Contract Negotiations:

We disagree with the State's assertion that the contract negotiation process is cumbersome and ambiguous. The DDRA (39-1806) establishes a system of contracting that authorizes open and equitable negotiation between the contracting parties. That process has been in place since the inception of the DDRA. One representative of each of the 27 CDDOs has a seat to negotiate a single agreed upon contract with KDADS.

In the contract negotiation process, particularly when system change is involved, gaining input from stakeholders regarding the impact of such is essential. The value of having community stakeholders present at contract negotiations is important and is imbedded in the DDRA. There may be 50 - 70 people attending the open meeting, however only 27 CDDO representatives negotiate with KDADS.

The KDADS/CDDO contract process as established in the statutes, includes a mediation process, should that be necessary. In the past 18 years, mediation was necessary only a few times and each time led to successful resolution.

- ***A Bill Proposed During the 2013 Legislative Session Would Prohibit CDDOs from Providing Direct Services, Which Could Eliminate the Inherent Conflict of Interest***

**Response:**

The LPA report demonstrates there is no evidence of a conflict of interest. We believe the system is operating as it was intended, and with the safeguards in place, the inherent conflict of interest is mitigated.

Given the outcome of this report, there is no logical basis for making drastic changes to the landmark DDRA, as proposed in Senate Substitute for House Bill 2155. For this well established and well functioning community based system, suggesting such changes without cause would be ill-advised. This would dismantle the system that has been in place, worked for decades, provides quality services, and is unique to this population. This I/DD system, now under KanCare, has and will continue to call upon the strength of the CDDOs and the community I/DD system all across the state to be successful. The organizations across the state overseeing, serving and supporting persons with I/DD, like those in Northwest Kansas, remain focused on carrying out the core functions of the DDRA in each region.

\*\*\*\*\*

***Recommendations for Executive Action:***

**Response:** DSNWK CDDO will work in collaboration with KDADS and other stakeholders to further refine the Peer Review process, to define and track formal complaints, and to continue to work in collaboration with KDADS to improve the current BASIS system.

\*\*\*\*\*

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**Question 2: How Could the Community Services System Be Changed to Maximize the Amount of Funding Available to Provide Services for Individuals With Developmental Disabilities?**

- ***Consolidating CDDOs Could Reduce Administrative Costs By About \$500,000 to \$800,000 a Year***

**Response:**

The total CDDO Administration expenditures (\$9 Million) for this system are less than 3% of the HCBS Waiver total program expenditures (\$328 Million). Disrupting an already efficient system, without a full understanding of the entire cost and impact of such a decision, would appear short sighted. As stated in the LPA report, we believe having CDDOs with larger geographic areas would result in additional costs relating to travel time and expense, which would offset any potential savings from consolidation.

References to ADRCs:

The distinct functions of the CDDO system and the type and level of oversight and management of services and supports systems for persons with I/DD is distinctly different than the more limited functions of the ADRCs. Although both ADRCs and CDDOs conduct functional assessments, the CDDOs responsibilities are far greater than the initial gatekeeping tasks (i.e. contracting and maintaining an adequate network of I/DD providers, monitoring the quality of the provider network, maintaining a Council of Community Members, and other core components).

- ***Kansas Could Increase Federal Revenues By Up to \$6.5 Million a Year by Redirecting \$5 Million in State Aid***

The report notes KDADS distributes \$5 million in State Aid to CDDOs and this money is used to provide non-Medicaid services that are not matched with federal funding.

**Response:** Repurposing State Aid to be used as matching funds for the HCBS I/DD Waiver would have devastating effects on the community service system. This action would effectively remove vital funding for current services for approximately 600 individuals. Although this would result in additional federal funds, it would provide funding for services to fewer people (approximately 280 individuals). Moving State Aid dollars to the waiver would result in a subsequent negative impact on the 600 individuals' lives who would potentially fall through the cracks. In addition, these state dollars currently benefit all regions of the State, filling gaps that are unmet by other funding. Moving dollars paying for non-Medicaid services to the HCBS waiver would result in a geographic shift of resources from rural areas, like those in northwest Kansas, to urban areas where the vast majority of the people on the HCBS waiting list reside.

- ***We Identified Other Potential Cost Savings Options To Help Maximize Funding Available for Developmental Disability Services***

The report states that KDADS officials told the auditors they realize that moving away from a fee-for-service payment system would result in cost savings, but doing so would require

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renegotiating the contract with CDDOs and changing from the BASIS assessment and current tier payment system.

**Response:** The current I/DD service system has been chronically underfunded. The State's own rate studies, not referenced in this report, have indicated rates should be increased. There have been no HCBS Waiver rate adjustments since July 1, 2008. We appreciate the attempt to identify ways to cut costs; however, the focus should be on addressing the funding shortfall in the community service system.

## OTHER FINDINGS

- ***Several CDDOs We Reviewed Spent Funds On Lobbying-Related Activities, Which Appears to Violate Federal and Contractual Requirements***

**Response:** The report identifies contract negotiations as lobbying and states that expenditures in the contracting process violate the prohibition from lobbying. We believe this assertion is in error. The statutory requirement of contract negotiations with the State is outside the definition of lobbying and costs associated with such are not lobbying expenses. In addition, the report appears to consider all dollars paid to the state association, InterHab, as lobbying expenses. The majority of the amount paid to InterHab is for expenses that are clearly outside the definition of lobbying (e.g., association meetings and dues, technical support, resource networks, and group sharing of legal expenses). Finally, prior to the addition of paragraph 13 in the DA-146a (Contractual Provisions Attachment) connected to the KDADS/CDDO contract, representatives of the Administration, KDADS, and counsel confirmed that the scope of this new paragraph was not intended to expand "lobbying" prohibition.

- ***KDADS Does Little to Monitor CDDOs' Administrative Expenditures for the Developmental Disability Waiver***

The report states "Overall, KDADS officials told us the agency does not have a process for thoroughly monitoring how CDDOs spend administrative funding or state aid. "

**Response:** During the contracting process for FY 2014, KDADS and the CDDOs agreed to restrict the use of State Aid funds to specified categories of expenditures and to develop a methodology for refining the reporting of these expenditures to KDADS quarterly. The development of this new reporting process was completed and applied to the first quarter's expenditures for FY 2014.

\*\*\*\*\*

### ***Recommendations for Executive Action:***

**Recommendation #1:** To address the issue of reducing the costs associated with paying service providers on a fee-for-service basis, KDADS and KDHE should consider implementing more cost effective payment reform options such as bundled or capitated payments to community services providers.

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**Response:** In regard to bundling or capitated payments to community service providers, the current I/DD service system has been chronically underfunded. We appreciate the attempt to identify ways to cut costs; however, the focus should be on addressing the funding shortfall in the community service system.

**Recommendation #4:** To address the issue of CDDOs inappropriately spending funds on lobbying-related activities, the four sampled CDDOs that had non-allowable expenditures identified should take the steps necessary to ensure the funding is not state or federal funding (for example, eliminate co-mingling by separating and tracking different funding sources).

**Response:** We disagree with the finding that CDDO state and federal funds were spent on non-allowable expenditures. State and Federal funds received for CDDO administration were deposited in the same bank account as other DSNWK operations for the years reviewed in this report. However, a detailed chart of accounts is maintained and cost centers are used to separate functions within the general ledger. Expenses for CDDO functions have always been tracked in separate cost centers. We can demonstrate that CDDO administration funds received from KDADS were spent in their entirety for CDDO functions and that none of those funds were used for association dues or for lobbying purposes. To demonstrate further accountability, a separate bank account in which to deposit and disburse CDDO administration funds was established as of July 1, 2013.

\*\*\*\*\*

***Recommendations for Legislative Action:***

**Recommendation #1:** To address the issue of reducing administrative costs within the developmental disability system, the Legislative Post Audit Committee should consider introducing legislation to reduce the number of CDDO regions.

**Response:** With regard to consolidation of CDDOs, we believe this usurps the involvement with counties, will be disrupting to an already efficient system, and it will result in additional costs which would offset any potential savings from consolidation.

With regard to combining CDDOs with the ADRCs, we believe the CDDO system is distinctly different and should remain separate from the ADRC system.

**Recommendation #2:** To address the issue of not matching all available state funds with federal matching funds, the Legislative Post Audit Committee should consider introducing a bill to redirect all or a portion of the \$5 million in State Aid to provide Medicaid eligible services. Doing so would allow these State Aid funds to be matched with federal funds.

**Response:** We believe repurposing State Aid to be used as matching funds for the HCBS I/DD Waiver would have devastating effects on the community service system and should not be considered. This action would result in a negative impact to both the 600 individuals losing funding for services and potentially falling through the cracks and the shifting of resources from rural communities to urban areas where the vast majority of the people on the HCBS waiting list reside.

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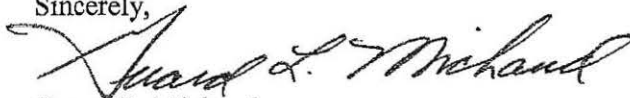
In conclusion, DSNWK/CDDO believes it has performed its roles and functions with fairness and objectivity. The LPA review closely scrutinized the perceived conflict of interest and found no evidence of such. We believe the current CDDO system in Kansas, operating on less than 3% of the I/DD waiver funding, reflects an efficient and effective system where the potential conflict of interest is mitigated by the safeguards and structure already in place.

We believe it would be poor State policy to propose legislative action that would re-purpose, or eliminate, the State Aid funding stream. To take current State Aid dollars, serving approximately 600 persons today, to serve approximately 280 different persons from the I/DD waiting list, would be like throwing one group of persons off of the bus to give fewer persons access into the bus. The core issue at play here is the shortage of funding appropriated to meet the needs of all Kansans' with I/DD, including those not eligible for waiver funding whose services are paid for with State Aid funds. The chronic under-funding of the community I/DD system remains a critical concern, and this significant aspect of the system was not touched in this review.

Finally, to initiate the restructuring of an efficient and effective CDDO system (either by reducing the number of CDDOs or merging functions with the ADRCs), based on this report would appear premature at best. We believe it would be unnecessary and counter-intuitive.

We would like to express our gratitude for the opportunity to provide our input and comments on the report. As system stewards, we strive to maintain an I/DD system in northwest Kansas which is balanced and fair. The I/DD system has relied upon the strength of the CDDO system in Kansas. The community I/DD system, under the new KanCare model, will need to rely more, not less, on this strength to ensure success. The Kansas I/DD system remains focused on delivering the core functions of the DDRA: Supporting persons with I/DD and engaging them in work and activities that maximize their abilities, independence, integration, inclusion and productivity in the community.

Sincerely,



Gerard L. Michaud  
CDDO President

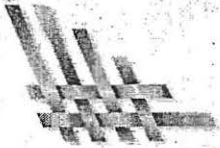
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**Itemized Response to LPA Recommendations**

**Audit Title:** LPA 13-006 – CDDOs: Reviewing Issues Related to Community Services  
**Agency:** DSNWK

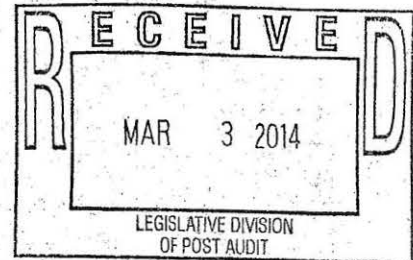
LPA Recommendation	Agency Action Plan
<b>Question 2</b>	
<p><b>3.</b> To address the issue of CDDOs inappropriately spending funds on lobbying-related activities:</p>	
<p><b>b.</b> The four sampled CDDOs that had non-allowable expenditures identified should take the steps necessary to ensure the funding is not state or federal funding (for example, eliminate co-mingling by separating and tracking different funding sources).</p>	<p>We disagree with the finding that CDDO state and federal funds were spent on non-allowable expenditures. State and Federal funds received for CDDO administration were deposited in the same bank account as other DSNWK operations for the years reviewed in this report. However, a detailed chart of accounts is maintained and cost centers are used to separate functions within the general ledger. Expenses for CDDO functions have always been tracked in separate cost centers. We can demonstrate that CDDO administration funds received from KDADS were spent in their entirety for CDDO functions and that none of those funds were used for association dues or for lobbying purposes. To demonstrate further accountability, a separate bank account in which to deposit and disburse CDDO administration funds was established as of July 1, 2013.</p>

31-27



## Disability Planning Organization of Kansas

A Community Developmental Disability Organization Serving Kansans



Scott Frank  
Legislative Post Auditor  
800 SW Jackson Street, Suite 1200  
Topeka, KS 66612-2212

Dear Mr. Frank,

The auditors have been diligent and properly analyzed the scope of work, unfortunately the inquiry misses the conscientiousness with which the DD Service System has been administered since the 1995 DD Reform Law passed. This law was created in partnership with people with I/DD, family members, community service providers, state officials and legislators. It had a solid foundation and was forward thinking in its design.

Together administration personnel and CDDOs have created regulations, policies, contracts, committee practices and communication channels.

QMS field staff relate with CDDOs in all aspects of local operations, Central office consults in funding operations and processes. Affiliating providers have direct access to central office administration and field staff. The I/DD Reform system has respected the rights of people and the fairness of operations throughout its 20 years. KDADS assumed system authority during an extreme state of change in department, personnel, Medicaid system and CMS expectations. It is regrettable that this report criticizes KDADS oversight and persists with complaints that are isolated and calling out system flaws that were perhaps short-sighted when built into its original design.

We are pleased that no evidence of mismanagement of system responsibilities was found. We support strengthening the peer review process and validation of the assessment tools. The LPA Team's collaborative effort to ask questions and allow for corrections is greatly appreciated.

Kansas' definition of people with I/DD is broader than HCBS waiver program. State aid is the only funding left to serve that group of people.

Thank you for your time and consideration.

Sincerely,

Shelia Nelson-Stout  
President/CEO



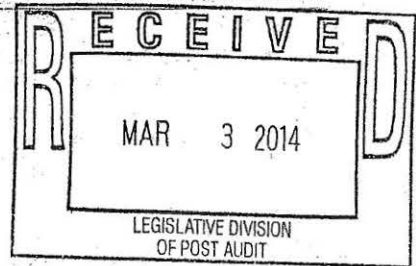
**HETLINGER**  
Developmental Services, Inc.

Community Service Provider  
Community Developmental Disability Organization  
Serving Lyon, Chase, Morris and Wabaunsee Counties

707 S. Commercial • P.O. Box 2204  
Emporia, KS 66801  
620-342-1087 • Fax 620-342-0558

March 3, 2014

Kansas Legislative Division of Post Audit  
800 SW Jackson, Suite 1200  
Topeka, KS 66609



Ladies and Gentlemen:

This letter is in response to the draft of your completed performance audit, *CDDOs: Reviewing Issues Related to Community Services Provided for Individuals with Developmental Disabilities*. We appreciate the opportunity to comment on the performance audit.

**Overview of the Developmental Disability Waiver:**

We would like to comment on the paragraph beginning "CDDOs maintain a network of community-based service providers within their region to deliver those services". The report states that 21 CDDOs have established their own service provider. We would like to point out that many CDDOs were already providing community services to persons with intellectual and developmental disabilities as the county designated "community mental retardation center" organized pursuant to K.S.A. 19-4001 through 19-4015 and amendments thereto, prior to the enactment of the Developmental Disabilities Reform Act. These non-profit agencies became CDDOs simply by default, and did not establish their own service provider after the enactment of the Developmental Disabilities Reform Act.

**Question 1: Do Substantial Conflicts of Interest Remain for CDDOs That Have Their Own Service Providers, and How Could Those Conflicts Be Resolved?**

We agree with the finding that there is no direct evidence that CDDOs have taken advantage of the inherent conflict of interest.

We agree with the finding that the Kansas Department for Aging and Disability Services (KDADS) provides weak oversight for CDDOs in several areas. We would welcome working with KDADS to develop policies and procedures on these areas such as extraordinary funding, the peer review process, tracking complaints, and the eligibility and BASIS assessment process.

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**Question 2: How Could the Community Services System Be Changed to Maximize the Amount of Funding Available to Provide Services for Individuals With Developmental Disabilities?**

Reducing the number of CDDOs could possibly reduce administrative costs, however we would prefer that did not happen. If legislation is passed that prohibits CDDOs from serving as both a gatekeeper and service provider, we would appreciate KDADS developing a process for reorganizations.

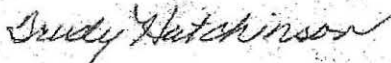
We agree that Kansas could increase federal revenues by redirecting state aid, however that would leave many individuals who are not waiver eligible without any services. Not receiving any services could very well result in crisis situations for some of these individuals. Using state aid as it is currently used will provide at least some services to a greater number of individuals.

We agree that adopting more preventive controls to reduce the risk of Medicaid fraud would be a potential cost savings to the system and we would support that.

We would support KDADS developing a process to more actively monitor CDDO administration expenses.

We would strongly advise that further study be completed prior to proceeding with either of the recommendations for legislative action to reduce the number of CDDO regions and/or to redirect all or a portion of the \$5 million in state aid.

Respectfully,



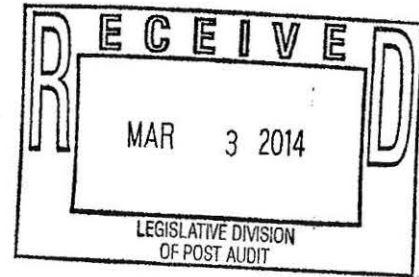
Trudy Hutchinson  
Executive Director

31-30

**JOHNSON COUNTY**  
KANSAS  
**Developmental Supports**

March 3, 2014

Mr. Scott Frank  
Legislative Post Auditor  
Legislative Division of Post Audit  
800 SW Jackson Street, Ste. 1200  
Topeka, KS 66612-2212



Dear Mr. Frank,

I would like to thank the members of the Legislative Post Audit for the time and effort they put towards the review of the questions included in this audit. Johnson County Developmental Supports (JCDS) is, for the most part, in agreement with the findings.

**Responses to Question 1:**

We are very pleased the audit found no evidence of conflict of interest. The CDDO system has worked effectively since the advent of the Developmental Disabilities Reform Act and CDDOs, regardless of the corporate structure they fall within, take their impartial role seriously.

The reference to "CDDOs with their own service provider" is inaccurate. In agencies that perform both the CDDO and Community Service Provider (CSP) functions, CDDOs operate independently from the CSP. While the report highlights some concerns listed from those surveyed about conflicts of interest it is encouraging, reassuring and important to note the audit "did not find direct evidence that CDDOs have taken advantage of the "Inherent Conflict of Interest." The importance of no conflict of interest being found in the areas of extraordinary funding determinations and quality assurance reviews cannot be understated.

We are in agreement with the recommendation to track complaints. Historically formal complaints do not happen with a great deal of frequency, but a way to track and monitor makes sense, particularly when systemic questions are being raised.

Historically the CDDOs and the State (SRS or KDADS) have had good working relationships that focus on the best interests of those receiving services. The oversight of the system has been a partnership with the ability and opportunity to raise questions and hold each other accountable as needed. The contracting process is one way this occurs and it has been effective. Since state law requires an "open and equitable negotiation" any changes to the contracting process should be well vetted and agreed upon with the contracting parties and system stakeholders.

In our experience, CDDOs and system stakeholders have welcomed any discussion regarding the improvement in the quality of services for those we serve. If that means enhancing or modifying the peer review process of CDDOs, that discussion should occur. The most significant point is the focus on the partnership. The local-state partnership has been an important component of the intellectual and developmental disability system and we strongly recommend that partnership continues.

**Responses to Recommendations for Executive Action on Question 1:**

- 1) JCDS is in agreement with the recommendation and it is important to note that the KDADS review has been implemented and is occurring.
- 2) JCDS supports an evaluation of the peer review process and focusing on a continuous improvement model.
- 3) JCDS supports a complaint tracking process in coordination with KDADS.
- 4) JCDS would be interested in working with KDADS on a review of the BASIS assessment process. Our recommendation would be to address this through the contracting process.
- 5) JCDS feels the existing structure and functions of the CDDOs are and have been working well and changes in these areas are not required. The audit did not find conflicts of interest which was the assumption for which these types of changes were proposed.

31-31

**Chad VonAhnen**  
Executive Director

(913) 826-2631 office  
(913) 826-2627 fax  
jocogov.org

10501 Lackman Road  
Lenexa, KS 66219-1223

**Responses to Question 2:**

The desire to maximize funding and best utilize resources is important in delivering efficient services. This has been especially important following the loss of State General Funds in KFY 2012.

The concept of consolidating CDDOs needs thoughtful examination. The CDDO structure is rooted in a state-local partnership that, by current regulation, requires a resolution by the Board of County Commissioners to designate the CDDO for their county. Also, the estimated cost savings through consolidation of CDDOs requires further examination, which the report acknowledges. The report suggests an idea of merging Aging and Disability Resource Centers (ADRCs) and CDDOs. While ADRCs do perform assessments, the overall functions of the ADRCs and CDDOs are not remotely the same. CDDOs are required by law to perform certain tasks. The functions of the two entities are outlined in the table below:

	<b>ADRC</b>	<b>CDDO</b>
<b>Functions</b>	Information, Referral and Assistance services	Provide a single point of entry for people seeking services
	Options Counseling	Determine individual eligibility for Home and Community Based Services (HCBS)
	Assessments	Coordinate access to services and supports
		Provide information and referral services
		Maintain a network of affiliate providers
		Develop local oversight committees
	Monitor expenditures	
		Participate in statewide systemic quality and financial oversight.

The audit does a nice job of outlining the complexity of drawing down additional federal funds if State Aid were used for the waiver. After the elimination of State General Funds, many CDDOs began to utilize State Aid to provide funding for individuals who were eligible for IDD services but not eligible for the Medicaid waiver. A key issue would be the shifting of funding from one population (those not eligible for the waiver) to those eligible for the waiver. Another key issue would be, as the report identifies, the loss of funding for services for 600 individuals to fund services for 280 individuals from the waiting list.

The concept of bundled payments is already occurring, including many services provided within the day and residential tier rates. Any proposed changes to the payment structure should consider the cost of providing the service and refer to completed rate studies as required by state law.

CDDOs provide an important function by monitoring the system and being good stewards of system funding. It should be noted that background checks are currently conducted as required by state regulation. JCDS would be willing to partner with the state to review and improve preventative controls.

31-32



JCDS does not agree with the audit's definitions of lobbying and comingling of funds. Expenses identified in the report include both the CDDO and the CSP and were for a variety of purposes including contract negotiation preparation, direct care staff training and association membership dues. The audit appears to define lobbying based on the vendor rather than the purpose of the expenditure.

JCDS does not comeingle funds. As a part of county government we utilize our county's financial system where revenue is deposited and then tracked in separate accounts, including the differentiation between the CDDO and CSP as well as federal, state, county and grant funding. Expenditures are tracked in a similar manner.

**Responses to Recommendations for Executive Action on Question 2:**

- 1) JCDS is of the opinion that bundled payments are currently occurring, particularly for day and residential services.
- 2) JCDS welcomes any discussion on how to reduce fraud within the system. Background checks are currently completed as required in regulation as part of state licensure, and in state policy.
- 3) JCDS agrees with the appropriate use of funding. However, we disagree with the definition of lobbying being used in the audit for two reasons. First, we do not agree that participating in contract negotiation discussions is lobbying. Secondly, the audit identifies dollar amounts associated with a vendor rather than an activity (e.g., costs associated with InterHab trainings for direct care staff, conference sponsorships, etc. by the CSP were identified as lobbying expenses).
- 4) JCDS utilizes Johnson County Government's financial system. We disagree that funds are co-mingled as revenues and expenditures are identified in separate accounts based on the CDDO or the CSP and also by federal, state, county and grant sources.

**Responses to Recommendations for Legislative Action on Question 2:**

- 1) The state-local partnership that has existed since the DDRA has been an important component of the service system. Attempts to force consolidation could unnecessarily disrupt this partnership and reduce the local contact for stakeholders. Also, the cost savings identified in the audit, as stated, would need more comprehensive review to determine if it is feasible and practical.
- 2) As stated previously, the loss of services for 600 individuals who have no other funding source is much greater than offering services to 240 people from the waiting list. We are in support of eliminating the waiting list, but disagree with doing so at the expense of others.

Sincerely,



Chad VonAhnen  
Executive Director  
Johnson County Developmental Supports

CV/st

31-33

**Itemized Response to LPA Recommendations**

**Audit Title:** LPA 13-006 – CDDOs: Reviewing Issues Related to Community Services  
**Agency:** Johnson County Developmental Supports

LPA Recommendation	Agency Action Plan
<b>Question 2</b>	
<p>3. To address the issue of CDDOs inappropriately spending funds on lobbying-related activities:</p>	<p>JCDS will continue to review the purpose of all spending, as is the current practice. After reviewing the report JCDS, does not believe CDDO funds were inappropriately spent on lobbying.</p>
<p>b. The four sampled CDDOs that had non-allowable expenditures identified should take the steps necessary to ensure the funding is not state or federal funding (for example, eliminate co-mingling by separating and tracking different funding sources).</p>	<p>JCDS is an agency within Johnson County government and utilizes the county's financial system. All revenue sources and expenses are tracked and accounted for separately by federal, state, local and grant funding. As is the current practice, JCDS will continue to monitor all revenue sources and expenditures to assure they are tracked appropriately within the county's system.</p>

31-34



# New Beginnings Enterprises, Inc.

## Board of Directors

Jim Hogan,  
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Wilson County  
Teresa Kirkpatrick  
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Greenwood County

President/CEO  
Joe O'Rourke

March 3, 2014

Legislative Post Audit  
800 Southwest Jackson  
Topeka, Ks 66612-2212

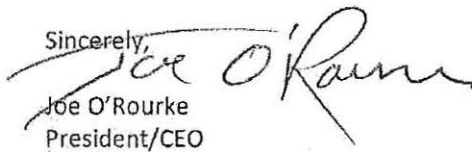
Dear Legislative Post Audit:

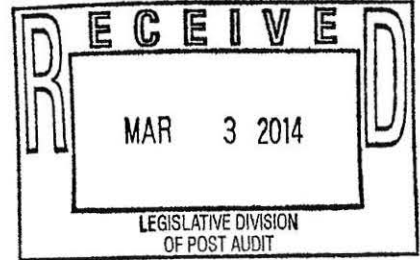
Re: Response Letter

The following letter is a response to the Legislative Post Audit Draft Report dated February 18, 2014 regarding "CDDO's: Reviewing Issues Related to Community Service Providers for Individuals with Disabilities."

I participated on the March 17<sup>th</sup> call and asked the question regarding the wording of statements used in the questionnaire to guardians as being inaccurate. Your response was that the question was worded that way on purpose. I was very surprised that LPA would use that technique as a way of testing "validity". The guardian that showed me the questionnaire was confused as to the wording, mentioned that case managers do not discuss choice of services with parents/guardians, felt the survey was biased and didn't fill it out. I'm afraid you may have outsmarted yourselves and confused a great number of people along the way. I think simple, straightforward questions would get you the information needed.

Sincerely,

  
Joe O'Rourke  
President/CEO



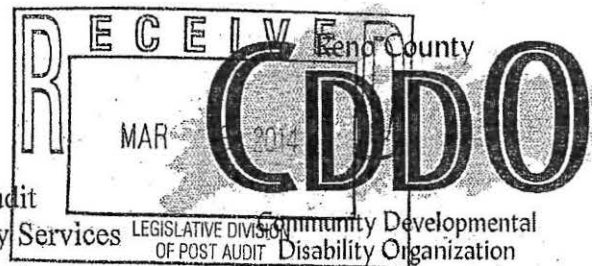
1001 Wilson St. • PO Box 344 • Neodesha, Kansas 66757  
(620) 325-3333 • Fax (620) 325-3899

31-35

March 3, 2014

RE: Reno County CDDO Response to Post Audit

CDDOs: Reviewing Issues Related to Community Services



Thank you for the opportunity to provide a response and feedback to this Legislative Post Audit. We appreciate the efforts of the Legislative Post Audit staff to address the questions in the scope statement related to the intellectual and developmental disability services system.

Question 1: We are pleased that the outcome found no evidence that CDDOs who are a division of a community service provider (CSP) take advantage of their role to the advantage of their CSP.

- CDDOs, including ourselves, follow many procedures to ensure each person is informed of all available service providers in order to make an informed choice and to conduct fair and equitable quality assurance reviews. In Reno County, all individuals receiving or waiting for services are provided a complete list of service providers annually, as well as when they are choosing or changing service providers. Each person receives an annual quality assurance interview, as well as selecting a random sample for more in depth review. We use the same quality assurance process for all individuals, regardless of their chosen provider(s) and follow up on each concern raised in the quality assurance review or from other contacts with individuals and their families.
- Should the administration decide to make changes to the current CDDO Peer Review process, we will participate in this redesign to ensure thorough and consistent reviews.
- Additionally, we agree that it would be a benefit to those we serve to have consistent tracking and reporting of formal complaints and dispute resolution across CDDO areas and would work with Administration staff in the development of this system as well as implementing processes to ensure BASIS accuracy and consistency.

Question 2: We cannot stress enough the detriment reallocating State Aid funding would have on those who rely on that funding for their services.

- Those served with State Aid dollars are typically not eligible for Medicaid funding and would not benefit from additional Medicaid Funding.
- This group of individuals would be forced out of service in order to serve people now waiting for services. State Aid funding is used to serve approximately 600 people, unfunding one group to serve another serves no purpose.

*"Your entry to developmental disability services in Reno County"*

Reno County CDDO • P.O. Box 399 • 1300 East Avenue A  
Hutchinson, KS 67504-0399 • 620-663-2219 • FAX 620-663-2439

The Reno County CDDO is a division of the Training & Evaluation Center of Hutchinson, Inc.

31-36



Community Development  
Disability Organization

In conclusion, we agree and are pleased with the findings of the Audit related to conflict of interest concerns and look forward to working with the administration to further improve the I/DD service system and associated processes.

We do not support a policy change in the use of State Aid funding that would force people currently receiving services to lose funding and services to serve others who are waiting. Given the lack of evidence of abuse of the 'inherent conflict of interest', the significant difference in the roles of ADRCs and CDDOS, and the minimal estimated potential savings of consolidating CDDOs we feel the results of this audit do not support a reorganization of the current CDDO structure.

Respectfully,

A handwritten signature in cursive script, appearing to read "Carri McMahon", written in dark ink.

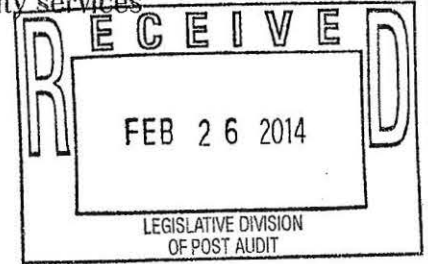
Carri McMahon  
Director, Reno County CDDO

31-37



Southwest  
Developmental  
Services, Inc.

"Helping Kansans with developmental disabilities  
access quality community services"



To: Legislative Division of Post Audit

**Inherent Conflict of Interest**

The initial design of the CDDO system, nearly 20 years ago, created an inherent conflict of interest for CDDOs/CSPs which still exists today. The current LPA report identified several areas of conflict however there are other areas of conflict that were not addressed. These areas include the CDDO's ability to control the affiliation process for competing providers and the CDDO's control of county mill funds and State Aid funds. There is also a conflict of interest when CDDOs/CSPs need to work with KDADS in the oversight of services provided in their area. These are important issues that should have been addressed in this LPA.

**CDDO Peer Review Process**

We believe the current process is not consistently applied and has merely created the appearance of separation of CDDO and service provider. If the process is to be retained, we support the recommendations of the LPA to enhance the CDDO review process.

**Maximizing Funding for persons with I/DD**

We agree with the LPA report that consolidation of CDDO regions and separation of the CDDO from service provision would result in administrative savings for the I/DD system. However, we do not agree with the comparison of CDDO and ADRC functions. CDDO responsibilities are much broader and more complex than just gatekeeping and assessment.

We agree with the LPA report to redirect state aid to provide additional Medicaid waiver services. This would add approximately \$11.5 million to the system.

Mark G. Hinde  
President and CEO  
Southwest Developmental Services, Inc.

31-38

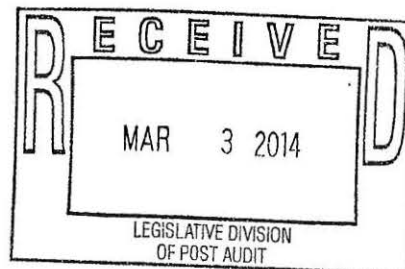
1808 Palace Drive, Suite C  
Garden City, KS 67846  
(620) 275-7521  
800-611-4735  
FAX (620) 275-1792

Community  
Developmental  
Disability  
Organization  
www.sdsicddo.com

1105 Main Street, Suite D  
Great Bend, KS 67530  
(620) 793-7604  
888-793-7604  
FAX (620) 793-7906



COMMUNITY DEVELOPMENTAL DISABILITY ORGANIZATION  
*Miami, Linn, & Anderson Counties*



March 3, 2014

Mr. Scott Frank  
 Legislative Post Auditor  
 Legislative Division of Post Audit  
 800 Southwest Jackson Street; Suite 1200  
 Topeka, KS 66612-2212

Dear Mr. Frank:

TRI-KO, Inc., the Community Developmental Disability Organization (CDDO) for Anderson, Linn, and Miami counties, appreciates the opportunity to respond to the draft Legislative Post Audit report, "*CDDO's: Reviewing Issues Related to Community Services Provided for Individuals with Disabilities*". TRI-KO has identified the following key points of the report for comment, our responses are as follows:

***"Community Developmental Disability Organizations (CDDOs) determine whether individuals are eligible for waiver funded services".***

The report does seem to oversimplify the CDDO's eligibility determination process as merely the administration of BASIS. To the contrary, BASIS is only the last step in a very lengthy, complex, and highly personalized process. The CDDO gathers and analyzes information from various professionals, administers standardized eligibility assessments, and performs service option and provider counseling.

You will note that the scope of these responsibilities is vastly different from those of the ADRC. Additionally, CDDO clientele are markedly different than the individuals served by the ADRC. In many cases, face to face contact and a personal interaction is crucial for effective communication with developmentally disabled individuals. For these and countless other reasons, we do not believe a consolidation of CDDOs and ADRCs would be cost effective or prudent.

***"Kansas could increase Federal revenues by up to \$6.5 million a year by redirecting \$5 million in State Aid".***

Converting the State Aid funding to HCBS Waiver funding would take essential services away from a group of developmentally disabled people who have no other means to access services. Simply put, there is a sizable population that would directly suffer as a result of such an action.

31-39

301 1st Street, Osawatomie, KS 66064

phone: 913.755.3025 fax: 913.755.4981

***"CDDOs appear to inform individuals about all service providers in the area, and parents and guardians we surveyed generally agreed".***

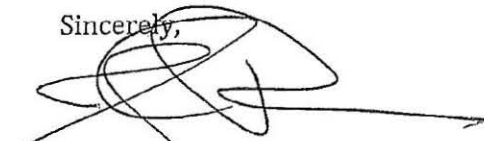
The report acknowledges the CDDO's role in assisting in providing service provider options, but seems to incorrectly indicate that people surveyed were receiving the assistance from "case management". To clarify, this is not a case management function. In the Tri-Ko CDDO region, the CDDO takes absolute responsibility for all service option counseling. This is a safeguarded and very specific role to our CDDO to ensure an unbiased and impartial process.

***"CDDOs provide referrals to and oversight of all service providers, which put them in a unique position to take advantage of the system".***

I would emphasize the reported outcome that, given the inherent conflict of interest that arises from being both a CDDO and a Community Service Provider, CDDOs are not necessarily using the dual relationship to their advantage. Thank you for this observation, I agree, and certainly welcome additional oversight of CDDO functions by KDADS. We value our longstanding relationship with the state, and we'd welcome any opportunity to renew and strengthen that partnership.

TRI-KO appreciates the efforts of the Legislative Post Audit staff in conducting this audit. Thank you for the opportunity to respond to the draft audit report.

Sincerely,



John Platt  
Executive Director  
TRI-KO, Inc.

31-40





Administrative Offices  
 3740 S. Santa Fe  
 P.O. Box 518  
 Chanute, KS 66720  
 Telephone 620.431.7401  
 Facsimile 620.431.1409

Community Developmental  
 Disability Organization  
 521 W. Chanute 35 Parkway  
 P.O. Box 518  
 Chanute, KS 66720  
 Telephone 620.431.7401  
 Facsimile 620.431.1491

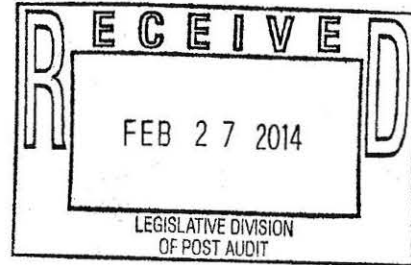
Chanute Service Center  
 3602 Johnson Rd  
 P.O. Box 518  
 Chanute, KS 66720  
 Telephone 620.431.7401  
 Facsimile 620.431.1520

Ft. Scott Service Center  
 4305 Campbell Drive  
 Fort Scott, KS 66701  
 Telephone 620.223.3990  
 Facsimile 620.223.3997

Iola Service Center  
 10 W. Jackson  
 Iola, KS 66749  
 Telephone 620.365.3307  
 Facsimile 620.365.3328

February 28, 2014

Legislative Post Audit  
 800 Southwest Jackson, Suite 1200  
 Topeka, KS 66612-2212



Dear Legislative Post Audit:

RE: Response Letter

The following document is a response to the Legislative Post Audit Draft Report dated February 18, 2014 regarding "*CDDO's: Reviewing Issues Related to Community Services Provided for Individuals with Disabilities.*"

First, I would like to show my appreciation to the Legislative Post Auditors for their openness, frankness and collaboration in working with the Tri-Valley CDDO. Although we do not agree with all of the findings, we found the team to be professional, congenial and informative. Secondly, I would like to address both questions that the audit answered within the report and scope statement; and clarify some of the findings of the audit team. Finally, I would like to comment on House Bill 2155 that "would prohibit CDDO's from both determining an individual's eligibility and providing services through their own service provider."

The first question that I would like to comment on is "Do substantial conflicts of interest remain for CDDOs that have their own service providers, and how could those conflicts be resolved?" Tri-Valley supports the audits findings that "**For the areas we were able to assess, we did not find direct evidence that CDDO's have taken advantage of the inherent conflict of interest.**" The CDDO's have been proactive in ensuring that conflicts of interest do not exist in the I/DD system. In 2004 and 2005, the CDDO's worked hard to implement a peer review system to evaluate the conflict of interest issue. Over the past six years and even before, the Tri-Valley CDDO has created its own website, moved into its own building, developed its own policies and procedures, created job descriptions that reflect the two entities, added a CDDO Report for the board of directors, added community and provider members to committees and many other changes to eliminate the perceived conflict of interest. Due to the fact that the audit did not find any evidence of conflict of interest, I urge the legislators not to adopt any of the audits findings regarding the CDDO's.

The second question that I would like to comment on is "How could the community services system be changed to maximize the amount of funding available to provide services for individuals with developmental disabilities?" There are several issues that I would like to comment on. The first is that consolidating CDDO's could reduce administrative costs by \$500,000 to \$800,000 a year. The 27 CDDO's were created by the Developmental Disability Reform Act to take into account local and regional differences. The goal was to keep them as localized as possible to better meet the needs of people with

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disabilities. By consolidating CDDO's and expanding the area covered by each one, you only distance the staff from resources and knowledge of the clients. I also question the audits assumption of savings and would like to point out the report found that "**without a detailed study, it is difficult to know how much actual savings could result from consolidating CDDO's.**" In addition, I would like to point out the off-setting costs of consolidating CDDO's by noting that there may be county governments that may decide to no longer provide mill levy funding for services and there will be increased travel expenses.

The next issue I would like to comment on revolves around the recommendation to increase federal revenues by redirecting state aid funding. By taking this action, you would be harming the 600 individuals who currently utilize state aid for their funding source. As noted in the report, the additional funding generated by the use of state aid to draw down more federal funds would only provide services for 280 people on the waiting list versus the 600 who are currently receiving services. **If this action takes place, 320 fewer people will be receiving services.** I also respectfully disagree with the audits findings that state aid funds are used to support high level functioning and fewer needs individuals. One example from our CDDO area is an individual who has cancer and will most likely be going on oxygen shortly. He has been receiving one on one staffing through state aid because of his needs.

The last issue I would like to address within question 2 is in regards to the finding that CDDO's spent funds on lobbying related activities through its state association and also intermingled funds with the community service provider. **We strongly disagree with both claims.** Tri-Valley has been a member of our state association since almost its inception and has paid dues as part of its membership. The auditors claim that the dues paid go towards lobbying activities, but what they fail to take into consideration is that the state association also provides education, training, and many other activities. For example, the Issues Forums that are provided every two months are to educate providers in the state about local, state and national issues affecting our services. They are not lobbying activities. We are aware of the contract and federal regulations pertaining to lobbying and have worked hard to ensure that this does not take place. Every year we have an independent audit conducted by a local accounting firm, utilizing accepted accounting practices to ensure that illegal activities do not take place. In addition, we utilized account codes and cost centers to track all income and expenses, again utilizing accepted accounting practices to ensure that there is a separation of funds. This is common fund accounting practices. You are not required to have a separate checking account for each funding source. As well as an independent audit, we also submit quarterly CDDO Administrative Reports to KDADS that reflect allowable expenses. In those reports, we have never included association dues in those reports. These quarterly reports are also reviewed by our independent auditors.

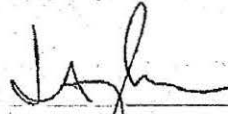
Finally, there is no need to move HB 2155 forward since the audit determined that CDDO's are not using their position to their advantage or the agency they are attached to. There is no need to

overhaul the entire engine when all it needs is an oil change.

In conclusion, I am a little disappointed that the Legislative Post Audit did not take into consideration any of the recommendations made by the families, providers or CDDO's to improve the system or increase funding and only examined requested changes to the system made by KDADS. Their explanation was that they were limited in their time of discovery and were unable to look at our requests which I find very one sided in its scope, but there were several ideas from the TVDS CDDO area that would have generated over \$25 million dollars in additional funding for the system without having to do much discovery.

If I can be of any service, please do not hesitate to contact me at (620)431-8782.

Sincerely,



Tim Cunningham  
Executive Director

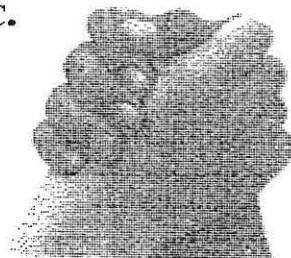
**Itemized Response to LPA Recommendations**

**Audit Title:** LPA 13-006 – CDDOs: Reviewing Issues Related to Community Services  
**Agency:** Tri-Valley Developmental Services, Inc.

LPA Recommendation	Agency Action Plan
<b>Question 2</b>	
3. To address the issue of CDDOs inappropriately spending funds on lobbying-related activities:	
b. The four sampled CDDOs that had non-allowable expenditures identified should take the steps necessary to ensure the funding is not state or federal funding (for example, eliminate co-mingling by separating and tracking different funding sources).	The Tri-Valley CDDO disagrees with the audits findings that the CDDO used government funds on lobbying related activities. In order to alleviate this false impression that funds were used towards lobbying, we plan to consult with our independent auditors to determine what changes need to be made to our policies and procedures to ensure that lobbying related activities are not funded by state or federal dollars.

31-44

**TWIN VALLEY DEVELOPMENTAL SERVICES, INC.**  
...working to enhance the lives of the citizens we serve.



Workshop, Residential,  
& Independent Living

785 / 747-2251  
785 / 747-2254 - Fax

413 Commercial St.  
P.O. Box 42  
Greenleaf  
Kansas 66943-0042

March 3, 2014

To Whom It May Concern,

I am responding as a professional in the field of providing services in Kansas for 40 years – 37 as administrator of 1 agency. We have a thriving but small agency hidden in rural Kansas.

I also respond as a parent having a 28 year old son in the system receiving day and residential services – so I have a stake in the outcome of this beyond my job.

When I started in the field services were frantically being set up so our people, and their parents and families, could have an alternative to keeping their mentally handicapped child at home all their lives or place them in a “less than desirable” living situation. It also relieved them of not knowing what would happen to their son or daughter when they no longer could care for them. Programs were also developed because of the many questionable “service providers” then in existence. It was alarming just how bad many of these services were. These providers are what families had to hand their son/daughter to if they were not lucky enough to have family who would step up and take over their total care!

So we have worked very diligently for years setting up day programs, group homes, semi and independent living situations (unheard of when I first started!), found jobs for some, and worked undauntedly to make our people an integral part of our communities with far more choices of work and living than ever was envisioned. One of the very high points of my career came the day I was stopped in Wal-Mart by an older gentleman farmer who had fought development of one of our programs in our early days. He stated to me, “You are to be congratulated, you really did it!” I was taken aback wondering what I did! Very much not expecting what came next! He stated, “You made our local folks very much a part of our local community and I very much appreciate your hard work in doing that. They have been a blessing to our community!” There have been no moments in my career that have meant more than that moment except, of course, the many achievements our people served have reached which is my ultimate satisfaction!

But back to some response to your audit findings. The two that stick out the most are:

- Reduction of CDDO's would MAYBE save the state \$500 to \$800 thousand! This hardly seems significant in a system that spends \$360 million especially when you consider the effect it would have. It would take away our local presence in assisting our people and their families in maneuvering our system of services for folks with developmental disabilities in Kansas which has become extremely complex. Local control is very important to Kansans and our CDDO's retain the ultimate in local control.

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- The other confusing suggestion is to reduce services to 600 individuals on state funds so we can match those state dollars and serve 165 folks off the wait list! This hardly makes good "common sense". Let's take this out one more step. Once these 600 folks are not supported many of them will wonder our streets without supports and guess what? They most likely will lose abilities and/or get in trouble with local law enforcement thus costing more dollars for local law enforcement, local courts, and then, guess what? They will again end up in our services in crisis! Only now they are HCBS eligible because of lost abilities! Again, this hardly makes good common sense!

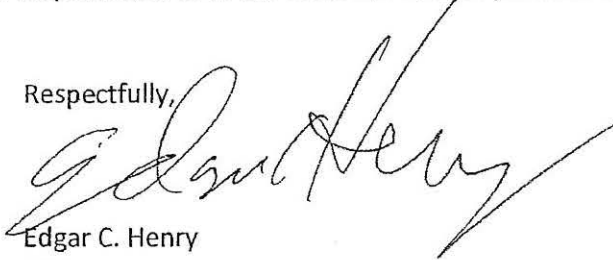
Probably the one other area that bewildered me was the findings of all we spend on lobbying. Our agency did not join Interhab (then known as KARF) for many years due to cost. However, after we joined we did so for the information, assistance, training, and access it gave us to other agencies and folks within Interhab in developing programs, forms, policies, etc. This support saved us many dollars through the years as it would have cost us much more to gain this information in other ways! This report seems to overlook all that Interhab provides us outside of lobbying. It also called out all we spend on contract negotiations! That is hardly a lobbying cost! This only appears to be a bold attempt to squelch a very organized voice for our folks and their attempt to get better and more services in the state of Kansas!

This boldly stands out on the last page where Interhab members have \$153,367 in lobbying costs to 0 costs for a non Interhab member. Not all those costs are lobbying and to say the other agency had no lobbying costs is hardly reasonable especially considering they also participated in contract negotiation. Someone needs to investigate this a bit deeper for what Paul Harvey used to call, "the rest of the story".

To clarify my perspective on all the above. Our agency has been called various things through the years. I think our first name was Community Mental Retardation provider, and then we become a CMRC. Then later we became a CDDO, CSP, and TCM Provider. I can still dig in my piles and find our first rules and regulations book of 6 pages! I wish I could say things are better now than they were back then, but we now just jump through a lot more hoops to get the same amount or less done. All we want, out of this deal is the ability to give our local folks with developmental disabilities the most independence they can achieve in the most inclusive setting possible. All the acrobatics and policies involved in providing this these days are just distracting and disturbing!

We thank you for the privilege of being allowed to respond to this post audit. Doing away with the CDDO's, and local control, would be a huge step backwards to our folks with developmental disabilities in Kansas.

Respectfully,



Edgar C. Henry  
CEO

31-46