

DEPARTMENT OF HUMAN SERVICES

LICENSING DIVISION

YEAR-END REPORT

CALENDAR YEAR 2011

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LICENSING DIVISION**

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Executive Summary

The Licensing Division (division), in general, is responsible for enforcement of licensing standards that are designed to protect the health, safety, rights, and well-being of children and vulnerable adults who receive services from programs governed by the Human Services Licensing Act, Minnesota Statutes, chapter 245A and the Department of Human Services Background Study Act, chapter 245C.

The division's work may be categorized in four main functions: (1) licensing programs directly through monitoring and enforcement activities; (2) overseeing licensing functions delegated to counties and private agencies; (3) conducting investigations of alleged maltreatment; and (4) performing background studies.

This report provides a general overview of the responsibilities of the Licensing Division, data related to these functions, and highlights four significant licensing trends observed over the course of the past year that impact the customers served and the public in general. The trends highlighted include an increase in access to and use of public licensing information, an increase in license applications that do not meet standards, an increase in the temporary immediate suspensions of licenses, and an increase in the costs related to administrative hearings due to number and complexity.

The report then discusses other issues identified, including those related to program integrity, and planned legislative proposals to address these. This includes legislation related to: expanding basic health, safety, and rights protections to people receiving certain services that are not currently licensed; linking the monitoring of licensing standards with similar rate enhancements standards for certain chemical dependency services; enhancing requirements to apply for a license to improve the applicants' understanding of the service; and, pairing licensing and program integrity enforcement.

The report concludes by outlining key large-scale initiatives that are currently underway or expected in the near future that directly affect the work of the division. These include initiatives to increase efficiencies through information technology and increasing efficiencies in the background study processes. It also includes a report that is due to the legislature in February 2012 that examines possibly merging licensing functions with the Minnesota Department of Health. Responsibilities relating to these key initiatives are in addition to the division's overall current work responsibilities and resources.

Introduction

This is the Department of Human Services (department), Licensing Division's year-end report for calendar year 2011. The primary purpose of the report is to identify trends and action taken to address the trends, as well as other emerging issues identified for which legislative proposals are planned. For context, an overview of licensing functions and data is provided. The report also summarizes key initiatives affecting the division because of their relationship to existing work, resources, and legislative proposals.

Examining the trends, data, and emerging issues assists the department and the Licensing Division in prioritizing its work and affords an opportunity to pause and assure our priorities align with the department's vision statement of *Healthy People, Stable Families, Strong Communities* and the division's mission, and are consistent with public expectations of transparency and accountability in government.

Licensing Division Mission Statement

The Licensing Division, partnering with many others, helps to protect and to promote the health, safety, and well-being of people receiving human services and health care through informed, objective, and consistent enforcement of applicable regulations.

We are accountable to consumers and their families, communities, caregivers, providers, our partners, and elected representatives in these public and private activities.

The Licensing Division's mission and culture are premised on protecting Minnesota's most vulnerable citizens. Staff members are highly committed to this protection role and are very mindful that the gravity of the work they do on a daily basis directly impacts people's lives. Actions taken by the Licensing Division may have weighty consequences, such as issuing a temporary immediate suspension that closes the business of a provider, disqualifying an individual who may then no longer be employed due to their history, finding people and programs responsible for maltreatment, and imposing licensing sanctions on licensed programs.

All actions taken by the division are supported by statute and rule, and individuals and providers that are the subject of these actions are afforded significant due process. The division strives to appropriately and thoughtfully balance the protection of children and vulnerable adults with the level of requirements for which providers are accountable. The division understands its accountability to the public and that the public expects that certain services provided to the state's most vulnerable citizens are held to some basic

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All actions taken by the division are supported by statute and rule, and individuals and providers that are the subject of these actions are afforded significant due process. The division strives to appropriately and thoughtfully balance the protection of children and vulnerable adults with the level of requirements for which providers are accountable. The division understands its accountability to the public and that the public expects that certain services provided to the state's most vulnerable citizens are held to some basic

standards and that action is taken for non-compliance. Further, there are growing public expectations that information about services and providers be readily available.

Overview of Licensing Functions

The division's work is statewide and may be categorized in four primary areas: (1) licensing programs directly through monitoring and enforcement activities; (2) managing licensing functions delegated to counties and private agencies; (3) conducting investigations of alleged maltreatment; and (4) performing background studies. Each of these areas is described in greater detail below. The work of the division is supported by three units - legal, information technology (IT), and administrative support. The report does not capture the full scope and quantity of work or responsibilities of any of these areas.

The functions of these four primary areas are mandated by state statute. Minnesota Statutes, chapter 245A, the Human Services Licensing Act, govern the licensure of programs and services. Maltreatment investigations are conducted in accordance with Minnesota Statutes, section 626.556, the Reporting of Maltreatment of Minors Act, and sections 626.557 through 626.5572, the Reporting of Maltreatment of Vulnerable Adults Act. Background studies are required by and conducted in accordance with the standards set forth in Minnesota Statutes, chapter 245C, the Human Services Background Studies Act. Specific statutes and rules govern the requirements of licensed services.

Much of the work of the division is interrelated. The work of any one area may have an impact on another and it is not unusual for a licensing action in one area to necessitate action in another area. For example, a report of alleged maltreatment that is investigated by the Investigations Unit may lead to a licensing inspection by the Licensing Unit resulting in the issuance of a licensing sanction as well as a maltreatment determination. This same maltreatment investigation may also cause a staff person to be disqualified by the Background Studies Unit. Each of these actions would be subject to appeal requiring the support of the division Legal Office. Additionally, related data is maintained and certain public documents are posted to the department's website. A summary of the division's budget and staffing is also included.

Directly-licensed programs. The division directly licenses approximately 4,000 programs for 17 categories of providers, listed below.

- Adult day service centers
- Chemical dependency treatment services
- Child care centers
- Children's residential treatment
- Crisis respite
- Day training and habilitation

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- Detoxification programs
- Independent living assistance for youth
- Mental health centers and clinics
- Psychopathic personality programs (state sex offender programs)
- Residential habilitation
- Residential services for people with Developmental Disabilities (DD)
- Residential services for DD, facility based
- Residential services for people with Mental Illness
- Residential services for person with physical disabilities
- Semi-independent living services (DD)
- Supported employment (DD)

The work begins at the point of application and includes evaluating whether the applicant meets the requisite standards to be licensed. For licensed programs, licensors conduct periodic on-site inspections to evaluate compliance with the applicable licensing requirements. These are unannounced and generally occur every two years. Programs may be visited more often based on performance and, in some cases, the reviews may occur less often due to staffing limitations. Licensors also conduct investigations of suspected or reported licensing violations, and receive and evaluate critical incident reports for certain programs. Some of these reports prompt further action. Twenty-six (26) licensors and three unit managers carry out the work in this area.

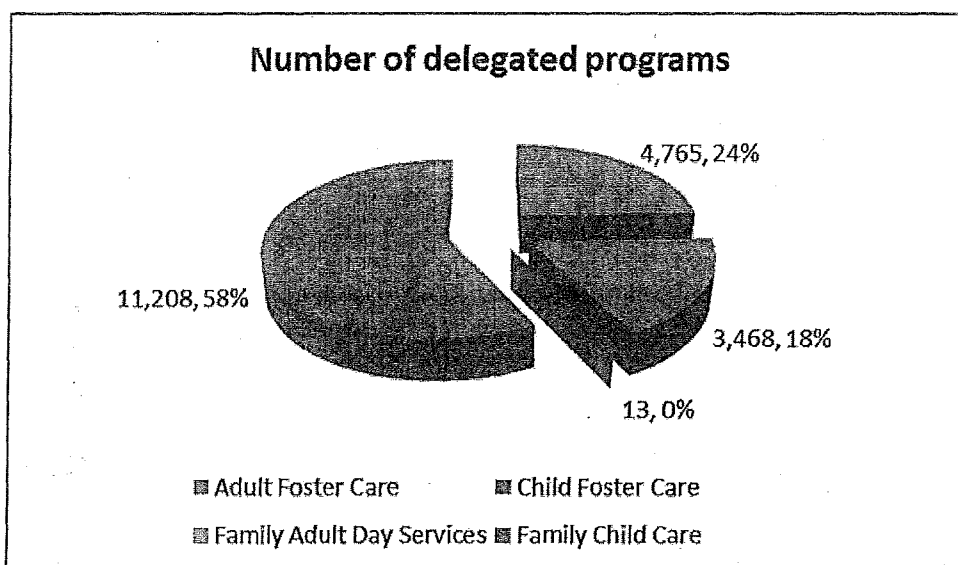
During inspections and investigations, licensors review files, policies and procedures, and other documentation required by statute or rule. They provide technical assistance, inform the license holder of areas of non-compliance that requires correction and make recommendations related to improving the services they provide. Depending upon the results of the review, a correction order or licensing sanction may be issued. Correction orders detail the findings of the review and specific non-compliance. Licensing sanctions are ordered based on the nature, severity or chronicity of the violation(s) and the effect on the health, safety, or rights of the people served by the program. These actions include placing a program's license on conditional status, issuing fines, or suspending or revoking the license. Table 1 summarizes the licensing activities related to directly-licensed programs over the last three years.

Table 1

Licensing Activity (by calendar year)	2009	2010	2011
Licensing inspections completed	1,894	1,692	1,819
Licensing complaint investigations completed	447	507	550
Correction orders issued	1,660	1,685	1,735
Licensing sanctions issued	182	227	247
First time licenses issued	179	162	176
Programs that closed	170	144	102

Delegated licensing. The division licenses approximately 20,000 programs through the oversight of licensing functions that are delegated by statute to the counties and 45 private licensing agencies. Licensing staff work closely with approximately 600 county and private agency licensing staff that carry out delegated functions. Services licensed through counties and agencies are generally provided in residential neighborhoods and most often in family homes such as family child care, foster care provided to children and adults, and family adult day services. Figure 1 shows the number and type of delegated licensing programs on January 1, 2012.

Figure 1



Licensing activities completed by counties and private licensing agencies include processing license applications, conducting routine site visits, investigating complaints of alleged licensing requirement violations, issuing correction orders, and recommending licensing sanctions to the department. This work must be completed within statutory and rule standards and guidance provided by the department.

Recommendations for licensing sanctions are evaluated by the licensing division and the division issues sanction orders to license holders as applicable. Due to the serious nature of situations that lead to sanctions and the gravity of some of the orders, evaluating and acting on these cases is a priority for staff and, often times, very involved. Division licensors train and provide ongoing technical assistance and case consultation to county and private agency staff regarding performance of the delegated functions. Division licensors also complete periodic reviews of counties and private agencies to evaluate the agencies' compliance with delegated licensing functions and issue compliance reports. Five licensors and one unit manager carry out this work. Table 2 summarizes the number of sanctions issued to license holders and the number of new and closed programs over the last three years.

Table 2

Licensing Activity (by calendar year)	2009	2010	2011
Licensing sanctions issued	667	510	642
First time licenses issued	2,341	1,314	2,090
Programs that closed	2,838	2,629	2,650

Maltreatment investigations. The division receives reports of alleged maltreatment through the common entry point^[1] and directly. Division investigators act on allegations of maltreatment of children and of vulnerable adults in programs and facilities that are directly-licensed by the division and in adult foster care homes. County child protection agencies are the lead investigative agency for investigating alleged maltreatment in licensed family child care and child foster care homes. County child protection and adult protection also investigate other settings that are not licensed by the department as specified in statute.

All reports of alleged maltreatment receive an initial investigation. A significant number of reports contain multiple allegations of suspected maltreatment. Reports that are determined to meet the statutory criteria as possible maltreatment are more formally investigated. Those that are more formally investigated are reflected in the number referred to in Table 3 as “assigned.” Investigations that are assigned include (with some narrow exceptions) visiting the program or location where the incident occurred, reviewing all of the pertinent documentation and the physical setting, interviewing people involved and relevant witnesses, making collateral contacts, and researching subjects related to the report, as needed. In some cases, investigations are coordinated with law enforcement.

Reports that are assigned investigation result in a determination of whether maltreatment occurred. If maltreatment occurred, there is a secondary determination of whether a person(s) or a facility was responsible, whether the maltreatment was serious or recurring, and whether any action was necessary to reduce the risk of recurrence. Actions taken by the department to reduce the risk of recurrence of maltreatment are governed by state law and include the following.

- Disqualifying an individual from providing direct care to people served by unlicensed personal care provider organizations and by programs licensed by the department, the Minnesota Department of Health, and certain programs licensed.
- Issuing citations ordering a facility to correct the licensing violation.

^[1] Each county has a designated common entry point to receive reports of suspected maltreatment. Reports for which the department has jurisdiction go to the division’s Investigations Unit.

- Issuing a fine, placing the license on conditional status, or suspending or revoking the license.

Table 3 summarizes the maltreatment investigation actions over the last three years. The maltreatment investigation work is carried out by 24 investigators and two unit managers.

Table 3

Maltreatment data (by calendar year)	2009	2010	2011
Number of reports assigned	895	899	1036
Number of allegations reported	1,144	1,167	1,230
Number of reports completed	955	863	827
Number of persons disqualified based on substantiated maltreatment, serious or recurring	76	66	69
Number of persons responsible for maltreatment, not serious or not recurring (non-disqualifying)	119	76	109
Number of investigations pending	362	398	604

Background studies. The background studies area of the division conducted over 270,000 background studies in calendar year 2011. Individuals required to have a background study are specified in statute, and include individuals such as staff persons and other individuals that provide direct contact services in programs licensed by the department, individuals affiliated with programs under the jurisdiction of the Minnesota Department of Health, individuals providing direct contact in programs serving youth and children licensed by the Minnesota Department of Corrections, prospective adoptive families, conservators, guardians and guardians ad litem, and personal care attendants and assistants (PCAs) who are affiliated with non-licensed Personal Care Provider Organizations (PCPO). License applicants, owners and managerial officials are also subject to the background study requirements.

All background studies include a review of criminal records obtained from the Minnesota Bureau of Criminal Apprehension (BCA) and state records of individuals who have been determined responsible for the maltreatment of a child or vulnerable adult by any of the lead agencies. The scope of the background study is expanded when there is reasonable cause as defined in statute. In some of these cases, a fingerprint-based study is conducted obtaining criminal records from the Federal Bureau of Investigation (FBI); in other cases, court records and records from other states are reviewed. The background studies statute specifies those offenses that disqualify an individual from any position having direct contact with, or access to persons receiving services. The law specifies whether a disqualification is permanent or time-limited. For example, disqualifications due to felonies are for 15 years, gross misdemeanors for ten years, and misdemeanors for seven years.

Background studies staff conduct the background study, review the records obtained, and issue notices to the study subject and the licensed program. This notice informs individuals who are disqualified of the applicable due process rights. The division also coordinates with provider enrollment concerning personal care assistants (PCAs) who must individually enroll and who must have a completed background study, and meet the conditions in state law to provide services. If a PCA is subsequently disqualified due to a new criminal or other disqualifying event (e.g., a determination of responsibility for maltreatment of a minor or vulnerable adult), the division coordinates with provider enrollment to terminate the PCA's ability to provide services.

Twenty-nine staff and three unit managers carry out the background studies work. Table 4 summarizes background studies completed for the past three years.

Table 4

Background studies (calendar year)	2009	2010	2011
Number of studies completed	252,552	268,239	270,729
Number of individuals disqualified	13,981	10,275	10,115
Percent disqualified	5.536 %	3.831 %	3.736 %

Division support. The division's legal office, information technology (IT) unit, and administrative support staff have responsibilities that apply across the division.

Legal office. The legal office supports the division in the performance of its statutorily mandated responsibilities to facilitate performance of these responsibilities in accordance with applicable state and federal law. Much of the work of the legal staff is related to the due process rights of individuals and entities that are the directly impacted by a licensing action. Essentially all licensing determinations are subject to appeal.

Individuals who are disqualified by the background studies area have the right to request administrative reconsideration of this determination and following that reconsideration decision, may have a right to an administrative fair hearing under Minnesota Statutes, section 256.045 or a contested case hearing right under Minnesota Statutes, chapter 14. Individuals who are found responsible for maltreatment of a minor or vulnerable adult have the right to request administrative reconsideration and the right to an administrative fair hearing.

A license holder who is issued a correction order or whose license is placed on conditional status also may request administrative reconsideration of these orders. When a licensing sanction is ordered or a license is denied, the license holder or applicant has the right to a contested case hearing under Minnesota Statutes, chapter 14. Legal representation in directly-licensed administrative hearings is generally handled by the Office of the Attorney General, and representation in matters for which the licensing function is delegated to the county is handled by the county attorneys' offices.

Legal staff review all requests for administrative reconsideration and issue reconsideration decisions. Legal staff also perform many functions relating to the administrative hearings, including processing all appeals requests, notices and decisions; testifying at hearings; coordinating with the Office of the Attorney General; and providing technical assistance to county attorneys.

Other primary responsibilities of the legal office include supporting the background studies unit by reviewing criminal records from Minnesota and other states to determine whether there is a preponderance of evidence of a disqualifying offense or whether the elements of an offense committed in another state meet the elements of a disqualifying offense in Minnesota; drafting certain licensing sanctions; handling settlements of certain licensing sanctions; responding to data requests; responding to expungement petitions and orders; handling all litigation-related matters, including judicial review and civil litigation-related processes; providing legal support relating to legislation; and other legal research and analysis. Nine attorneys, one paralegal, and one unit manager carry out this work.

In fiscal year 2011, the division's legal office:

- issued 2,281 administrative reconsideration decisions
- handled 300 requests for administrative hearings
- completed 1,807 preponderance of evidence reviews and analyses of criminal laws and records from other jurisdictions for background studies
- responded to 549 expungement petitions
- responded to 372 expungement orders
- responded to 76 data requests and nine litigation holds, as well as provision of other data practices support

Information technology. The Information Technology (IT) unit oversees the division's database, referred to as License Information System (LIS), provides technical support for electronic data management, and provides overall technical assistance to all division staff. The LIS data base and is the central repository for the division's data. It includes over 80 data tables and countless relationships between the tables for data reporting. As such, it is used by other departments, agencies, and divisions of the department. For example, the Alcohol and Drug Abuse Division use licensing data to inform policy directions and evaluate their impact.

The IT unit is also responsible for the NETStudy system (that providers use to submit background studies electronically to be processed) and the division's Licensing Information Lookup function on the department's website. NETStudy processes over 1,100 transactions per day and License Information Lookup has up to 4,500 hits a day. License Information Lookup is discussed further later in this report in the trends section.

Staff from this unit have been intricately involved in the development of the eLicensing system that once fully implemented will transition a significant portion of the division's paper transactions from counties and providers to electronic transactions. This is discussed in greater detail under the initiatives section of the report.

It must be noted that the licensing staff whose job responsibilities were in the IT unit were transitioned to the Office of Enterprise Technology (OET) in October of 2011. Prior to that time, the division had IT staff dedicated solely to licensing projects. While that continues to be the case, for the most part, under the current OET structure, it is unknown how the transition will affect IT resources in the longer term.

Administrative support. The administrative support unit generally does not provide traditional clerical support to division staff. Their primary role is to directly support the licensing processes and workflow. These staff members touch nearly every licensing action in some way, performing such functions as processing all data entry for license applications, updating licensing information in the division's database for all licensed programs, managing hard-copy documents and electronic documents, printing and mailing licenses, and processing massive amounts of incoming and outgoing mail daily. Six staff are responsible for this work.

One other higher level administrative staff person, who works more directly with licensing managers, is directly responsible for invoicing fines and licensing fees and background study fees that are based on interagency agreements, serves as the division contact for billing questions, drafts licensing sanction orders, provides legislative support, oversees the division's budget, manages interoffice requisitions and payments, completes ad hoc reports, coordinates division responses to citizen correspondence, and performs other special project work as assigned. Legislative support work includes drafting legislation, preparing legislative background and presentation materials, preparing bill analysis and providing fiscal analysis.

Budget and staffing. Prior to the 2011 Special Session, licensing fees were deposited into the state general fund and most licensing activities were funded out of the state general fund. The fees did not cover the costs related to licensing activities. During the 2011 Special Session, the legislature adjusted licensing fees (nearly all were increased) to cover more of the actual costs for licensing and directed the funds collected to a State Government Special Revenue Fund (SGSRF) used to fund licensing activities. It is estimated that \$3 million will be collected in license fees in state fiscal year 2012. There was a corresponding reduction of \$3 million in general fund appropriation to the division. In state fiscal year 2012, approximately 18 percent (18%) of the division's budget will come from the state general fund.

Figure 2 shows the division's state fiscal year 2012 budget by funding source. Figure 3 shows the state fiscal year 2011 budget parsed into salary and non-salary expenditures. Figure 4 shows the breakdown of the major non-salary expenditures. Due to the nature of the work a significant portion of expenditures go to the paying the Bureau of Criminal

Apprehension for background study information, to communications for mailing costs, and to the Office of Administrative Hearings.

When fully staffed, the division is comprised of 126 employees. This number includes four part-time staff and six staff and one supervisor in IT who are under the OET. Refer to the attached organizational chart. Attachment A.

Figure 2

FY 2012 Budget by Funding Source



Figure 3

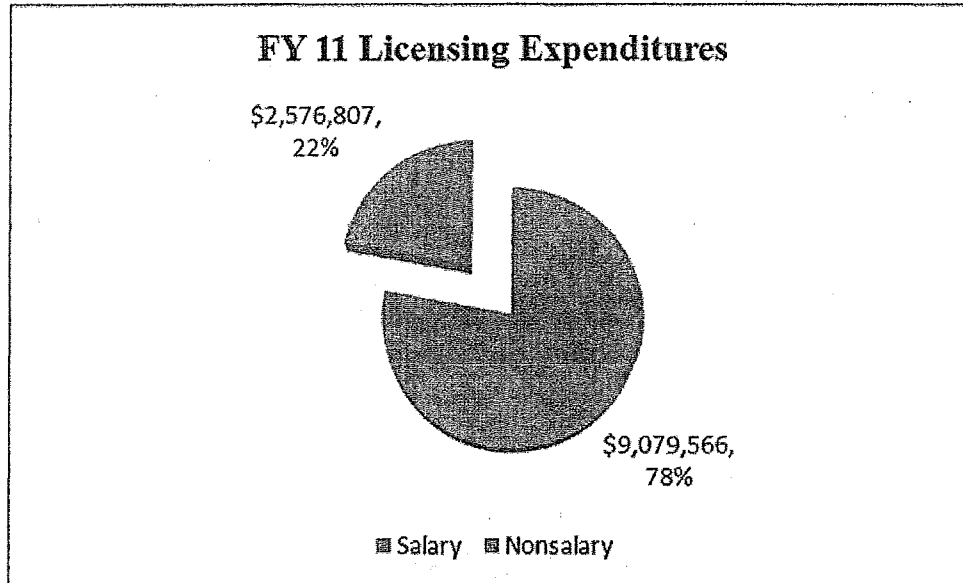
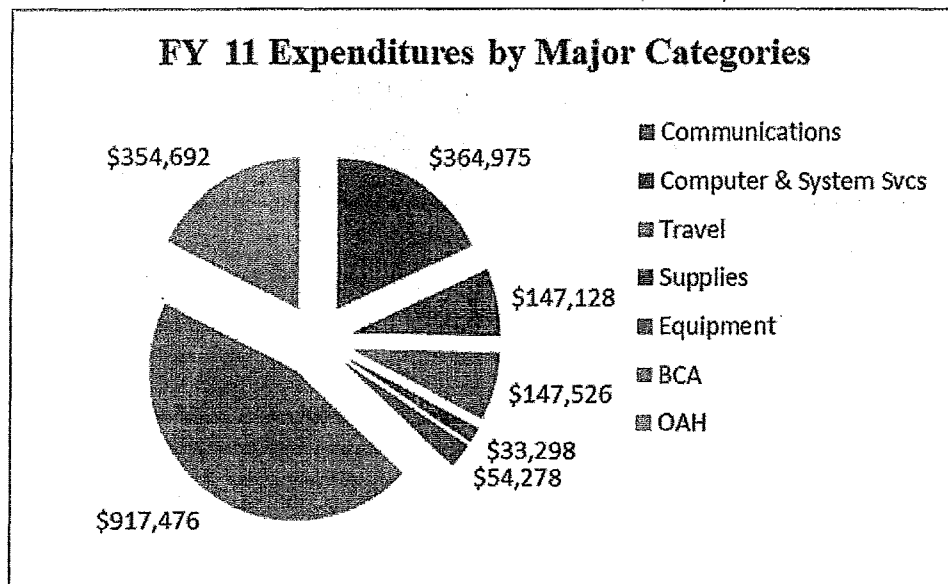


Figure 4



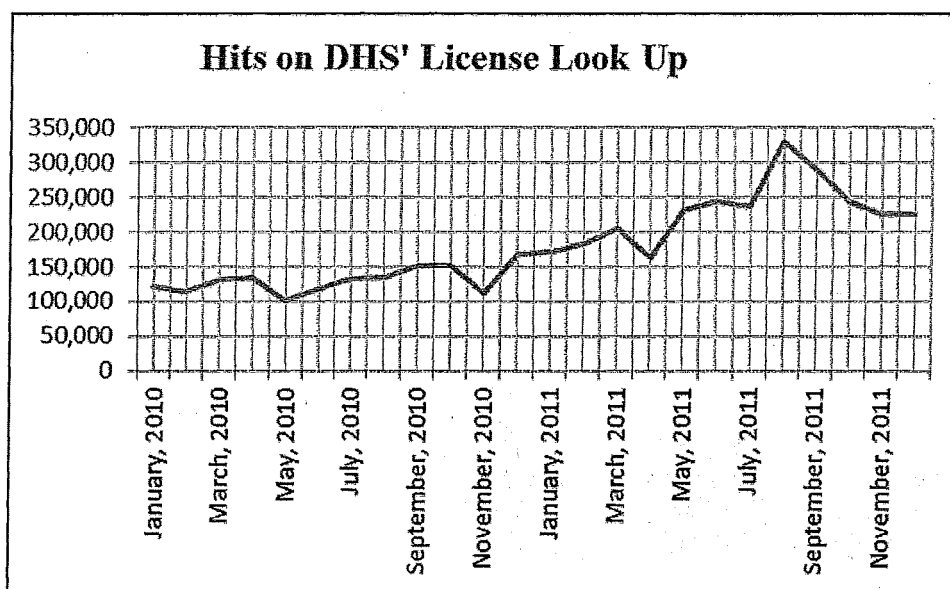
Trends

In addition to the data provided in the overview section related to each of the division's areas of work, four trends are highlighted in this section relating to public licensing information, license applications, licensing sanctions, and due process. Information regarding the division's action in response to these observed trends is included.

Trend 1. Increased use of licensing information by the public. In January of 2011, the division implemented a significant enhancement to its License Information Lookup (Lookup) function on the department's website. Over the course of 2011, the system has been further refined to enhance compliance with the Americans with Disabilities Act (ADA) and to offer electronic notification to subscribers of newly-posted documents.

Lookup provides the public with a source to identify license holders based on the type of service they provide or by location. In January of 2011, the division began to post certain license documents, issued from July 1, 2010, forward, including correction orders, licensing sanctions, and investigative memoranda. The documents are in ADA compliant formats allowing people with visual impairments to access the information using technology that can read the reports aloud. Lookup provides the public with information in order to make more informed choices about providers and is consistent with the goal of open government. Figure 5 shows the number of times users have accessed LookUp over the past two years.

Figure 5



While routine daily inquiries about licensing data can now be referred to Lookup to respond to some data requests, the division is currently experiencing an increase in the number of data requests from the media for information that is not posted, such as information prior to July 1, 2010.

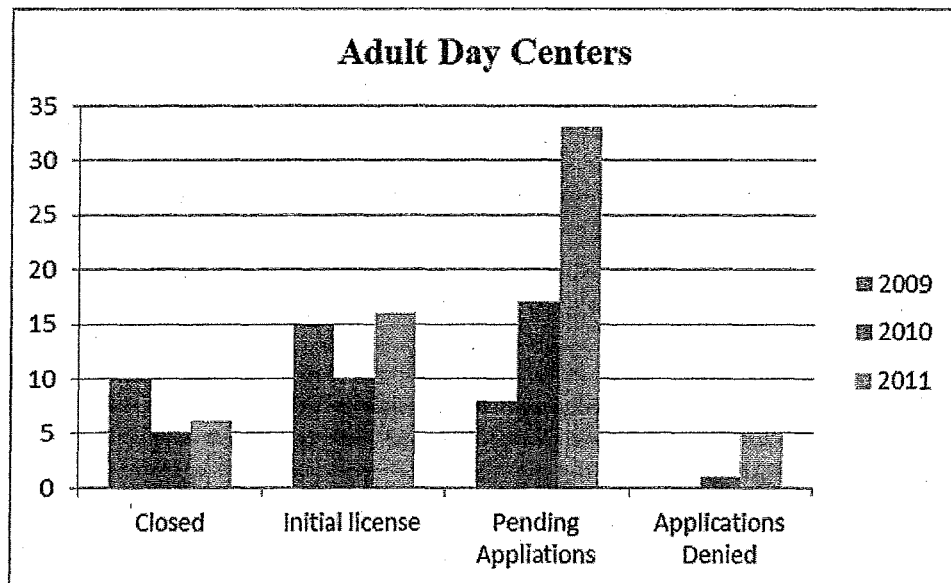
Action Plan. Continued refinements to the Lookup function are planned, including the ability for the public to complete more refined searches and possibly adding documents

issued prior to July 1, 2010. The division's management is considering methods to streamline and track responses to large data requests.

Trend 2. Increased number of deficient license applications. For some types of services, there has been an increase in applications for which the deficiencies are so significant, that even after providing significant technical assistance, the application must be denied. This has been particularly true for applications seeking adult day service center licensure.

Prior to 2010 there were about 135 adult day center programs. Currently, there are 145 licensed programs and 33 applications are in the process of being reviewed. In calendar year 2011, five adult day care center applications were denied. Historically, denials of applications for this type of service were rare. Figure 6 shows licensing activity related to adult day centers. When an application is incomplete or does not meet the requirements, licensing staff work with the applicant and provide technical assistance, in some cases, issue correction orders, and if the applicant is not able to meet the requirements, the application is denied and due process rights apply. Consequently, these applications and related action take significant amounts of staff time.

Figure 6



While the division has not specifically documented the amount of technical assistance provided at the time of application, it appears there is a strong correlation between applicants who require considerable assistance understanding the licensing standards at the time of application and incidence of subsequent licensing violations as a license holder if a license is granted.

Action Plan. To help assure that license applicants have a basic understanding of the regulations that set minimum standards for the health, safety, rights, and welfare of people served by the program, the division is proposing an amendment to the Human Services Licensing Act to require that applicants complete a competency-based assessment prior to submitting an application. Demonstration of basic knowledge of the regulations that apply to the service for which licensure is being sought would be required before a license would be granted. This is discussed further in the emerging issues section of the report. If passed, this change is expected to result in more competent providers and facilitate enhanced protections and services for consumers. The division proposed a similar amendment during the 2011 Legislative session, but it did not pass.

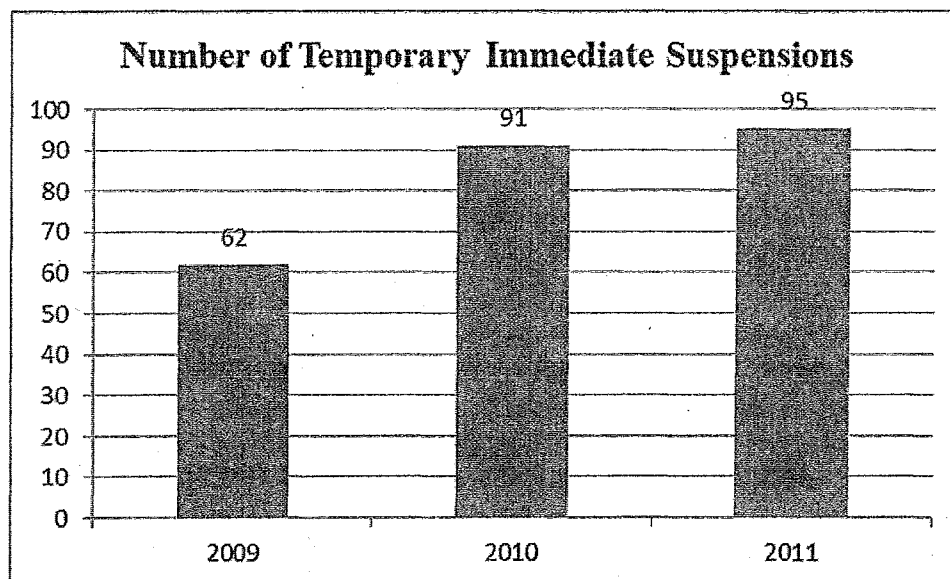
Trend 3. Increased temporary immediate suspensions of licenses. The division issues orders of temporary immediate suspension when it is determined that a license holder's actions or failure to comply with applicable law or rules, or the actions of other individuals or conditions in the program, pose an imminent risk of harm to the health, safety, or rights of persons served by the program. Issuing orders of temporary immediate suspension is one of the highest work priorities within the division in order to act immediately to protect children and vulnerable adults.

The majority of temporary immediate suspensions occur in family child care settings because of the nature of the setting and type of service. These settings generally have one caregiver and no outside supervision. In calendar year 2011, the department issued 95 orders of temporary immediate suspension. Some of the examples of the serious incidents that occurred and led to a temporary immediate suspension included:

- 3 cases where license holders were sleeping while children were in care
- 6 cases of children being seriously injured due to the failure to supervise
- 8 cases of children being sexually abused by someone in the family child care home
- 8 cases involving infant deaths with suspected licensing violations
- 8 cases of children left unattended
- 11 cases of children wandering away

Figure 7 shows the number of temporary immediate suspensions over the past three years.

Figure 7



By definition, these suspensions are temporary in nature. The license holder is ordered to cease operation of the program immediately. The license holder is afforded the right to an expedited contested case hearing and must refrain from operation pending outcome of the hearing. Following the commissioner's final order regarding the temporary immediate suspension, the division must make a decision regarding any final licensing sanction and issue the final sanction within 90 days. The license holder then has a right to a contested case hearing regarding the final licensing sanction, for example, a license revocation. The due process costs paid to the Office of Administrative Hearings for both of these hearings are frequently \$10,000 to \$15,000.

Action Plan. The division has implemented a triage telephone and e-mail system to communicate with counties more immediately regarding such incidents to assure prompt response. The division provides information and technical assistance to county licensing agencies regarding issues relating to temporary immediate suspension actions, including information all counties should be aware of regarding the nature of the types of serious incidents which have resulted in the temporary immediate suspension of licenses across the state and when such action is necessary. An annual report is provided to counties regarding temporary immediate suspensions ordered in family child care during the previous year.

During the upcoming year, division staff will meet with the Minnesota Sudden Infant Death Center to review recent American Academy of Pediatrics recommendations regarding safe infant sleeping practices and determine whether any changes are needed to licensing requirements. Division staff participate in the DHS Child Mortality Review of all infant deaths in child care. The scope of these reviews is expanding with a grant the

Department of Health has received from the Centers for Disease Control to study all Sudden Infant Death cases.

Trend 4. Increased due process costs. Essentially all licensing determinations are subject to appeal. Individuals and entities that are the subject of these determinations are afforded significant due process.

Individuals, who are disqualified based on a background study or following a determination of serious or recurring maltreatment, have the right to request administrative reconsideration of this determination. Following that reconsideration decision, the individual may then also have the right to an administrative fair hearing under Minnesota Statutes, section 256.045. Individuals and facilities who are found responsible for maltreatment of a minor or vulnerable adult similarly have the right to request administrative reconsideration and the right to an administrative fair hearing.

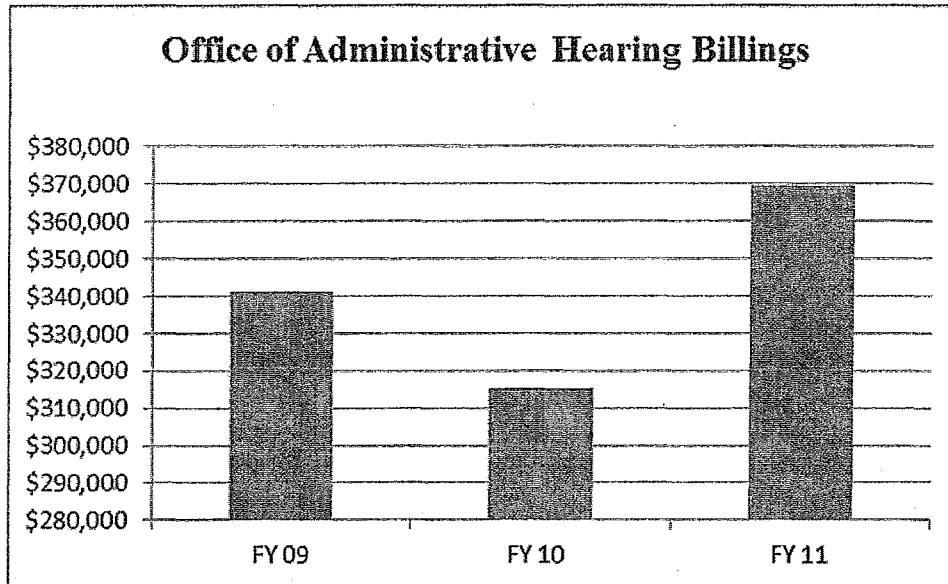
A license holder who is issued a correction order or whose license is placed on conditional status also may request administrative reconsideration of these orders. When a licensing sanction is ordered, including a fine, suspension or revocation, or a license is denied, the license holder or applicant has the right to a contested case hearing under Minnesota Statutes, chapter 14. Many licensing actions involve multiple determinations thereby increasing the scope and consequently the cost of the contested case hearing. For example, if a license holder is found responsible for maltreatment and disqualified based on serious or recurring maltreatment, and the license is revoked on the basis of these determinations and other rule violations, the scope of the contested case hearing would include all of these determinations and violations.

The division pays for the costs of contested care hearings conducted by the Office of Administrative Hearings. Legal representation in directly-licensed administrative hearings is generally handled by the Office of the Attorney General, and representation in the county-delegated matters is delegated by statute to the county attorneys' offices. The department pays for attorney general legal staff time for all administrative hearings relating to licensing determinations.

Final agency licensing actions are subject to judicial review. The division also incurs costs related to district court and appellate court licensing matters, including administrative determinations and expungement matters.

The number of requests for contested case hearings increased dramatically from state fiscal year 2010 when 180 requests were received and state fiscal year 2011 when 300 requests were received. Likewise, the costs billed to the division from the Office of Administrative Hearings increased from \$315,000 in fiscal year 2010 to \$370,000 in fiscal year 2011. The division's licensing fees did not anticipate or cover this increase. Figure 8 shows Office of Administrative Hearing billings paid by the Licensing Division over the past three years.

Figure 8



Action plan. A significant number of the sanctions issued are fines, the majority of which are based on background study violations. Background studies must be initiated prior to an individual having direct contact with persons receiving services. A portion of the background study violations are identified and self-corrected by license holders prior to a licensing inspection, but fines are generally issued for these violations under current law. Many of these fines result in an appeal. Moreover, many background study fine cases are resolved through a settlement, prior to a contested case hearing. In order to streamline the settlement process and contain costs, a protocol has recently been implemented under which division legal staff contact the license holder upon receipt of an appeal. If the license holder expresses interest in settlement, division legal staff complete the settlement agreement. However, some background study fines do proceed to a contested case hearing with significant hearing costs.

During the 2012 legislative session, the department is proposing to amend the Human Services Licensing Act to provide that when a license holder self-corrects certain background study violations prior to identification by the division, the division will not issue a fine. This would apply within prescribed parameters.

Emergent issues and related legislative proposals.

Over the past twenty-plus years the division has proposed legislative changes in response to issues identified by department staff based on licensing activities and feedback from stakeholders. The 2012 legislative session is no exception. This section of the report highlights four areas in which emergent issues are identified and for which related legislative amendments are being proposed: (1) expanding basic health, safety, and rights

protections standards to services that are not currently licensed; (2) linking licensing standards to rate enhancements; (3) enhancing requirements of license applicants; and, (4) pairing licensing and program integrity enforcement.

For each of the four issues background information is provided to explain the issue, the problem or reason for the change is summarized, the current action being taken by the division is described, the proposed legislative change is identified, and the desired outcome is noted. The proposals all support the department's directives concerning accountability and transparency in state government and align with the goals to reduce fraud, waste, and abuse.

Proposal 1. Expanding basic health, safety, and rights protections to services not currently licensed.

Background. For some time, the department's Disabilities Service Division (DSD) has been working on developing standards for the services covered under the home and community-based waivers (herein after "waiver" or "waivers"). The waivers offer services to specific target groups of people and provide 39 services that are only covered by Medical Assistance (MA) through waivers and to a subset of MA enrollees who are at risk of the level of care provided in an institutional setting. DSD's work on standards is necessitated by the elimination of county contracts in January of 2013. The elimination of these contracts is required in response to federal requirements.

The division had been involved in DSD's stakeholder groups concerning development of standards, but in the fall of 2011, the division became much more intricately involved with the provider standards initiative led by DSD. It was at that time, building from the licensing infrastructure was sought as the method to implement the standards for a subgroup of services covered under the waivers. These services are non-residential and referred to as "Tier One." DSD plans to develop standards for other waiver services including residential services in "Tier Two."

Issue or problem. Currently county contracts are used to enforce minimum standards for waiver services. Elimination of county contracts requires that some minimum standards concerning basic health, safety, and rights protections for individuals served be established at the state-level. Without state-level standards there will be no uniform standards or oversight structure by which to monitor the services provided or take action to address problems, including those concerning client care and program integrity.

For more than 20 years, the division has already licensed certain waiver providers when the service is paid for under the developmental disabilities waiver. This license is governed by state law (Minnesota Statutes, chapter 245B) and provides people with health, safety, and rights protections through standards for service delivery and outcomes. However, people whose services are covered by other waivers, including those with developmental disabilities, currently do not receive the same service protections. There are basic standards for the services covered in the other waivers, but they do not establish

common basic requirements across all services. For example, accreditation from a national entity may be a standard for a service, but that entity may not act on individual complaints and the department would not have jurisdiction to enforce the requirements.

Action to address. In the last three months, one of the division's unit managers has been dedicated full-time to developing basic standards to apply to the subset of unlicensed services identified by DSD as being in the first phase or "Tier One" of the standards. This includes one service that is covered under the Elderly Waiver and the Alternative Care program¹ and overseen by the Aging and Adult Services Division. In keeping with regulatory standards, the licensing requirements that were developed are objective, measurable, and would be applied statewide. They establish the same protections for anyone receiving a licensed waiver service, regardless of the person's diagnosis or which waiver is covering the service.

Legislative proposal. The licensing standards are being proposed as a new chapter of law, the Home and Community-Based Services Standards, chapter 245D. The standards are not as comprehensive as some licensing regulations because they apply to less intensive services (Tier One) and are intended to establish basic standards for the health, safety and, rights, including a required bill of rights for all individuals served. The standards reflect a balance between necessary consumer protections and objective measures with providers' concerns related to implementing the standards, including the associated costs.

The proposed standards link these license holders to the requirements in the Human Services Licensing Act. This means that the Vulnerable Adult Protection Act applies categorically to the people receiving services and workers who provide services are required to have background studies. It also means that license holders are afforded due process rights related to licensing actions and that information concerning the providers' performance will be posted on the department's web-site. The proposal was developed in close collaboration with DSD and incorporates their work with stakeholder groups and feedback from stakeholders on the proposal itself.

Desired outcome. If passed and implemented, the standards will provide health, safety, and rights protections for all individuals receiving certain services (Tier One services), regardless of which waiver covers the service. If the legislative proposal is passed this legislative session, the division will license and oversee the providers identified in Tier One. This will be a new license type and the division will have to refine and build systems and work flows accordingly. This will include expansion of the division's database (LIS) to provide data and reports, including those required for federal reporting. The fiscal analysis for the proposal includes staff for the related licensing activities.

¹ Alternative Care provides services that parallel those covered by the Elderly Waiver for individuals who are not eligible for Medical Assistance (i.e., waivers), but meet state criteria for state funding of the services.

Proposal 2. Linking licensing standards to rate enhancements.

Background. The division directly licenses providers of chemical dependency treatment services. This includes conducting on-site inspections to evaluate compliance with the licensing standards, completing investigations as applicable, issuing correction orders, providing technical assistance, and taking licensing actions, as applicable, for non-compliance. As part of these activities, licensors review client and personnel records, program documentation related to staffing and other requirements governing the service.

Effective July 1, 2011, the Division of Alcohol and Drug Abuse (ADAD), implemented a statewide uniform rate setting methodology for chemical dependency services. Similar to DSD's initiative, ADAD's changes were, in part, driven by the need to eliminate county contracts to comply with federal requirements. The methodology includes base rates and establishes requirements that providers must meet to claim enhanced service rates for certain services.

The current licensing requirements to provide chemical dependency services include specific certification standards for specialized services. Other rate enhancement standards are independent of certifications, such as the number of hours of training certain staff must have and other requirements that are similar to licensing requirements. Currently, ADAD is responsible for managing compliance with the rate enhancement standards and furnishing provider support. The division has discussed with ADAD that licensors could conduct the reviews related to the rate enhancement standards as part of the licensing and ongoing monitoring processes.

Issue or problem. Some cases have been identified where providers were approved to bill an enhanced rate but did not meet the existing licensing standard that would reasonably seem to apply. For example, there is a license certification for providers who provide services to people who have a co-occurring mental health diagnosis, commonly referred to as co-occurring. There is also a rate enhancement for co-occurring. However, approval of the rate enhancement was not contingent on the associated licensing certification for co-occurring. While this is permitted as a payment model, the incongruence is confusing and counterintuitive.

Action to address. In response to collaboration with ADAD, it was determined that it would be an efficient use of resources and provide clarity for providers to have licensing staff monitor for compliance with the standards required for the rate enhancements. Licensors would then conduct the reviews related to the rate enhancement standards as part of the licensing and ongoing monitoring processes. This separates the regulatory and program integrity role from the training and technical assistance role that would be maintained by ADAD. It also streamlines the review process for providers. For example, a provider would not be required to produce documentation for review of compliance with the licensing standards one week and the next week produce the same or similar documentation for review of compliance with the rate enhancement standards.

Legislative proposal. Current state law permits the department to transfer the monitoring of the rate enhancement standards from ADAD to licensing now; however, the division proposed legislation that grants authority to issue licensing sanctions for non-compliance with the rate enhancement standards under the Human Services Licensing Act. If the responsibility for monitoring these standards is transferred to the licensing division, the scope of the licensing review, monitoring, related actions, and due process, will be expanded. In turn, the division's systems and process will need to be refined and broadened to accommodate the change.

Desired outcome. Providers would be provided due process rights if the department found non-compliance. Efficiencies would be achieved by using existing infrastructures (i.e., for reporting, maintaining, and analyzing data, etc.) and having staff who routinely conduct licensing reviews and investigations be responsible for monitoring for compliance with the standards to bill enhanced rates. It also supports clear separation between the department's role to develop policy and provide technical assistance with the role of regulation enforcement and due process.

Proposal 3. Enhancing requirements of license applicants.

Background. The significant increase in deficient license applications was described under Trend 2 earlier in this report. The division has recognized a pattern between license applicants that require considerable technical assistance to meet the initial standards to be licensed and on-going compliance problems, sometimes culminating in licensing sanctions. These applications take considerably more time and effort from licensing staff to educate the applicant on the regulations and how to address the deficiencies in the application. Additionally, while the division can assign time lines by which the applicant is to respond, the law does not provide authority to terminate an application for failure to respond or for multiple inadequate or partial responses.

By example, the division has applications that remain in active status for four to five years. During these prolonged periods, often state or federal requirements change resulting in additional training and technical assistance from licensing staff. Applicants may be electing to do this because there is an application fee and so long as the application is active they do not have to pay another application fee.

It is not uncommon for applicants to purchase policies, procedures, and forms as well as assistance from consultants to submit applications. The division has received in applications policies and forms with the names of other organizations on them. In some more recent cases, consultants closely coach and shepherd applicants through the licensing process, in order for the applicant to meet the requirements. In these cases, while the applications appear to demonstrate that the applicant is prepared to provide services, significant non-compliance is determined at the initial site visit prior to issuing the license. For those that achieve meeting the conditions to be licensed, significant non-compliance is determined in the follow-up site visits that occur within four to six months of issuing the license.

Issue or problem. Applicants that are ill prepared or that do not understand the fundamental requirements to provide a service are more likely to have difficulty achieving and maintain compliance with the standards and therefore pose a higher risk to children and vulnerable adults who use these services. The division has also received very questionable applications that are complex to sort through without considerable investigation. For example, there have been several cases in the last year of child care and adult day service applicants that did not fully disclose all of the owners or individuals who have controlling interests in the service.

In one scenario, the division received five separate applications for three store front spaces in one building. The applications were received at differing times with differing combinations of individuals involved and for different services. When the division denied one license, the individuals submitted subsequent applications with other individuals, using slightly different addresses based on multiple doorways into the same space in the store front building.

In addition to the concerns that such providers may not provide acceptable services, these applications deplete limited resources required to complete other licensing work, including responding in a timely manner to applications of more prepared providers.

Action to address. Licensing staff continue to try to hold applicants responsible for submission of required documentation and to demonstrate knowledge and ability to comply with licensing standards. In cases where applications and required materials were provided by consultants who will not have on-going responsibilities in overseeing the services, the licensors inform the applicants that they are responsible for understanding the licensing requirements and operating the programs within those requirements. As applicable, the division seeks to verify ownership interests by comparing information submitted to licensing with information submitted to other divisions for other purposes such as provider enrollment. The division has also sought information from the Minnesota Department of Revenue to identify owners and staff.

Legislative proposal. The division's legislative proposal includes amendments to more specifically address the preparedness of applicants. This includes requirements for license applicants to demonstrate knowledge of the licensing requirements through a competency-based exam. Applicants must also provide the names of all individuals who have a controlling interest in the business operation and must provide identification information as a business entity, or as an individual, including social security numbers and photo identification. The proposal also includes a provision to permit the division to deny an application when it is deficient and the applicant has been provided notice and information, but continues to fail to meet the requirements.

Desired outcome. If passed, the individuals responsible for the license – the applicant, not a consultant – must demonstrate a basic understanding of the requirements to provide the service. In turn, the division will be able to more readily identify problems and

complete reviews of applications. The proposed legislative changes will also positively impact services to consumers in that providers will be better prepared and more likely to meet the required standards on an on-going basis. Further, the department will be supplied with additional tools to screen out providers who do not understand the basic requirements. It also more strongly connects licensing requirements to minimizing the risk of misuse or abuse of public funds by improved identification of applicants and license holders.

Proposal 4. Pairing licensing and program integrity enforcement.

Background. The department enforces basic health, safety, and rights of consumers through licensing, assures providers meet certain standards to be enrolled if they are going to bill for services covered by Minnesota Health Care Programs and child care assistance (herein after “public funds”), and oversees requirements to minimize misuse or abuse of public funds and, as applicable, seeks recoveries related to fraud and abuse through the Surveillance and Integrity Review (SIRs) unit.

Licensing division staff have routinely referred issues concerning program integrity to SIRs and have worked with Provider Enrollment on several licensing actions. In 2010, the unit that licenses adult day service centers began a pilot of working with Provider Enrollment prior to conducting reviews to identify individuals whose services were covered through Minnesota Health Care Programs (MHCP), in order to focus their review of files on those individuals.

In more than one case, a review of an adult day service center found essentially no records concerning when clients were present in the program or records connecting services provided to claims for reimbursement. There were substantial issues with lack of documentation, including the names and times clients arrived and departed from the program or summary notes of the provision of services. Additionally, there were considerable background study violations.

The licensing reviews of adult day service centers that are paired with a more deliberate evaluation of use of public funds take longer to prepare for and conduct, but have proved to be important to overall program integrity. The additional time along with the complexities and considerable follow-up required when program integrity concerns are identified has limited the division’s ability to conduct these expanded reviews in all adult day service centers. The additional time and resources may affect several areas of the division because due process rights apply and often these programs have significant violations concerning background studies and other licensing standards.

Similarly, licensors have historically reported issues concerning program integrity to county fraud investigation units as well as department staff in Children and Family Services’ Division who work in the child care assistance program. In 2010 and 2011, licensing staff worked directly with county fraud investigators, including conducting joint (unannounced) site visits in some cases. During on-site visits to these child care centers,

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licensors compare data received from the provider, including children's files, staff files, and attendance records, with data received from the department's child care assistance staff and county fraud investigation units.

Issue or problem. The division is identifying more issues concerning program integrity and has begun working with different areas of the department and other county and state agencies to more purposefully use licensing visits as an additional method to monitor use of public funds. In doing so, several concerns have been identified, including poor record keeping. Providers who enroll as an MHCP provider agree to maintain documentation of the services they provided to support the claims they submit; however, the documentation requirements for licensing do not encompass these.

Action to address. The division has long recognized the need to work more closely with other work areas of the department, such as Provider Enrollment, SIRs, and the child care assistance program concerning program integrity issues. This is evidenced by the work with adult day centers and child care centers. In addition, licensing staff have begun to work more closely with other entities concerning program integrity issues, including U.S. Departments of Health and Human Services and Agriculture, Offices of Inspector General, the FBI, U.S. Attorney's Office, the Internal Revenue Service, and Minnesota Departments of Revenue, Education, and Employment and Economic Development.

In August of 2011, the department established the Department of Human Services Office of Inspector General (OIG) to more deliberately and efficiently coordinate and streamline program monitoring activities with fraud prevention and recovery. The department's OIG office includes the Licensing Division, and the Financial Fraud and Abuse Investigation areas including Medicaid Provider Investigations, Fraud Prevention Investigation, MinnesotaCare fraud investigation, and child care provider child care assistance program integrity.

Legislative proposal. The legislative proposal for the department's OIG includes provisions to strengthen the relationship between provider monitoring conducted by the division with existing program integrity work. This includes, for providers who receive public funds, requirements in the license application that specifies that receipt of public funds may be monitored by the division, that non-compliance related to misuse, fraud, or abuse of public funds may result in a licensing sanction, holding claims from being processed, recovering payments, dis-enrolling the provider as a MHCP provider, and seeking other administrative, civil or criminal penalties as provided in law.

The proposal also includes other specific program integrity and accountability standards for providers such as requirements for providers to maintain attendance records and designate a compliance officer to be responsible for program integrity requirements that are required by statute.

Desired outcome. It is expected that with the division now being under the leadership of the OIG that licensors and investigators throughout the division will have increased

responsibilities related to identifying possible misuse, abuse, or fraud related to public funds. This is an efficient way for the department to expand its monitoring of the use of public funds, because licensing staff are already conducting reviews of programs. It is also expected that misuse, abuse, and fraud will be curbed so that limited public funds are disbursed in accordance with policy permitting more people to receive needed services.

Other Initiatives

The division is impacted by and directly involved with several large-scale initiatives and changes that are currently underway or expected in the coming months. These include initiatives to increase efficiencies through information technology and improve the background study processes. Additionally, a report is due to the legislature in February 2012 that examines possibly merging the department's licensing functions with the Minnesota Department of Health. Responsibilities relating to these new efforts are in addition to the division's overall current work responsibilities and resources. The initiatives and legislative report are listed below, with a general explanation of each.

Initiative 1. Development and implementation of eLicensing.

eLicensing is one of the Governor's Better Government initiatives, and the division is very involved in the project. A goal of this statewide initiative is to provide the public with a single web portal that will allow Minnesotans' access to all of their professional licenses for purposes of applications, renewals, updates, payments, or any other licensing transactions they routinely perform. The department is the first large agency to implement the new Office of Enterprise Technology (OET) system for eLicensing. The division's application of eLicensing is also the first that applies the eLicensing software to an agency's existing database infrastructure (LIS).

Planning and implementation of eLicensing began two years ago. The rollout will be in completed in phases allowing refinements and modifications of the three components during the implementation phases.

The first phase of the rollout will allow licenses to be updated, renewed, and closed by approximately 600 county licensors who now use a paper process that requires division staff to manually process the transactions for about 20,000 licenses. Currently, the rollout has begun with two counties, Ramsey and Kanabec, and involves approximately 1,200 licenses. Once this portion of the rollout is complete, additional transactions will be added (such as submitting requests for new licenses and extending the effective dates of existing licenses) and the rollout will proceed to all counties.

While part of the project is funded through a ten percent (10%) licensing fee surcharge, this funding is allotted to the contractors and to the Office of Enterprise Technology (OET), not the department. Consequently, the department and the division have been challenged to complete the very complicated and time consuming work of developing the adapters to connect the eLicensing software with the division's LIS database and for

testing and refining the versions of the systems as they are rolled out. Resourcing this initiative with limited IT staff and the division's licensing staff has been a significant challenge and the project has not progressed on the time lines that were initially established.

The division continues its commitment to the project and envisions the use of eLicensing in supporting other proposals such as those related to expanding basic licensing standards to unlicensed waiver services and linking licensing standards to rate enhancements for certain providers.

Initiative 2. Replacing the division's existing data base known as the Licensing Information System.

As described earlier in this report, the Licensing Information System (LIS) is a comprehensive database developed and used by the division. It includes over 80 data tables and countless relationships between the tables for data reporting. It is the single tool for creating and tracking licenses, licensing sanctions, complaints, investigation, and reports. Data collected and maintained in this system is relied upon for numerous purposes in the division and many other areas of the department ranging from the department's Provider Enrollment for provider payment and PCA enrollment, and MEC² for child care assistance purposes, and in other agencies such as the Department of Education for their implementation of the U.S. Department of Agriculture (USDA) food assistance program for various licensed providers.

LIS is written in a computer language that in the near future Microsoft will no longer support (VB6 language). Because the language is outdated, modifications have been required to meet state standards. After consideration with OET, it has been decided to update the VB6 to new language consistent with current technology. In addition to updating the language and technology, over 200 improvements have been slated to be added to the LIS program. The timing of the transition to the new language is fortuitous in that it coincides with other initiatives and projects in which the division is engaged. Consequently, the changes that would be required by the new initiatives and projects, described earlier in this report, can be folded into these updates which will be more efficient.

The updating of the LIS language is in its initial stages. A functional analysis has been completed and the division is currently prioritizing which improvements will be addressed first. The rewrite of LIS is a major initiative that will take up to a year or more to complete. It will require a minimum of three full-time IT staff to be dedicated to the project. It will also include considerable consultation with and involvement of licensing staff and other department staff related to the developing initiatives and projects.

Initiative 3. Applying for a federal background study grant.

The federal Centers for Medicare and Medicaid Services (CMS) recently issued a fifth solicitation for grants to states to identify efficient, effective, and economical procedures for long term care facilities and providers to conduct background studies on workers. The maximum grant award amount is \$3 million over three years and the state is required to fund one-quarter of the award amount. The grant includes detailed conditions that states must meet.

The division submitted an application in August of 2010, in response to an earlier background study grant solicitation. The application, in part, proposed to establish a statewide infrastructure to collect fingerprints on all individuals for whom background studies are required. This would have enabled fingerprints to be used to conduct the background studies through the Minnesota Bureau of Criminal Apprehension in lieu of the state's current system of matching records using name and date of birth. The proposal also would have expanded the number of background studies the division conducts that include FBI record checks.

CMS would not consider the 2010 application without considerable changes, most significantly the expansion of FBI checks to nearly all background studies and development of an automated state rap back² system. The annual cost of the FBI checks was estimated at a minimum of \$5 million per year, the bulk of which was due to the FBI fee of nearly \$25 per check. The initial cost estimate to develop an automated state rap back system was \$2.5 million, with additional on-going costs to maintain the system. Due to the substantial and on-going costs, that far exceeded the grant amount, the department withdrew the application.

The division has had contacts with CMS, as recently as last summer (2011) concerning the department's original proposal. During these communications, CMS seems to have refined some policy interpretations concerning the scope and applicability of the FBI checks and possibly their expectations concerning rap back requirements. Given this shift, the division is planning to submit a revised application in February 2012, in response to CMS' fifth solicitation. Key aspects of the 2010 application, including the expansion of background studies using fingerprints, development of an automated state rap back, and targeted increases in FBI reviews, may be in the 2012 application. If approved, the division will be responsible to implement broad sweeping changes in the background study system, including such things as development of an infrastructure for collecting fingerprints on all individuals to be studied and converting from a system based on "name and date of birth" matches to a fingerprint-based system. Extensive legislative changes will be required prior to implementation.

² The term "rap back" is used in the context of the grant to describe an automated system by which new, potentially disqualifying information regarding former background study subjects is provided to the department.

Initiative 4. Evaluating merging regulatory functions with the Minnesota Department of Health.

The 2011 legislature required a report to be completed by the Minnesota Department of Health (MDH) in consultation with the department to evaluate and determine whether reorganizing the regulatory responsibilities between agencies would be cost effective. The report is to answer whether the activities of both agencies should be combined into a separate agency or whether the activities of both agencies should be combined into MDH or the department. The report is due February 15, 2012.

Thus far, a subset of three percent (3%) of providers have been identified as having a license issued by the department, related to service standards, and a license issued by MDH to be a supervised living facility or a specialized board and lodge facility. Where possible overlap could occur between the licenses, it is managed by regulatory exemptions. In other words, the standards of one license supersede the other to streamline and simplify the requirements for the license holders.

It is unknown at this time what the possible ramifications of the report may be to the division as they are dependent on the final recommendations in the report and the legislative response. There could be minimal to no change in the division's functions or there could be a total redesign of the division's infrastructure and licensing work.

Conclusion

This report provided a general overview of vital functions of the Licensing Division, high-lighted four licensing trends and discussed emergent issues for which legislative proposals are planned. The report also described some new initiatives that significantly impact the work of the division, including those related to information technology and background studies, and a report due to the Legislature in February 2012 considering the possible merging of licensing functions with the Minnesota Department of Health.

The division is actively pursuing the expansion of basic health, safety, and rights protections for children and vulnerable adults receiving certain waiver services that are currently not licensed and the linkage between current licensing standards and the standards required to receive certain enhanced rates for chemical dependency services. Likewise, the planned changes to increase license applicants' understanding of program services and building stronger connections between licensing actions and monitoring the use of public funds are all positive changes that ultimately improve the services children and vulnerable adults receive.

The division has enhanced the information available through the License Information Lookup function on the department's website. This has significantly increased the amount and type of information about licensed providers available to the public to make informed decisions. Further the division looks forward to expanding the use of

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eLicensing and upgrading the division's database as these are necessary underpinnings to the changes and initiatives in the division's immediate future and those further on the horizon.

In addition, it is expected that with the division now being under the leadership of the Office of Inspector General that licensing staff will have increased responsibilities related to identifying possible misuse, fraud, or abuse of public funds. All of these changes, initiatives, and plans support the department's vision statement of *Healthy People, Stable Families, Strong Communities* and the division's mission.

The division's paramount purpose is at all times the protection of the health, safety, rights, and well-being of people who are served by licensed programs. While performing current licensing responsibilities and looking toward new initiatives, the division continues to strive to improve systems and processes to enhance efficiencies and customer service. As evidenced by the data provided and trends highlighted in this report, the division finds itself challenged with the demands to perform an increasing amount of work within the scope of its current licensing responsibilities and to assume expanded roles relating to new initiatives, and to do so within the existing organizational structure and resources.