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Report to the Chairman, Subcommittee  
on Health, Committee on Ways and  
Means, House of Representatives

April 1992

# HOME HEALTH CARE

## HCFA Evaluation of Community Health Accreditation Program Inadequate



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**Human Resources Division**

B-248288

April 20, 1992

The Honorable Fortney H. (Pete) Stark  
Chairman, Subcommittee on Health  
Committee on Ways and Means  
House of Representatives

Dear Mr. Chairman:

On November 14, 1991, you requested that we review the Health Care Financing Administration's (HCFA) evaluation of the Community Health Accreditation Program's (CHAP) ability to assure that home health agencies meet Medicare conditions of participation.<sup>1</sup> CHAP is a not-for-profit organization that has been evaluating and accrediting home health agencies since 1965. CHAP conducts surveys of agencies that request accreditation to determine if the agency complies with certain quality standards prescribed by CHAP. CHAP has requested HCFA to grant it "deemed status" (e.g., accept its accreditation of home health agencies as evidence that a facility also meets Medicare standards) and is awaiting a decision on this request.

You requested a briefing on the results of our work by May 1, 1992. However, HCFA's Director, Division of Provider Services Coverage Policy, Bureau of Policy Development, told us that a final notice to the public citing the Department of Health and Human Services' (HHS) intent to grant deemed status to CHAP is currently being prepared. The notice will be sent to the Office of Management and Budget (OMB) for approval. Once OMB approves the notice, it will be published in the Federal Register, and CHAP will be granted deemed status 90 days later.<sup>2</sup> This report discusses issues that we believe should be resolved before deemed status is granted to CHAP.

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**Background**

In December 1990, HCFA published in the Federal Register a proposed regulation entitled Medicare Program: Granting and Withdrawal of Deeming Authority to National Accreditation Organizations. Under this proposed regulation, a new section was to be added to the Code of Federal

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<sup>1</sup>Conditions of participation are health, quality, and personnel standards for home health agencies participating in the Medicare program and are prescribed in the Code of Federal Regulations. There are 12 conditions relating to such areas as skilled nursing services, home health aide services, and physical therapy.

<sup>2</sup>HCFA's Director, Office of Provider Services Coverage Policy, Bureau of Policy Development, told us that the final notice currently contains an effective date 90 days after it is published. As the notice is under review, this provision could be changed.

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Regulations (42 C.F.R. 488.9) that govern HHS's review of accrediting organizations. Comments on the proposed regulation were received in February 1991. However, as of March 31, 1992, HCFA had not finalized the regulation. Further, HCFA staff responsible for the evaluation of CHAP did not use most of the criteria in the proposed regulation in their evaluation. Rather, they concentrated their efforts on (1) assuring that the CHAP accreditation standards were comparable to Medicare conditions of participation and (2) comparing selected aspects of HHS's and CHAP's survey process and procedures.

Under the proposed regulation, HCFA intended to perform the following tasks before granting deemed status to any accrediting organization:

- compare the organization's standards with Medicare's conditions of participation;
- determine the comparability of HHS's and the organization's survey procedures;<sup>3</sup>
- evaluate the organization's survey process to determine the composition of the survey team, the team's qualifications, and the organization's ability to continue surveyor training;
- examine the organization's monitoring procedures for providers that are found out of compliance;
- determine the organization's ability to provide HCFA with electronic data and reports necessary for effective validation and assessment of the survey process;
- examine the adequacy of the organization's staff and other resources; and
- review the organization's ability to provide adequate resources for performing required surveys.

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## Scope and Methodology

We evaluated HCFA's performance against the criteria cited in the proposed deeming regulation. We did this because the regulation represents the standards that HHS has proposed for evaluating an accrediting organization. Further, these are the only written criteria HCFA has available for evaluating accrediting organizations. We also interviewed HCFA officials to determine the criteria they used in their evaluation of CHAP and the extent to which they adhered to the evaluation criteria cited in the

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<sup>3</sup>CHAP conducts an annual survey at every home health agency that seeks its accreditation. During this survey an assessment is made of whether the organization seeking accreditation complies with standards established by CHAP. Accreditation is given for a 3-year period but is subject to termination if deficiencies are identified and not corrected at any time during this cycle. HCFA also conducts annual surveys of home health agencies to determine if they meet Medicare conditions of participation.

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proposed regulation; examined all the documentation provided to HCFA by CHAP; and reviewed the analysis performed by HCFA on these data.

We also interviewed CHAP officials to follow up on questions raised as a result of our review of HCFA's evaluation. In addition, we reviewed CHAP's 1991 survey files on Medicare-certified home health agencies to determine whether the procedures they had told HCFA were in place were, in fact, being followed. Our work at CHAP, however, was not designed to be a comprehensive examination of its accreditation program, nor did we conduct an in-depth review in each of the areas HCFA would have evaluated had it followed the criteria contained in the proposed regulation.

We conducted our review from December 1991 to March 1992 in accordance with generally accepted government auditing standards.

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## Results in Brief

HCFA's evaluation of CHAP's ability to assure that home health agencies adhere to Medicare conditions of participation was inadequate. HCFA determined that CHAP's standards were similar to Medicare conditions of participation and, where differences existed, that agreed-upon modifications to CHAP standards were documented. But other areas cited in the proposed regulation, such as examining the accrediting organization's staff and other resources, received little or no evaluation. We discussed our findings with HCFA, which took action to address each of the issues raised.

HCFA does not plan to perform any further evaluation of CHAP because it believes that its prior work, together with ours, amounts to an adequate evaluation of CHAP's ability to assure that Medicare conditions of participation are met. Our work, however, was not intended to be a detailed evaluation of CHAP. We believe HCFA should conduct a comprehensive evaluation to assure that there are no other issues to be addressed before it decides whether to grant CHAP deemed status.

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## HCFA's Evaluation of CHAP Was Inadequate

In evaluating CHAP, HCFA compared CHAP's accreditation standards with Medicare conditions of participation to determine if they were equivalent. In instances where CHAP's standards were not comparable to the Medicare conditions, CHAP made appropriate changes in its standards to assure comparability. HCFA assured that those changes were appropriately documented. But several other areas cited in the proposed regulation

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governing the deeming of accrediting organizations were not effectively evaluated. For example:

1. HCFA did not examine CHAP survey files. As a result, HCFA did not know that, in 1991, CHAP took an average of 80 days after a full survey was completed to notify a home health agency of its survey findings. Conversely, HCFA requires its surveyors to notify a home health agency of any survey findings within 10 days after completion of a survey. If the proposed regulation had been followed, this situation should have been identified during HCFA's review of CHAP's survey and monitoring procedures.

2. HCFA did not fully evaluate CHAP's training process. Had it done so, HCFA would have been aware that certain CHAP surveyors receive no formal training. On average, only one of the two team members that CHAP generally sent to perform full surveys at Medicare-certified home health agencies in 1991 received formal training in how to conduct a survey. The individual who does not receive training is a peer reviewer who is generally an employee of another CHAP-accredited home health agency. In contrast, HCFA requires that every surveyor under its auspices complete orientation training. This information should have been obtained during an evaluation of CHAP's survey team and its surveyor training program.

3. HCFA did not obtain any information from CHAP about the size of its staff. Further, HCFA did not determine if CHAP had sufficient resources to assure that it can meet Medicare requirements if it is granted deemed status. An evaluation criterion under the proposed deeming regulation is to examine the adequacy of the accrediting organization's staff and other resources.

4. HCFA did not examine CHAP's financial statements and was unaware of the organization's financial condition. CHAP has operated with a financial deficit for each of the past 3 years and has been subsidized by its former parent organization, the National League for Nursing. An evaluation requirement under the proposed deeming regulation is to assure that CHAP has adequate resources to perform the required surveys.

In addition, not all of the agreements HCFA has made with CHAP concerning the revision of survey procedures have been appropriately documented. For example, officials from both CHAP and HCFA said that CHAP has orally agreed to require its surveyors to conduct the same number of home visits and patient record reviews in its surveys of home health agencies that HCFA requires of its surveyors. However, this agreement was not documented.

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## HCFA Has Taken Action to Resolve Issues Identified by GAO

On March 24, 1992, we brought these issues to the attention of HCFA officials, who took prompt action to address them. As a result, CHAP has agreed to change its time frames for notifying home health care agencies of survey findings to make them more comparable with HCFA's. CHAP has also agreed to train all of its surveyors. In addition, CHAP agreed to allow HCFA to perform on-site monitoring. This will allow HCFA to (1) determine whether CHAP's relatively small resources hamper its ability to conduct an expanded number of surveys and (2) assure that Medicare conditions of participation are met. Although we were told that steps were taken to document HCFA's agreements with CHAP, time did not permit us to obtain and review such documentation.

As a result of the agreements made with CHAP, HCFA does not believe that any additional evaluation needs to be performed before a decision is made on whether to grant CHAP deemed status. But, as previously stated, our work was not intended to be a detailed evaluation of CHAP and should not be relied upon as such.

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## Conclusion

HCFA needs to assure that there are no other issues that need to be addressed before it makes a final decision on whether to recommend that CHAP be granted deemed status. The issues we identified are among those that HCFA would have been aware of had it performed an effective evaluation, but our work was not exhaustive. Thus, while HCFA believes that its evaluation work, together with our findings, amounts to an adequate assessment of CHAP, we disagree. In our opinion, HCFA should perform a complete and effective evaluation of each of the areas cited in the proposed regulation. Further, HCFA should assure that all agreed-upon changes in CHAP's policies, procedures, and standards are appropriately documented. Until this occurs, we question whether CHAP should be granted deemed status.

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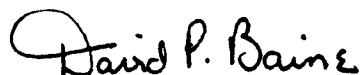
## Recommendation

We recommend that the Secretary of HHS direct HCFA's Administrator to defer any action on granting CHAP deemed status until HCFA conducts a thorough evaluation and analysis of CHAP's ability to assure that home health agencies meet Medicare conditions of participation.

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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, copies will be sent to appropriate congressional committees; the Secretary of Health and Human Services; the Director, Office of Management and Budget; and other interested parties. We will also make copies available to others upon request. If you have any questions about this report, please call me at (202) 512-7101. Other major contributors are listed in appendix I.

Sincerely yours,



David P. Baine  
Director, Federal Health  
Care Delivery Issues



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# Major Contributors to This Report

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