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House Oversight and Ethics Standing Committee
Wednesday, July 13, 2016
Chair: Honorable Representative Ed McBroom

Speaker: Larry Horvath, Bureau Director

On behalf of Director Edgerton of the Department of Licensing and Regulatory Affairs, we want to thank you for the opportunity to provide testimony today.

My name is Larry Horvath, Director for the Bureau of Community and Health Systems. Our bureau was formed in July 2015 and has regulatory oversight for state licensing and federal certification of health care facilities and programs, child care homes and centers, child and adult foster care camps, and adult foster care homes.

Our primary function, both state and federally, is to assure that providers that require state licensure, or want to participate in the Medicare and Medicaid programs as certified providers, are inspected prior to operation, routinely inspected after state licensure and/or federal certification, and investigated when a complaint is lodge with the bureau.

Our testimony today focuses on the Office of the Auditor General's follow up report dated May 2016 regarding the Adult Foster Care and Camps Licensing Division.

LARA assumed responsibility for this licensing program in April of 2015 pursuant to Executive Order 2015-4.

The Adult Foster Care and Camps Licensing Division has state licensing oversight for approximately 4,200 adult foster care homes, 230 Homes for the Aged, and over 1,000 camps.

This division is directed by Jay Calewarts, sitting at the table with me today. The division has approximately 80 employees. In addition to routine state licensing inspections, the division and its staff are responsible to investigate complaints in licensed adult foster care homes and unlicensed settings.

LARA agrees with the follow up audit report, and believes the bureau has made great strides in addressing the deficient practices cited in the original and May 2016 follow up report. The bureau has enhanced its computer system to better track and display activities, revised policies and procedures, and added additional staff where needed.

Mr. Calewarts will now provide a brief overview of the division's operations and audit findings.

Speaker: Jay Calewarts, Division Director

In 2015, the division received more than 2,500 complaints related to an adult foster care setting.

As of July 12, the bureau has received more than 1,370 complaints in 2016.

Of the complaints received since March 3, 2015, 477 were referred to the Department of Health and Human Services Adult Protective Services or APS.

Of the 477 referrals, 422 were related to active licensed facilities, 14 related to closed facilities, and 41 at sites that did not hold a state license.

Although we do not track the number of complaints received from APS, we estimate that we received about 500 referrals from APS during this same time period.

It is important to know that our authority is to provide oversight of the facility and to insure that the facility is in compliance with licensing code and rules.

While there are licensing rules that ensure that the residents are protected from harm and treated with dignity and respect, our only recourse from an enforcement standpoint is to take action against the license itself.

If we have reason to believe that a resident is in danger of abuse, neglect or exploitation, we refer the complaint to APS, and often will conduct a joint investigation. APS is responsible for relocation of the residents to a safe living arrangement if needed.

As for the audit itself, we are pleased that the OAG found substantial compliance with Finding #1 with the steps taken to improve inspection documentation.

While we are disappointed that Finding #7 remains as a material condition relating to APS referrals, we believe the division has made substantial progress.

In fact, we believe the OAG follow up report demonstrates the progress made to date. For instance, the lack of immediate referral to APS was 25% in the original report and 11% in the follow up report.

We want to assure the chair and members of the committee that the division will continue to take steps to correct the remaining deficient practices. We continue to train staff on our current policy to refer to APS upon receipt of an allegation of abuse neglect or exploitation.

We also are jointly working with the APS to modify the bureau policy to assure timely referrals to APS when appropriate, but also to assure that unnecessary referrals are not made.

To this end, we want to provide a little more insight into the 4 cases cited that were not immediately referred to APS. Three (3) of these 4 cases were investigated within 24 hours by division staff and the 4th case within 3 business days of receipt of the allegations.

During the course of our investigations there was not any reason to believe that the residents were in danger of being abused, neglected or exploited in the future. And in one case the complainant withdrew the allegations as they later stated the allegations were unfounded.

In another case the alleged perpetrator was terminated after the facility self-reported the incident. The remaining two cases were not substantiated.

Thank you for this opportunity to present.

Speaker: Larry Horvath

We want to assure you that Director Edgerton, myself, Director Calewatts, and the dedicated employees within the division take seriously the protection of Michigan residents, especially those residents residing in a state licensed adult foster care home. Allegations of abuse, neglect or exploitation of residents are not taken lightly.

In summary, we agree with the OAG findings and are dedicated to correct. At this time, we are happy to answer any questions you may have.

Again, on behalf of Director Edgerton, we appreciate this opportunity to provide testimony and hopefully have demonstrated that staff are working to assure quality care and safe environments for Michigan residents.