



---

STATE OF ILLINOIS

---

OFFICE OF THE AUDITOR GENERAL

---

COST SURVEY OF  
ILLINOIS HEALTH AND HUMAN SERVICE  
PROVIDERS

MAY 1999

---

---

WILLIAM G. HOLLAND

---

AUDITOR GENERAL

---

SPRINGFIELD OFFICE:  
ILES PARK PLAZA  
740 EAST ASH · 62703-3134  
PHONE: 217/782-5046  
FAX: 217/785-8222  
TDD: 217/524-4646



CHICAGO OFFICE:  
JAMES R. THOMPSON CENTER · SUITE 4-100  
100 WEST RANDOLPH STREET · 60601  
PHONE: 312/814-4000  
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

*To the Legislative Audit Commission, the  
Speaker and Minority Leader of the House  
of Representatives, the President and  
Minority Leader of the Senate, the members  
of the General Assembly, and the Governor:*

This is our report of the Cost Survey of Illinois Health and Human Service Providers. The survey was conducted pursuant to House Resolution Number 504, which was adopted May 21, 1998.

The survey report is transmitted in conformance with Section 3-14 of the Illinois State Auditing Act.

WILLIAM G. HOLLAND  
Auditor General

Springfield, Illinois  
May 1999

**REPORT  
DIGEST**

**COST SURVEY  
of  
Illinois Health and Human  
Service Providers**

Release Date: May 1999



State of Illinois  
Office of the Auditor General

**WILLIAM G. HOLLAND**  
AUDITOR GENERAL

To obtain a copy of the Report contact:  
Office of the Auditor General  
Attn: Records Manager  
Iles Park Plaza  
740 East Ash Street  
Springfield, IL 62703  
(217) 782-6046 or  
TDD: (217) 524-4646

This Report Digest is also available on  
the worldwide web at  
<http://www.state.il.us/auditor>

**SYNOPSIS**

House Resolution Number 504 directed the Auditor General to collect information on selected health and human services providers' costs, and to summarize how State agencies set, review, and update reimbursement rates. The report reviews 15 programs at 4 State agencies.

As directed by the Resolution, this was not an audit of providers' cost reporting. We relied upon the accuracy of the information provided by State agencies and providers. There were several limitations in our collection and analysis of provider cost information, including:

- cost information was limited or not available for certain programs;
- providers did not report costs in the same way; and
- some agency and provider data did not reconcile.

This cost survey found that:

- State agencies generally did not use cost reports to update rates; rather, many increases were given based on across-the-board cost-of-living increases. All 15 programs surveyed received a rate increase in Fiscal Year (FY) 1997, as well as an increase in FY98 and/or FY99.
- Some providers' programs sampled were funded almost entirely by the State program surveyed (for example, Department on Aging's Homemaker program provided, on average, 97% of sampled providers' total revenue for the program); others received a large portion of their funding from other sources, such as other State, federal, or local agencies, or private contributions (for example, Department of Human Services' Emergency Food and Shelter funding comprised an average of 24% of sampled providers' total revenue for the program).

In a comparison of cost and revenue from all sources, we found that 90 of 244 (37%) providers reported costs which exceeded revenue for the program surveyed, 131 (54%) reported revenues which exceeded costs for the program surveyed, and 23 (9%) reported costs and revenue to be equal.

## SURVEY CONCLUSIONS

House Resolution Number 504 required the Auditor General to conduct a survey to determine the cost of providing selected health and human services, and to summarize how each State agency named in the Resolution sets, reviews, and updates reimbursement rates for programs selected. From among the over 100 health and human service programs identified by the State agencies surveyed, we selected 15 programs at 4 State agencies for review.

In the conduct of the survey, our collection and analysis of provider cost data was limited by several factors as discussed below. Due to these factors, comparisons between programs, and even among providers within some programs, may be limited. The survey data limitations include:

- **Cost information was limited or not available for some programs surveyed.** Some programs did not require cost reports and some cost reporting requirements were waived. We also found instances where agencies were not able to provide cost reports for all of the providers sampled in a particular program. In those cases, where feasible, we amended our sample to encompass those providers that had submitted cost reports, which may or may not be representative of the entire provider population.
- **Providers did not report costs in the same way, either among programs or, in some instances, within the same program surveyed.** We surveyed providers in two programs but had difficulty getting complete and comparable cost and revenue information. Also, some providers reported only their costs up to the grant amount received, while others reported all costs. Cost reporting forms also varied among programs.
- **Some agency and provider data did not reconcile.** We relied on the State agencies and providers to provide the relevant cost, reimbursement, and funding information for the survey. We found instances where agency data, provider cost reports, and provider financial statements did not reconcile; however, agencies reported that they have processes to address these differences. Since pursuant to House Resolution Number 504 this was not an audit, we cannot fully attest to the validity or accuracy of the information we received.

- **Programs had different disbursement methods.** Agencies provided funding to providers either through a grant process or a contractual fee-for-service arrangement. Some reimbursements were determined by a review of proposals submitted by providers, others were derived using a reimbursement methodology, while still others were simply a cost-of-living increase over a previously established rate. Some reimbursement rates were statewide, while others were based on specific provider and recipient characteristics.
- **Providers had different characteristics.** Providers differed in terms of their size and the types of services they provided. The types of providers ranged from large urban hospitals with multimillion dollar operating budgets to small rural providers with total operating budgets of a few thousand dollars. Some providers provided more than one type of service for the State, and some providers may have had contractual arrangements with more than one State agency.
- **Providers had different funding sources.** Some providers' programs sampled were funded almost entirely by the State contract or grant program included in this survey. For example, the Department on Aging's Homemaker program, the Department of Children and Family Services' (DCFS') Foster Care Purchase of Service Specialized program, and the Department of Human Services' (DHS') Delinquency Prevention program provided, on average, 97 percent of sampled providers' total funding for these programs. Conversely, DHS' Emergency Food and Shelter program provided an average of 24 percent of sampled providers' total funds for the program. We also found that State programs paid varying portions of providers' total program costs. In addition to funding from the State program surveyed, most providers also received funding from other sources, such as other local, federal, and State sources (including sources from within the same State agency), or from private and miscellaneous sources.

Agencies generally did not use cost reports to adjust rates. Most agencies used across-the-board cost-of-living increases during the period reviewed. We found that all of the 15 programs we surveyed received a funding increase in Fiscal Year 1997, 11 of 15 programs received an increase in Fiscal Year 1998, and 13 of 15 programs received an increase in Fiscal Year 1999. One program's funds decreased in Fiscal Year 1998.

We compared cost and revenue information for programs surveyed, when available, from provider cost reports and financial statements. This analysis included revenues from all sources, including funds from State agencies, as well as other sources. For the 244 providers surveyed with available data, 90 (37%) reported total costs for the program surveyed which exceeded revenue received for the program, and 131 (54%) reported revenues for the program which exceeded costs for the program. The remaining 23 (9%) reported that their costs and revenue were equal. We also found that 21 (9%) of 242 providers with available data reported reimbursements from the State program we reviewed that exceeded their total costs for the program.

Certain programs had a relatively large percentage of providers sampled that, for the program surveyed, reported total costs greater than total revenue. For example, 16 of the 25 providers sampled in the Department on Aging's Homemaker program reported costs which exceeded revenue for the program. Similarly, 8 of 15 DCFS Group Home providers reported costs which exceeded revenue for the program. The Aging Homemaker and DCFS Group Home program funding that we reviewed comprised a large portion of the sampled providers' total funding for the program (Homemaker was 97 percent and DCFS Group Homes was 83 percent).

Conversely, the majority of providers for some other programs reported program revenues which exceeded total costs for the program surveyed. For example, 16 of 21 DHS Mental Health Outpatient providers and 14 of 24 DHS Domestic Violence providers reported, for this program, total revenue which exceeded total cost. On average, the Mental Health Outpatient program provided 52 percent of sampled providers' total program funding, and the Domestic Violence program provided 43 percent of the sampled providers' total program funding. This analysis looked at the costs and revenues only for the programs surveyed and is not intended to show entire profit or loss for the entity as a whole. DHS officials stated that there is a process to recover excess payments to providers.

## **HEALTH AND HUMAN SERVICE PROGRAMS SURVEYED**

Digest Exhibit 1 summarizes Fiscal Year 1997 information about the 15 programs included in the survey. The Exhibit shows the number of providers and funding information for each program. (Report page 10)

Digest Exhibit 1  
**BACKGROUND INFORMATION ABOUT PROGRAMS INCLUDED IN SURVEY**

<b>Agency</b>	<b>Program Name</b>	<b>Number of Providers</b>	<b>FY97 Program Reimbursements*</b>	<b>FY97 Funding Rate</b>
Aging	Homemaker	56	\$ 107,884,000	Statewide rate of \$8.73 per hour
	Adult Day Care	58	\$ 7,607,000	Statewide rate of \$5.13 per hour
DCFS	Foster Care (Purchase of Service Specialized)	84	\$ 120,250,813	Program specific rate based on formula
	Group Home Care	58	\$ 42,844,159	Program specific rate based on formula
DHS	Outpatient (Mental Health)	130	\$ 38,477,519	Grant
	Day Treatment (Mental Health)	96	\$ 23,842,709	Grant
	Community Integrated Living Arrangements (Mental Health)	86	\$ 31,227,603	Grant
	Community Integrated Living Arrangements (Developmentally Disabled)	167	\$ 113,775,430	Fee-for-Service based on a rate calculation
	Centers for Independent Living	22	\$ 3,120,853	Grant
	Emergency Food and Shelter	70	\$ 7,475,612	Grant
	Delinquency Prevention	18	\$ 1,448,857	Grant
	Domestic Violence	53	\$ 13,574,958	Grant
	Outpatient Substance Abuse (Level 1)	240 **	\$ 28,282,552 **	Statewide hourly individual rate of \$54.60 and group rate of \$20.60
Public Aid (IDPA)	Hospice Services (Routine Home Care)	83	\$ 7,202,453	Federally-set daily national rate of \$94.17
	Residential Nursing Facilities	781	\$1,327,874,900	Variable rates based on formula

Notes: \* Reimbursements include only the dollar amounts reported by the State agencies for the particular grant or contract program surveyed. In most instances, providers received additional funding for the program from other sources, such as from other local, federal, and State agencies (including sources from within the same State agency), or from private and miscellaneous sources.

\*\* Includes level 1-3 care.

Source: OAG Summary of Agency Data

## FUNDING SOURCES

**Service providers generally received funds from a variety of sources.**

Digest Exhibit 2 shows that some sampled provider programs were funded almost entirely by the contract or grant program included in this survey, whereas others relied more on other types of financial support, which included funds from local, federal, private, or other State sources. For example, the Department on Aging's Homemaker program, the Department of Children and Family Services' (DCFS') Foster Care Purchase of Service Specialized program, and the Department of Human Services' (DHS') Delinquency Prevention program provided, on average, 97 percent of sampled providers' total funding for these programs. Conversely, DHS' Emergency Food and Shelter program provided an average of 24 percent of sampled providers' total funds for the program.

Digest Exhibit 2 also shows that the contract or grant program included in this survey covered varying amounts of providers' total costs for the program. The percentages ranged from 96 percent for sampled providers from DCFS' Foster Care Purchase of Service Specialized program to 36 percent for DHS' Centers for Independent Living. (Report page 11)

Digest Exhibit 2			
PERCENTAGE STATE PROGRAM FUNDING COMPRISED OF PROVIDERS' REVENUE AND COST FOR PROGRAMS SURVEYED			
(OAG Sample of Providers - Fiscal Year 1997)			
Agency	Program Name	Percentage of Total Program Provider Funding	Percentage of Total Program Provider Costs
Aging	Homemaker	97%	95%
	Adult Day Care	53%	60%
DCFS	Foster Care Purchase of Service Specialized	97%	96%
	Group Home Care	83%	81%
DHS	Centers for Independent Living	31%	36%
	(Developmentally Disabled)	86%	
	Community Integrated Living Arrangement (Mental Health)		81%
	Day Treatment (Mental Health)		58%
	Delinquency Prevention		95%
	Domestic Violence		45%
	Emergency Food and Shelter		Total cost data not available
	Outpatient (Mental Health)		56%
Public Aid		43%	48%

(1) Two programs were not included: Outpatient Substance Abuse because DHS waived FY97 cost reporting requirements. Hospice Services because IDPA does not receive cost reports for this program because the reimbursement is based on a

(2) Programs presented in this Exhibit may include costs and revenue associated with non-State program clients. For example, the percentages for Residential Nursing Facility providers are based upon costs and revenue for both State-paid

Source: OAG Summary of Agency Data



**All 15 programs surveyed received a rate increase in Fiscal Year 1997, as well as an increase in Fiscal Year 1998 and/or Fiscal Year 1999.**

**RECENT RATE UPDATES**

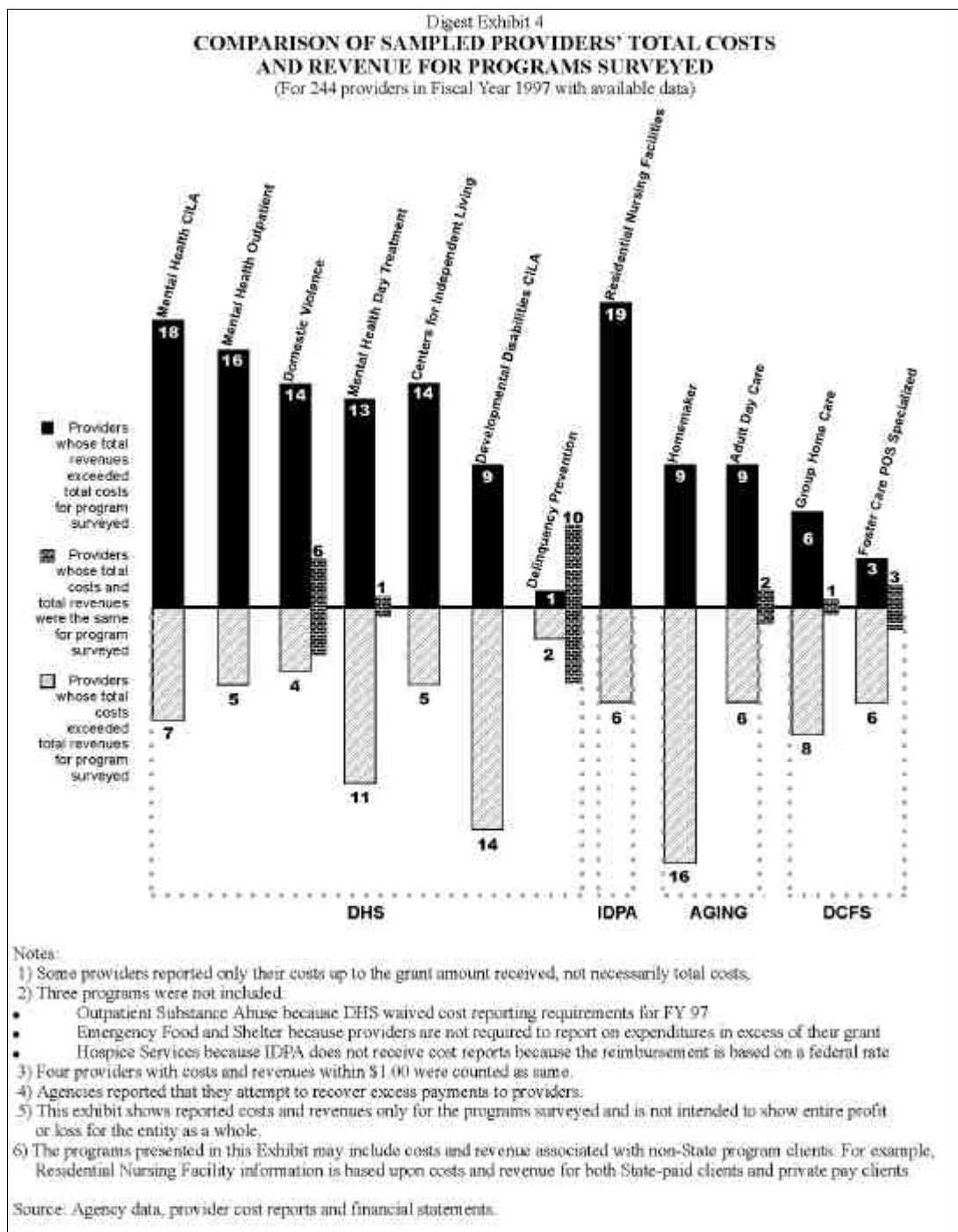
Digest Exhibit 3 summarizes the reimbursement rate changes that, according to the agencies surveyed, have occurred in recent years for the 15 programs we sampled. All of the 15 programs we sampled received a funding increase in Fiscal Year 1997, 11 of 15 programs received an increase in Fiscal Year 1998, and 13 of 15 programs received an increase in Fiscal Year 1999. One program's funds decreased in Fiscal Year 1998. (Report pages 13-14)

Digest Exhibit 3 <b>RECENT RATE HISTORY FOR PROGRAMS SAMPLED</b>		
<b>Agency</b>	<b>Program Name</b>	<b>Recent Rate Changes</b>
Aging	Homemaker	FY97: 3.0% increase (\$8.73 per hour); FY98: No increase; FY99: 9.4% increase (\$9.55 per hour)
	Adult Day Care	FY97: 3.0% increase (\$5.13 per hour); FY98: No increase; FY99: 3.1% increase (\$5.29 per hour)
DCFS	Foster Care (Purchase of Service Specialized)	FY97: 3.0% increase (effective 7-1-96); FY98: 3.0% increase (effective 1-1-98); FY99: No increase
	Group Home Care	FY97: 3.0% increase (effective 7-1-96); FY98: 3.0% increase (effective 1-1-98); FY99: No increase
DHS	Outpatient (Mental Health)	FY97: 3.0% increase; FY98: 3.0% increase (6 months); FY99: 3.0% annualized (as of 1998 base)
	Day Treatment (Mental Health)	FY97: 3.0% increase; FY98: 3.0% increase (6 months); FY99: 3.0% annualized (as of 1998 base)
	Community Integrated Living Arrangements (Mental Health)	FY97: 3.0% increase; FY98: 3.0% increase (6 months); FY99: 3.0% annualized (as of 1998 base)
	Community Integrated Living Arrangements (Developmentally Disabled)	FY97: 3.0% increase; FY98: 3.0% increase (6 months); FY99: 3.0% annualized (as of 1998 base)
	Centers for Independent Living	FY97: 3.0% increase; FY98: 3.0% increase (6 months); FY99: 3.0% annualized (as of 1998 base)
	Emergency Food and Shelter	FY97: 3.0% increase; FY98: 3.0% increase (6 months); FY99: 3.0% annualized (as of 1998 base)
	Delinquency Prevention	FY97: 3.0% increase; FY98: 3.0% increase (6 months);
	Domestic Violence*	FY97: 19.0% increase; FY98: 4.0% decrease; FY99:
	Outpatient Substance Abuse	FY99: 3.0% annualized (as of 1998 base)
Public	Hospice Services (Routine Home Care)	FY98: 1.7% increase in Federal Medicare Rate (\$95.77) FY99: 1.4% increase in Federal Medicare Rate (\$97.11)
	Facilities	FY97: 6.8% increase; FY98: No increase; FY99: 3.0%
* Variations in this program's funding largely due to increases/decreases in federal funding. Source: OAG Summary of Agency Data		

## PROVIDERS SURVEYED

Our sample showed that 90 (37%) of the 244 providers with available

total revenue for the program, 131 (54%) reported revenue for the program which exceeded costs, and 23 (9%) percent reported equal costs and revenue.



**Some providers reported total costs exceeding total revenue for the programs surveyed, and others reported total revenue exceeding total costs.**

Digest Exhibit 4 compares sampled providers' total costs and revenues for the programs we surveyed. For some programs, such as DHS' Domestic Violence and Mental Health Outpatient programs, providers sampled generally had program revenues that exceeded costs for the program. For other programs, such as Aging Homemaker, the majority of providers sampled reported program costs that exceeded revenues for the program.

Providers in some programs reported costs only up to the amount of funding they received under the grant or contract, which accounts for the relatively large number of providers which reported the same amounts for costs and revenues. Therefore, any costs incurred beyond that amount would not be reflected on Digest Exhibit 4. Also, we did not audit individual providers' reporting of costs. This Exhibit reports costs and revenues only for the programs surveyed and is not intended to show entire profit or loss for the entity as a whole.

We also found that in some instances, reimbursements from the State program we surveyed exceeded providers' total costs for the program. A total of 21 (9%) of 242 providers with available data reported reimbursements from the State program we surveyed that exceeded their total costs for the program. Agencies reported that they attempt to recover excess payments to providers. (Report pages 17-21)

## **AGENCY RESPONSES**

The survey report has no recommendations. However, the Department on Aging, the Department of Human Services, and the Department of Public Aid responded in writing to the report. Their entire responses are included in Appendix C of the survey report.

---

**WILLIAM G. HOLLAND**  
Auditor General

May 1999

# TABLE OF CONTENTS

Auditor General’s Transmittal Letter.....	i
Report Digest .....	iii

## **CHAPTER ONE: INTRODUCTION AND BACKGROUND**

SURVEY CONCLUSIONS .....	1
INTRODUCTION.....	3
HEALTH AND HUMAN SERVICE AGENCIES AND PROGRAMS .....	3
HEALTH AND HUMAN SERVICE PROVIDERS .....	4
SCOPE AND METHODOLOGY.....	7
LIMITATIONS OF SURVEY DATA .....	8
REPORT ORGANIZATION.....	8

## **CHAPTER TWO: PROVIDER FUNDING AND COSTS**

INTRODUCTION.....	9
STATE REIMBURSEMENT TO PROVIDERS.....	9
FUNDING SOURCES .....	11
RECENT RATE UPDATES.....	13
PROVIDER REPORTING OF COSTS .....	15
COMPONENTS OF PROVIDER COSTS.....	16
COMPARISON OF PROGRAM COSTS AND REVENUE FOR PROVIDERS SURVEYED.....	17
Providers Receive Funds From More Than One State Program .....	20

# APPENDICES

<b>Appendix A:</b> House Resolution Number 504 .....	25
<b>Appendix B:</b> Sample of Providers.....	27
Illinois Department on Aging .....	29
Illinois Department of Children and Family Services .....	39
Illinois Department of Human Services .....	49
Illinois Department of Public Aid.....	87
<b>Appendix C:</b> Agency Responses .....	97

# EXHIBITS

1-1	Description of programs included in the Survey .....	6
2-1	Background information about programs included in Survey .....	10
2-2	Percentage State program funding comprised of providers' revenue and for programs surveyed .....	11
2-3	Comparison of program funding sources for providers surveyed.....	13
2-4	Recent rate history for programs sampled .....	14
2-5	Availability of Fiscal Year 1997 cost reports.....	16
2-6	Personal service expenses .....	17
2-7	Summary of sampled providers' total costs and revenues for programs surveyed ...	18
2-8	Comparison of sampled providers' total costs and revenue for programs surveyed.....	19
2-9	Providers receiving more than \$4 million in funding from among 13 health and human service programs surveyed .....	21
2-10	Range of funding received by 634 providers from among 13 health and human service programs surveyed.....	21

## Department on Aging

A-1	Sample of Aging Homemaker providers.....	33
A-2	Sample of Adult Day Care providers .....	37

## Department of Children and Family Services

A-3	Sample of Foster Care POS Specialized providers.....	44
A-4	Sample of Group Home providers .....	48

## Department of Human Services

A-5	Sample of Mental Health Outpatient providers .....	53
A-6	Sample of Mental Health Day Treatment providers.....	57
A-7	Sample of Mental Health CILA providers .....	61
A-8	Sample of Developmental Disabilities CILA providers .....	65
A-9a	Rate History of Centers For Independent Living .....	69
A-9b	Centers For Independent Living providers .....	70
A-10	Sample of Emergency Food and Shelter providers.....	73
A-11	Delinquency Prevention providers .....	77
A-12	Sample of Domestic Violence providers.....	81
A-13	Sample of Outpatient Substance Abuse Treatment Level 1 providers.....	85

## Department of Public Aid

A-14	Sample of Hospice Routine Home Care providers .....	91
A-15	Sample of Residential Nursing Facilities.....	96

---

# INTRODUCTION AND BACKGROUND

## Chapter One

---

### SURVEY CONCLUSIONS

House Resolution Number 504 required the Auditor General to conduct a survey to determine the cost of providing selected health and human services, and to summarize how each State agency named in the Resolution sets, reviews, and updates reimbursement rates for programs selected. From among the over 100 health and human service programs identified by the State agencies surveyed, we selected 15 programs at 4 State agencies for review.

In the conduct of the survey, our collection and analysis of provider cost data was limited by several factors as discussed below. Due to these factors, comparisons between programs, and even among providers within some programs, may be limited. The survey data limitations include:

- **Cost information was limited or not available for some programs surveyed.** Some programs did not require cost reports and some cost reporting requirements were waived. We also found instances where agencies were not able to provide cost reports for all of the providers sampled in a particular program. In those cases, where feasible, we amended our sample to encompass those providers that had submitted cost reports, which may or may not be representative of the entire provider population.
- **Providers did not report costs in the same way, either among programs or, in some instances, within the same program surveyed.** We surveyed providers in two programs but had difficulty getting complete and comparable cost and revenue information. Also, some providers reported only their costs up to the grant amount received, while others reported all costs. Cost reporting forms also varied among programs.
- **Some agency and provider data did not reconcile.** We relied on the State agencies and providers to provide the relevant cost, reimbursement, and funding information for the survey. We found instances where agency data, provider cost reports, and provider financial statements did not reconcile; however, agencies reported that they have processes to address these differences. Since pursuant to House Resolution Number 504 this was not an audit, we cannot fully attest to the validity or accuracy of the information we received.
- **Programs had different disbursement methods.** Agencies provided funding to providers either through a grant process or a contractual fee-for-service arrangement. Some reimbursements were determined by a review of proposals submitted by providers,

others were derived using a reimbursement methodology, while still others were simply a cost-of-living increase over a previously established rate. Some reimbursement rates were statewide, while others were based on specific provider and recipient characteristics.

- **Providers had different characteristics.** Providers differed in terms of their size and the types of services they provided. The types of providers ranged from large urban hospitals with multimillion dollar operating budgets to small rural providers with total operating budgets of a few thousand dollars. Some providers provided more than one type of service for the State, and some providers may have had contractual arrangements with more than one State agency.
- **Providers had different funding sources.** Some providers were funded almost entirely by the contract or grant program included in this survey. For example, the Department on Aging's Homemaker program, the Department of Children and Family Services' (DCFS') Foster Care Purchase of Service Specialized program, and the Department of Human Services' (DHS') Delinquency Prevention program provided, on average, 97 percent of sampled providers' total funding for these programs. Conversely, DHS' Emergency Food and Shelter program provided an average of 24 percent of sampled providers' total funds for the program. We also found that State programs paid varying portions of providers' total program costs. In addition to funding from the State program surveyed, most providers also received funding from other sources, such as other local, federal, and State sources (including sources from within the same State agency), or from private and miscellaneous sources.

Agencies generally did not use cost reports to adjust rates. Most agencies used across-the-board cost-of-living increases during the period reviewed. We found that all of the 15 programs we surveyed received a funding increase in Fiscal Year 1997, 11 of 15 programs received an increase in Fiscal Year 1998, and 13 of 15 programs received an increase in Fiscal Year 1999. One program's funds decreased in Fiscal Year 1998.

We compared cost and revenue information for programs surveyed, when available, from provider cost reports and financial statements. This analysis included program revenues from all sources, including funds from State agencies, as well as other sources. For the 244 providers surveyed with available data, 90 (37%) reported total costs which exceeded revenue received for the program sampled and 131 (54%) reported revenues which exceeded costs for the program sampled. The remaining 23 (9%) reported that their costs and revenue for the program sampled were equal. We also found that 21 (9%) of 242 providers with available data reported reimbursements from the State program we reviewed that exceeded their total costs for that program.

Certain programs had a relatively large percentage of providers sampled that, for the program surveyed, reported total costs greater than total revenue. For example, 16 of the 25 providers sampled in the Department on Aging's Homemaker program reported costs which exceeded revenue for the program. Similarly, 8 of 15 DCFS Group Home providers reported costs which exceeded revenue for the program. The Aging Homemaker and DCFS Group Home

program funding that we reviewed comprised a large portion of the sampled providers' total funding for the program (Homemaker was 97 percent and DCFS Group Homes was 83 percent).

Conversely, the majority of providers for some other programs reported program revenues which exceeded total costs for the program surveyed. For example, 16 of 21 DHS Mental Health Outpatient providers and 14 of 24 DHS Domestic Violence providers reported, for this program, total revenue which exceeded total cost. On average, the Mental Health Outpatient program provided 52 percent of sampled providers' total program funding, and the Domestic Violence program provided 43 percent of the sampled providers' total program funding. This analysis looked at the costs and revenues only for the programs surveyed and is not intended to show entire profit or loss for the entity as a whole. DHS officials stated that there is a process to recover excess payments to providers.

## **INTRODUCTION**

On May 21, 1998, the Illinois House of Representatives adopted House Resolution Number 504 (see Appendix A) directing the Auditor General to conduct a survey to determine the cost of providing selected health and human services that are paid for by the following agencies through grants or contracts with providers: the Department on Aging, the Department of Children and Family Services (DCFS), the Department of Human Services (DHS), the Department of Corrections, and the Department of Public Aid (IDPA). The Resolution also requires the Auditor General to summarize how each State agency included in the study sets, reviews, and updates reimbursement rates for the programs selected.

The Resolution requires the listed agencies to provide the Auditor General with detailed information showing selected providers' actual costs and reimbursement rates for its programs. However, the Resolution states that if the cost information is not available from the agencies, the Auditor General may obtain the cost information by sampling a limited number of providers for each program included in the review. The Resolution also states that the Auditor General is not required to independently verify the cost information reported by State agencies and providers.

## **HEALTH AND HUMAN SERVICE AGENCIES AND PROGRAMS**

The five State agencies included in House Resolution Number 504 provide a variety of health and human services to Illinois citizens. The populations served by these agencies range from children to the elderly. Services provided by these agencies cover a variety of medical and supportive needs. The major mandates of the five agencies listed in the Resolution are as follows:

- **The Department on Aging's** mission is to provide a comprehensive and coordinated system for the State's aging population, to conduct studies and research into the needs and problems of the aging, and to ensure



participation by the aging in the planning and operation of all phases of the system. The Department administers State and federal funds through 13 Area Agencies on Aging (AAA's). The Department works in partnership with the AAA's to contract with local service providers that serve older people directly through senior centers and other social service agencies.

- **The Department of Children and Family Services** is the agency that protects Illinois children from abuse and neglect. The Department's principal functions are to receive reports of abuse and neglect, to conduct investigations, and to take action to assure that children are protected. Some children are removed from their homes and placed in foster homes. In other cases, DCFS provides services to families to prevent a reoccurrence of the abuse or neglect.
- **The Department of Human Services** provides a variety of integrated, family-oriented services and promotes prevention in partnership with communities. The Department's Division of Disability and Behavioral Health Services consists of programs related to alcoholism and substance abuse, developmental disabilities, mental health, and rehabilitation services. The Division of Community Health and Prevention includes maternal and child health services, homeless services, and violence prevention and education. The Division of Transitional Services includes programs related to employability and training, child care and family services, and financial support services. The Division of Community Operations provides temporary assistance to needy families.
- **The Department of Corrections'** mission is to protect the public from criminal offenders through a system of incarceration and supervision which securely segregates offenders from society, assures offenders of their constitutional rights, and maintains programs to enhance the success of the offender's reentry into society.
- **The Department of Public Aid's** mission is to provide quality health care to low-income families and individuals through the Division of Medical Programs and to collect child support through the Division of Child Support Enforcement. The Department's programs include physician care, dental care, prescription drugs, hospital care, long-term care, and hospice care.

## **HEALTH AND HUMAN SERVICE PROVIDERS**

The health and human services available through State agencies are often provided by community-based organizations. These service providers may be local entities or national organizations, such as the Salvation Army, which offer services in the state.

For many programs, the State agencies provide grants to the community-based organizations, which in turn coordinate the provision of specified services in their area. In other cases, the State reimburses providers on a contractual fee-for-service basis. The fee-for-service rate may either be a single, statewide reimbursement rate for a unit of service that applies to all program providers, or the rates may vary among providers, based on some State or federal methodology.

Service providers differ in terms of their size and the types of services they provide. The types of providers range from large urban hospitals with multimillion dollar operating budgets to small rural providers with total operating budgets of a few thousand dollars. Consequently, some providers receive most of their funding from the State program, whereas others receive only a small portion of their total funding from the State. Likewise, some of the larger providers may provide more than one type of service for the State, and some providers may have contractual arrangements with more than one State agency.

We selected 15 programs to include in this survey. These programs cover a wide range of services. Some of the programs are smaller, and others are quite large. Exhibit 1-1 describes each of the programs selected for the survey.

## **SCOPE AND METHODOLOGY**

House Resolution Number 504 asked the Auditor General to conduct a survey of State agency reimbursement processes and provider costs. We obtained information from the Department on Aging, the Department of Children and Family Services, the Department of Human Services, the Department of Corrections, and the Department of Public Aid primarily for Fiscal Year 1997. This time period represented the most recent year that cost information was available for all programs. However, we have reported on more recent reimbursement rate changes for applicable programs. As directed by the Resolution, we relied upon State agencies and providers to provide the information requested by the Resolution.

The Department of Human Services (DHS) was formed on July 1, 1997 (Fiscal Year 1998), by consolidating the Departments of Mental Health and Developmental Disabilities, Alcoholism and Substance Abuse, Rehabilitation Services, as well as parts of the Departments of Public Aid, Public Health and Children and Family Services. For clarity, because this report presents both current and historical program information, any program currently operated by DHS is referred to as a DHS program.

Exhibit 1-1

**DESCRIPTION OF PROGRAMS INCLUDED IN THE SURVEY**

Agency	Program Name	Program Description
Aging	Homemaker	Provides in-home non-medical support services to individuals age 60 and over.
	Adult Day Care	Provides community-based medical and non-medical services to individuals age 60 and over.
Children and Family Services	Foster Care Purchase of Service Specialized	Provides substitute care and social services for youth that possess developmental, emotional, behavioral, or medical needs requiring specialized services.
	Group Home Care	Provides substitute care and social services for youth who are transitioning to a foster care setting or for whom group home care is otherwise appropriate.
Human Services	Outpatient (Mental Health)	Provides services for adults with mental illness and for children and adolescents with emotional disturbances.
	Day Treatment (Mental Health)	Provides services for adults with mental illness and for children and adolescents with emotional disturbances.
	Community Integrated Living Arrangements (Mental Health)	Provides services for individuals with mental illness residing in communities throughout the State.
	Community Integrated Living Arrangements (Developmentally Disabled)	Provides services to individuals with developmental disabilities in the person's home or in community settings where eight or fewer individuals live together.
	Centers for Independent Living (CILs)	Provides non-residential services. Only individuals with disabilities can receive direct services, but anyone can receive information and referral services.
	Emergency Food and Shelter	Provides meals and beds through not-for-profit community-based organizations or local governmental entities to homeless individuals and families.
	Delinquency Prevention	Provides services, such as counseling, designed to reduce instances of juvenile delinquency.
	Domestic Violence	Provides shelter and services to meet the needs of domestic violence victims and their children, as well as to prevent domestic violence.
	Outpatient Substance Abuse (Level 1 Care)	Provides non-residential substance abuse treatment consisting of clinical services.
Public Aid	Hospice Services (Routine Home Care)	Provides in-home or institutional care for persons with a terminal illness and who are expected to die within six months if the disease runs its course.
	Residential Nursing Facilities	Facilities that provide medical assistance for eligible elderly and for persons with disabilities requiring nursing facility level of care.

Source: OAG summary of agency data

We identified potential programs to survey by contacting representatives of the Department on Aging, the Department of Children and Family Services, the Department of Human Services, the Department of Corrections, and the Department of Public Aid. Department of Corrections' officials stated that they did not have any applicable health and human service programs. The Department of Corrections directs parolees into programs run by other agencies, such as the group homes and foster care homes run by the Department of Children and Family Services, or the addiction treatment programs run by the Department of Human Services. From the remaining four agencies listed in House Resolution Number 504, we selected 15 programs that represented the diversity of services available from each agency.

For most programs, we randomly selected 25 providers and asked the agency to provide relevant cost and financial data. Some programs had fewer than 25 providers, so we collected information on all providers. For programs where the State agencies did not have cost information for providers sampled, we selected other providers for which cost information was available. For two programs, Delinquency Prevention and Centers for Independent Living, we requested provider cost report information in December 1998 but did not receive it until April 1999. For two programs where cost data were not available from the agencies, we surveyed the providers directly. We also sent questionnaires to each agency to obtain background, rate setting, and cost information. When reporting on costs, we used expense data obtained from provider financial statements and cost reports to supplement agency data. Some available cost reports did not break out all sources of funds. Cost reports generally did not include unit costs for the various services.

## **LIMITATIONS OF SURVEY DATA**

This is a report of survey results obtained directly from State agencies or direct service providers. There are several inherent limitations:

- Pursuant to House Resolution Number 504, the results presented in this report are unaudited. We found instances where agency data, provider cost reports, and/or provider financial statements did not reconcile; however, agencies reported that they have processes to address these differences. We also found that some providers reported only their costs up to the grant amount received, but other providers reported all costs. We generally relied on provider financial statements or cost reports when available. However, we cannot fully attest to the validity or accuracy of the information we received.
- Because this was not an audit, we did not determine whether providers effectively and efficiently used the funds they received, whether the quality of care varied relative to various levels of funding, whether all potential clients were being adequately served, or how many potential providers

applied to the State for funding and were turned down due to insufficient funds.

- This survey covered only one year, Fiscal Year 1997, and did not attempt to analyze funding or cost trends. Therefore, any conclusions about current funding or cost issues based on this report would have to take into account any funding or cost aberrations that may have occurred during Fiscal Year 1997.
- Providers do not all report costs in the same way. Therefore, although it is possible to track costs for some individual providers, it is generally not possible to compare how individual providers within a program allocate costs.

## **REPORT ORGANIZATION**

The following chapter summarizes information obtained from the survey. Specific program information is contained in Appendix B of this report.

---

# **PROVIDER FUNDING AND COSTS**

## **Chapter Two**

---

### **INTRODUCTION**

This chapter summarizes the reimbursement process for providers of health and human services. In addition, provider funding sources and reported costs are also examined. Detailed information on agency rate setting methodologies, as well as funding and cost information for the providers surveyed in each program, is shown in Appendix B.

### **STATE REIMBURSEMENT TO PROVIDERS**

The State uses two primary methods to reimburse health and human service providers: grants and fee-for-service contracts. Seven of the programs reviewed as part of this survey were classified by State agencies as grant programs; the remaining eight were classified as fee-for-service contracts.

Grants are payments State agencies make to providers typically for a certain level or amount of services to be provided. The amount of the grant varies according to the number or type of services each provider agrees to provide. Some grant amounts are calculated based on provider responses to a Request-For-Proposal, others are based on program funding methodologies that take into account factors such as patient mix and facility characteristics. Still other grant amounts are based on cost-of-living adjustments (COLAs) added to a provider's grant amount for the previous year.

Fee-for-service contracts allow the agency to reimburse service providers based on an established payment rate. The reimbursement rate may either be a single, statewide reimbursement rate that applies to all program providers, or the rates may vary among providers, based on some State or federal methodology. The State sets a uniform, statewide rate for all providers for Aging's Homemaker and Adult Day Care programs, and for DHS' Outpatient Substance Abuse Treatment program. The federal Department of Health and Human Services sets national rates for the Hospice Service Program. The Department of Public Aid establishes variable rates for residential nursing facilities to recognize individual facility costs due to variations in patient mix, geographical location, and facility characteristics. DCFS Foster Care Purchase of Service Specialized and Group Homes are also paid variable rates based on a rate methodology.

An example of a statewide fee-for-service rate is the Department on Aging's Homemaker program. Eligible providers were paid a uniform rate of \$8.73 per hour in Fiscal Year 1997 to provide in-home services for the elderly. The providers received this rate regardless of what their actual costs were. Providers were required to expend at least 73 percent, or \$6.37 per hour, of their total revenue on direct service workers. Providers are paid the fee-for-service for each unit of service they provide.

Exhibit 2-1 summarizes Fiscal Year 1997 information about the 15 programs included in the survey. The Exhibit shows the number of providers and funding information for each program.

Exhibit 2-1 BACKGROUND INFORMATION ABOUT PROGRAMS INCLUDED IN SURVEY					
Agency	Program Name	Number of Providers	FY97 Program Reimbursements*	FY97 Funding Rate	Page Where More Information Can Be Found
Aging	Homemaker	56	\$ 107,884,000	Statewide rate of \$8.73 per hour	31
	Adult Day Care	58	\$ 7,607,000	Statewide rate of \$5.13 per hour	35
DCFS	Foster Care Purchase of Service Specialized	84	\$ 120,250,813	Program specific rate based on formula	41
	Group Home Care	58	\$ 42,844,159	Program specific rate based on formula	45
DHS	Outpatient (Mental Health)	130	\$ 38,477,519	Grant	51
	Day Treatment (Mental Health)	96	\$ 23,842,709	Grant	55
	Community Integrated Living Arrangements (Mental Health)	86	\$ 31,227,603	Grant	59
	Community Integrated Living Arrangements (Developmentally Disabled)	167	\$ 113,775,430	Fee-for-Service based on a rate calculation	63
	Centers for Independent Living	22	\$ 3,120,853	Grant	67
	Emergency Food and Shelter	70	\$ 7,475,612	Grant	71
	Delinquency Prevention	18	\$ 1,448,857	Grant	75
	Domestic Violence	53	\$ 13,574,958	Grant	79
	Outpatient Substance Abuse (Level 1)	240 **	\$ 28,282,552 **	Statewide hourly individual rate of \$54.60 and group rate of \$20.60	83
IDPA	Hospice Services (Routine Home Care)	83	\$ 7,202,453	Federally-set daily national rate of \$94.17	89
	Residential Nursing Facilities	781	\$1,327,874,900	Variable rates based on formula	93
Notes: * Reimbursements include only the dollar amounts reported by the State agencies for the particular grant or contract program surveyed. In most instances, providers received additional funding for the program from other sources, such as from other local, federal, and State agencies (including sources from within the same State agency), or from private and miscellaneous sources. ** Includes level 1-3 care.					
Source: OAG summary of agency data					

## FUNDING SOURCES

Providers received funding from a variety of sources. Some provider programs were funded almost entirely by the contract or grant program included in this survey. For example, the Department on Aging's Homemaker program, the Department of Children and Family Services' (DCFS') Foster Care Purchase of Service Specialized program, and the Department of Human Services' (DHS') Delinquency Prevention program provided, on average, 97 percent of sampled providers' total funding for these programs. Conversely, DHS' Emergency Food and Shelter program provided an average of 24 percent of sampled providers' total funds for the program. Exhibit 2-2 lists the sampled providers' average percentage of program funding from the State grant or contract program, for the 13 programs where information was available.

Exhibit 2-2 also shows that the contract or grant program included in this survey covered varying amounts of providers' total costs for the program. The percentages ranged from 36 percent for Centers for Independent Living (CIL) to 96 percent for the Foster Care Purchase of Service Specialized program.

Exhibit 2-2 <b>PERCENTAGE STATE PROGRAM FUNDING COMPRISED OF PROVIDERS' REVENUE AND COST FOR PROGRAMS SURVEYED</b> (OAG Sample of Providers - Fiscal Year 1997)			
Agency	Program Name	Percentage of Total Program Provider Revenue	Percentage of Total Program Provider Costs
Aging	Homemaker	97%	95%
	Adult Day Care	53%	60%
DCFS	Foster Care Purchase of Service Specialized	97%	96%
	Group Home Care	83%	81%
DHS	Centers for Independent Living	31%	36%
	Community Integrated Living Arrangement (Developmentally Disabled)	86%	84%
	Community Integrated Living Arrangement (Mental Health)	77%	81%
	Day Treatment (Mental Health)	59%	58%
	Delinquency Prevention	97%	95%
	Domestic Violence	43%	45%
	Emergency Food and Shelter	24%	Total cost data not available
	Outpatient (Mental Health)	52%	56%
IDPA	Residential Nursing Facilities	43%	48%
Notes: (1) Two programs were not included: <ul style="list-style-type: none"> <li>Outpatient Substance Abuse because DHS waived cost reporting requirements for FY97.</li> <li>Hospice Services because IDPA does not receive cost reports for this program because the reimbursement is based on a federal rate.</li> </ul> (2) The programs presented in this Exhibit may include costs and revenue associated with non-State program clients. For example, the percentages for Residential Nursing Facility providers are based upon costs and revenue for both State-paid clients and private pay clients.			
Source: OAG summary of agency and provider data			



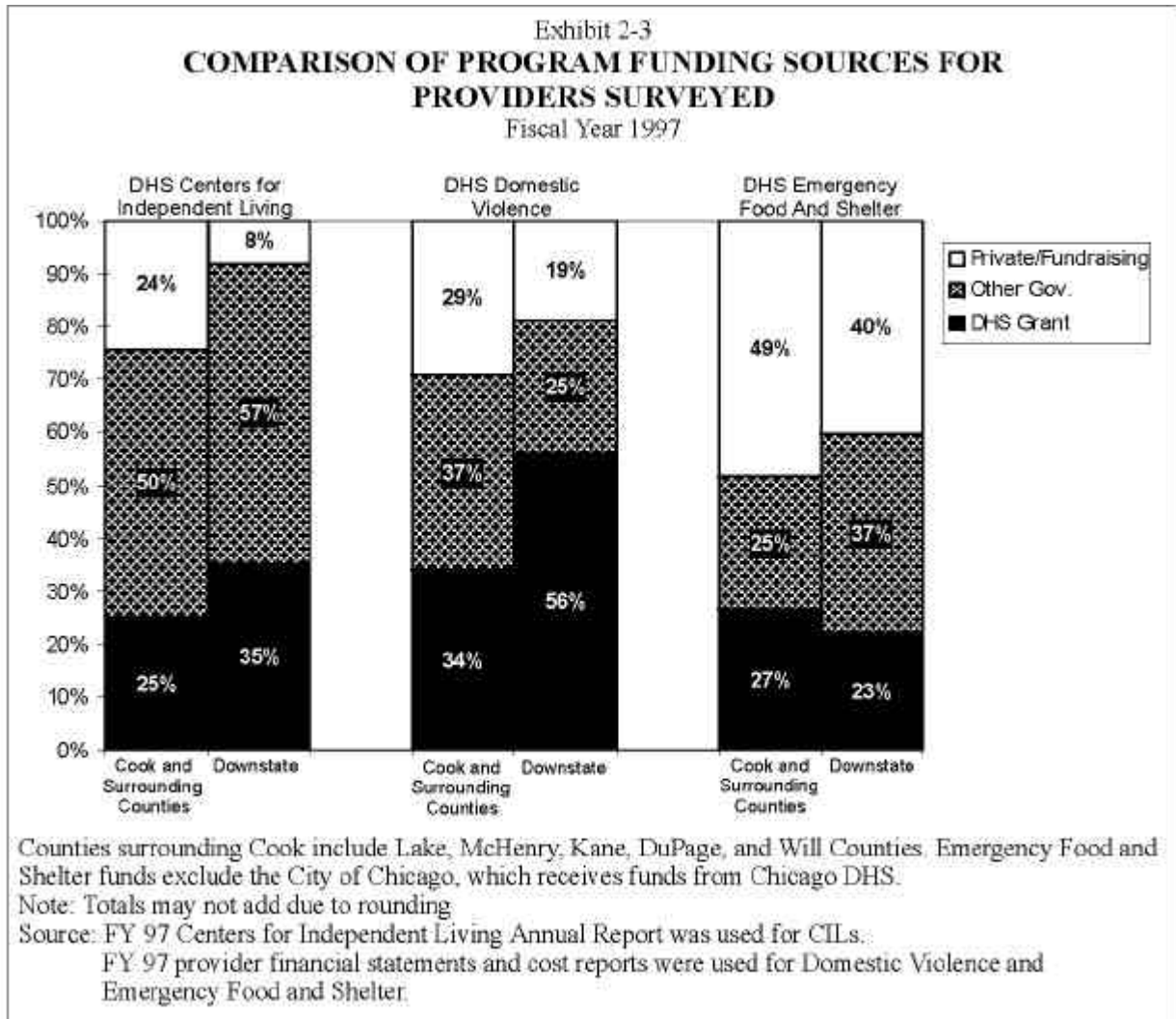
Other types of financial support that providers receive include contributions from private sources, fundraisers, interest income, and in-kind revenue (such as volunteer services). These categories of revenues are not necessarily received by all providers; rather, these categories represent common revenue sources reported by some providers. Providers also receive funding from local, federal, and other State agencies. Furthermore, some State agencies provide more than one source of funds for a particular provider program. For example, in Fiscal Year 1997, the 22 DHS Centers for Independent Living providers received a total of \$3,120,853 through the Independent Living program, as well as \$2,003,615 in funds from other sources at DHS. Therefore, funds from the Independent Living program comprised 61 percent of the total DHS funding that CILs received in Fiscal Year 1997. Total DHS funding comprised 51 percent of total funding for the CILs.

We found that within the same program, State program funds comprised a variable percentage of providers' overall funding for the program. We examined the funding sources for three programs from DHS and found there were notable differences in funding sources between providers located downstate and providers located in Cook and the surrounding counties.

For two of the programs, downstate providers received a significantly higher percentage of their funding from DHS grants than did providers from Cook and the surrounding counties. For the third program, providers located in Cook and the surrounding counties received a slightly higher percentage of their funding for the program from DHS grants than did downstate providers. However, for all three programs, the providers in Cook and the surrounding counties obtained a larger percentage of their program funding from private sources and fundraising than did downstate providers. The following three programs are summarized in Exhibit 2-3:

- **Centers for Independent Living:** In Fiscal Year 1997, downstate CILs relied more on funds from the Independent Living program than CILs located in Cook and the surrounding counties. Downstate CILs received 35 percent of their total funding from the Independent Living program, compared to 25 percent for CILs from Cook and the surrounding counties. Downstate CILs and CILs in Cook and the surrounding counties received a similar percentage of total funding from other governmental sources. However, CILs located in Cook and the surrounding counties received 24 percent of their total funding from private/fundraising, compared to the 8 percent of total funding that downstate providers received from private/fundraising.
- **Domestic Violence Program:** In Fiscal Year 1997, downstate Domestic Violence providers relied more on Domestic Violence program funding from DHS than did providers from Cook and the surrounding counties (Lake, DuPage, Kane, McHenry, and Will). Downstate providers received 56 percent of their total funding for the program from DHS Domestic Violence program funding, compared to 34 percent for providers from Cook and the surrounding counties. Providers from Cook and the surrounding counties received a higher percentage of their total funding for the program from other governmental sources and private/fundraising than downstate providers.

- Emergency Food and Shelter Program:** In Fiscal Year 1997, providers from Cook and the surrounding counties and providers from downstate counties received similar percentages of their Program funding from the Emergency Food and Shelter Program at DHS. Providers from Cook and the surrounding counties received about 9 percent more of their total Program funding from private/fundraising. Providers in downstate counties received about 12 percent more of their total Program funding from governmental sources other than the Emergency Food and Shelter Program.



## RECENT RATE UPDATES

Periodically, provider reimbursement rates paid by the State agencies increase. Exhibit 2-4 summarizes the reimbursement rate changes that, according to the agencies surveyed, have occurred in recent years for the 15 programs we sampled. All of the programs received a funding increase in Fiscal Year 1997, 11 of 15 programs received an increase in Fiscal Year 1998, and 13 of 15 programs received an increase in Fiscal Year 1999. One program's funds decreased in Fiscal Year 1998.

Exhibit 2-4

**RECENT RATE HISTORY FOR PROGRAMS SAMPLED**

Agency	Program Name	Recent Rate Changes
Aging	Homemaker	FY97: 3.0% increase (\$8.73 per hour) FY98: No increase FY99: 9.4% increase (\$9.55 per hour)
	Adult Day Care	FY97: 3.0% increase (\$5.13 per hour) FY98: No increase FY99: 3.1% increase (\$5.29 per hour)
DCFS	Foster Care Purchase of Service Specialized	FY97: 3.0% increase (effective 7-1-96) FY98: 3.0% increase (effective 1-1-98) FY99: No increase
	Group Home Care	FY97: 3.0% increase (effective 7-1-96) FY98: 3.0% increase (effective 1-1-98) FY99: No increase
DHS	Outpatient (Mental Health)	FY97: 3.0% increase FY98: 3.0% increase (6 months) FY99: 3.0% annualized (of 1998 base)
	Day Treatment (Mental Health)	FY97: 3.0% increase FY98: 3.0% increase (6 months) FY99: 3.0% annualized (of 1998 base)
	Community Integrated Living Arrangements (Mental Health)	FY97: 3.0% increase FY98: 3.0% increase (6 months) FY99: 3.0% annualized (of 1998 base)
	Community Integrated Living Arrangements (Developmentally Disabled)	FY97: 3.0% increase FY98: 3.0% increase (6 months) FY99: 3.0% annualized (of 1998 base)
	Centers for Independent Living	FY97: 3.0% increase FY98: 3.0% increase (6 months) FY99: 3.0% annualized (of 1998 base)
	Emergency Food and Shelter	FY97: 3.0% increase FY98: 3.0% increase (6 months) FY99: 3.0% annualized (of 1998 base)
	Delinquency Prevention	FY97: 3.0% increase FY98: 3.0% increase (6 months) FY99: 3.0% annualized (of 1998 base)
	Domestic Violence*	FY97: 19.0% increase FY98: 4.0% decrease FY99: 16.0% increase
	Outpatient Substance Abuse (Level 1)	FY97: 3.0% increase FY98: 3.0% increase (6 months) FY99: 3.0% annualized (of 1998 base)
IDPA	Hospice Services (Routine Home Care)	FY97: 2.0% increase in Federal Medicare Rate (\$94.17 per day effective 10/1/96) FY98: 1.7% increase in Federal Medicare Rate (\$95.77 per day effective 10/1/97) FY99: 1.4% increase in Federal Medicare Rate (\$97.11 per day effective 10/1/98)
	Residential Nursing Facilities	FY97: 6.8% increase (as of January 1997) FY98: No increase FY99: 3.0% increase (Plus \$1.10 per day increase for nursing )

\* Variations in this program's funding are largely due to increases or decreases in federal funding.

Source: OAG summary of agency data

Some programs allow individual providers to request a rate review. For example, 89 Ill. Adm. Code 356.70 allows a rate appeal process for DCFS Group Home and Foster Care providers.

## **PROVIDER REPORTING OF COSTS**

Although cost reporting requirements and practices vary among programs, providers are generally required to file two types of cost information: annual cost reports and financial statements. The cost reports are designed to show how the provider expended funds received from the State for a specific program. The financial statements provide a picture of the providers' entire financial position.

There were several limitations regarding the analysis of provider costs. Generally, the level of cost reporting and agency monitoring varied for each health and human service program. Specific limitations regarding provider costs include:

- Many of the programs we surveyed required providers to submit financial statements and/or cost reports, but some figures in the financial statements and cost reports did not match. Consequently, we were unable to reconcile some cost information obtained from agency sources, financial statements, and cost reports for some programs.
- In some instances cost reports were not available for all providers, as shown in Exhibit 2-5. For example, DCFS officials indicated that they did not use cost reports to increase reimbursement rates for Foster Care Purchase of Service Specialized and Group Homes in Fiscal Year 1997 because a cost-of living increase was being applied in that year. Similarly, DHS' Outpatient Substance Abuse Treatment program waived the cost reporting requirement for providers in Fiscal Year 1997 because the agency was not going to use the cost reports to adjust rates. Also, some programs do not require providers to submit cost reports (e.g., Aging's Adult Day Care program and Public Aid's Hospice Program).

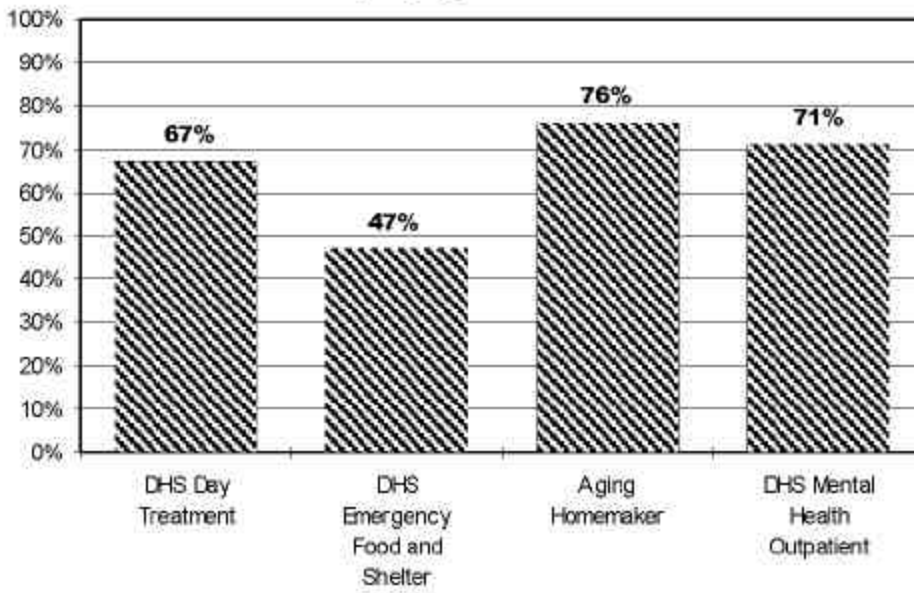
Exhibit 2-5 AVAILABILITY OF FISCAL YEAR 1997 COST REPORTS		
Agency	Program Name	Reason All Cost Reports Were Not Available
Aging	Adult Day Care	Aging officials indicated that cost reports are not required.
DCFS	Group Homes	DCFS did not have cost reports for all providers as required by 89 Ill. Adm. Code 356.40(a).
	Foster Care Purchase of Service Specialized	DCFS did not have cost reports for all providers as required by 89 Ill. Adm. Code 356.40(a).
DHS	Delinquency Prevention	Cost reports were requested in December 1998 and provided in April 1999. Seven of the 16 cost reports contained information for only three quarters of Fiscal Year 1997.
	Substance Abuse Outpatient (Level 1)	DHS officials indicated that the cost reports were waived during FY97 pursuant to 77 Ill. Adm. Code 2030.30.
	Centers for Independent Living	Cost reports were requested in December 1998 and provided in April 1999.
IDPA	Hospice (Routine Home Care)	Cost reports are not required by IDPA or the Health Care Financing Administration (HCFA).
Source: OAG summary of agency information		

- Cost reports typically did not identify the actual cost of providing a unit of service. As a result, we generally used the total cost for the particular program, as reported by the provider in either annual cost reports or financial statements.
- Providers did not all report their costs in the same way. For example, some provider cost data contained a detailed breakdown of component costs, whereas others presented costs in a more aggregate fashion. Therefore, although it may be possible to track costs for individual providers, it may not be possible to compare how individual providers within a program report costs.

## COMPONENTS OF PROVIDER COSTS

For four programs, we examined provider financial statements and cost reports to identify components of provider costs. We selected these four programs because they had comparable information. The financial statements or cost reports for these programs had detailed information on personal service costs, which enabled comparisons to be made. In the programs we examined, personal service costs were the primary component, as shown on Exhibit 2-6.

Exhibit 2-6  
**PERSONAL SERVICE EXPENSES**  
For 4 sampled programs - Fiscal Year 1997



Source: Provider financial statements and cost reports

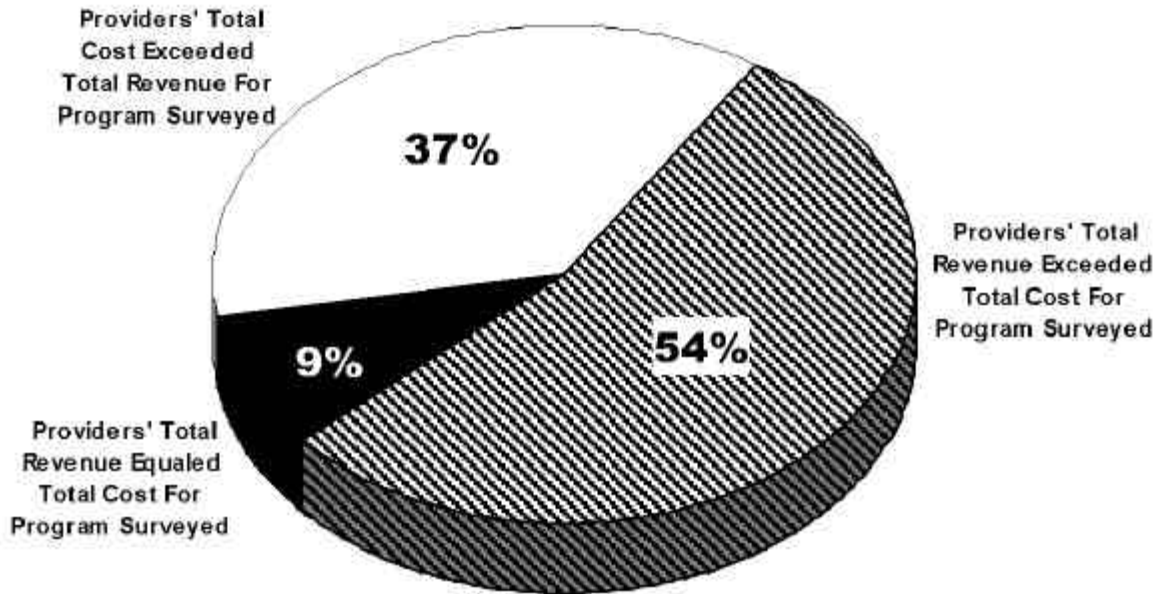
### **COMPARISON OF PROGRAM COSTS AND REVENUE FOR PROVIDERS SURVEYED**

We compared provider cost and revenue information for programs surveyed, when available, from provider cost reports and financial statements. This analysis included revenue from all sources, including funds from State agencies, as well as other sources. Exhibit 2-7 shows that for the 244 sampled providers in these 12 programs, 37 percent (90) of the providers reported costs which exceeded the revenue for the program surveyed, 54 percent (131) reported revenue which exceeded costs for the program surveyed, and 9 percent (23) reported equal costs and revenue. Exhibit 2-8 compares costs and revenues for sampled providers in 12 programs with available data.

Exhibit 2-7

**SUMMARY OF SAMPLED PROVIDERS' TOTAL COSTS  
AND REVENUE FOR PROGRAMS SURVEYED**

(for 244 providers in Fiscal Year 1997 with comparable data)



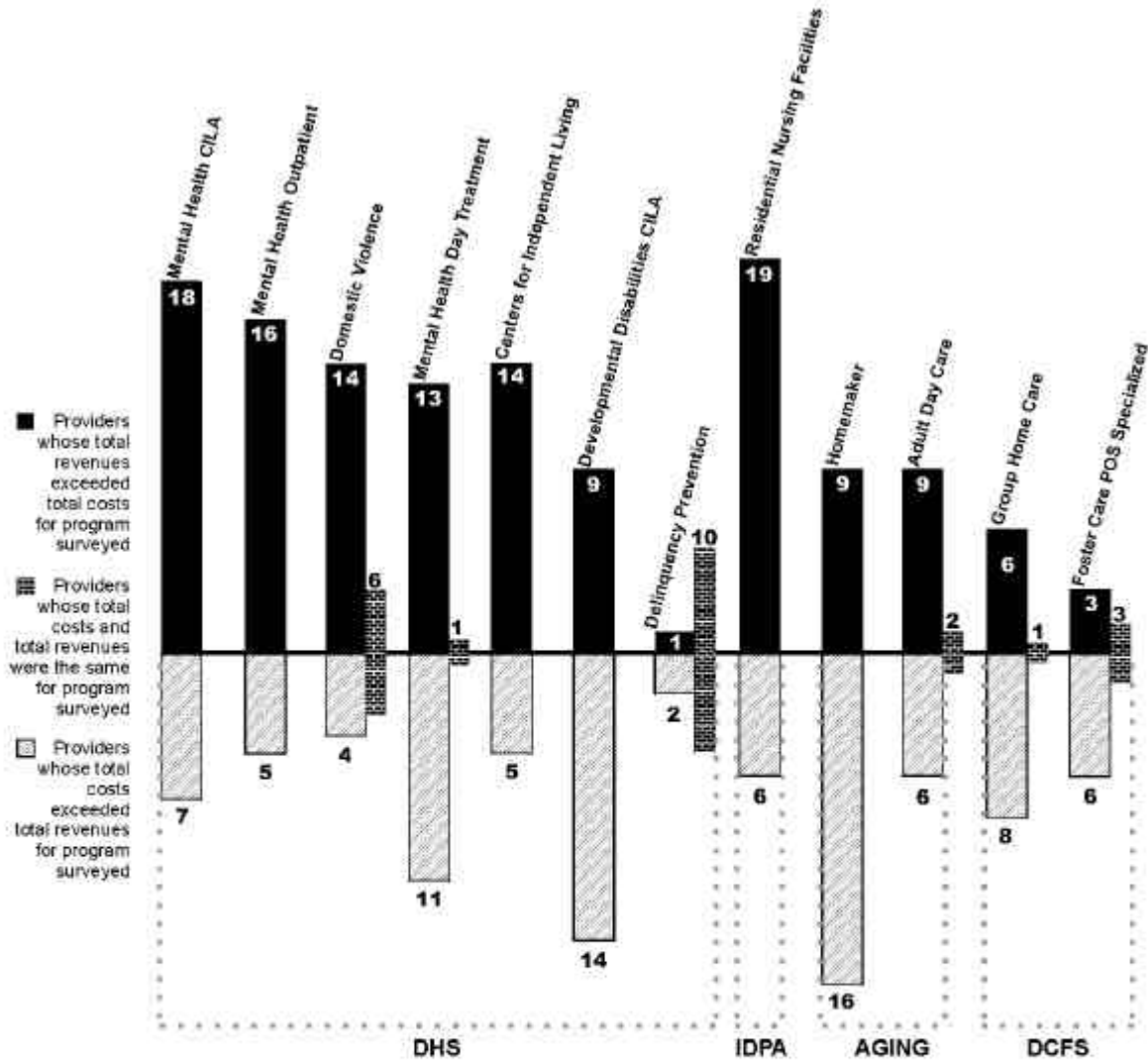
Notes:

- 1) Some providers reported only their costs up to the grant amount received, not necessarily total costs.
- 2) 4 providers with costs and revenues within \$1.00 were counted as same.

Source: Agency data, provider cost reports and financial statements

Providers in some programs reported costs only up to the amount of funding they received under the grant or contract, which accounts for the relatively large number of providers which reported the same amounts for costs and revenues. Therefore, any costs incurred beyond that amount would not be reflected on Exhibit 2-7 or Exhibit 2-8. Further, we did not audit individual providers reporting of costs. Therefore, these exhibits report costs and revenues only for the programs surveyed and are not intended to show entire profit or loss for the entity as a whole.

Exhibit 2-8  
**COMPARISON OF SAMPLED PROVIDERS' TOTAL COSTS  
 AND REVENUE FOR PROGRAMS SURVEYED**  
 (For 244 providers in Fiscal Year 1997 with available data)



**Notes:**

- 1) Some providers reported only their costs up to the grant amount received, not necessarily total costs.
- 2) Three programs were not included:
  - Outpatient Substance Abuse because DHS waived cost reporting requirements for FY 97
  - Emergency Food and Shelter because providers are not required to report on expenditures in excess of their grant
  - Hospice Services because IDPA does not receive cost reports because the reimbursement is based on a federal rate
- 3) Four providers with costs and revenues within \$1.00 were counted as same.
- 4) Agencies reported that they attempt to recover excess payments to providers.
- 5) This exhibit shows reported costs and revenues only for the programs surveyed and is not intended to show entire profit or loss for the entity as a whole.
- 6) The programs presented in this Exhibit may include costs and revenue associated with non State program clients. For example, Residential Nursing Facility information is based upon costs and revenue for both State-paid clients and private pay clients.

Source: Agency data, provider cost reports and financial statements.



In the Department on Aging's Homemaker Program, 16 of the 25 providers sampled reported total program Program costs which exceeded total Program revenue. The remaining 9 providers reported total Program revenue which exceeded their total Program costs. The major funding source for Homemaker programs was Department on Aging (average 97%).

Similarly, 8 of the 15 DCFS Group Home providers sampled reported total costs for the program which exceeded total revenue for the program in Fiscal Year 1997; 6 reported total costs that were lower than reported total revenue. On average, DCFS Group Homes sampled received 83 percent of their total funding for the program from the DCFS Group Home program.

Conversely, for some other programs, the majority of providers reported total revenues for the program which exceeded costs. For example, 16 of 21 DHS Mental Health Outpatient providers sampled reported revenue amounts which exceeded their costs for this program; the remaining 5 reported costs which exceeded revenue for the program. On average, these Mental Health Outpatient providers received 52 percent of their total funding from DHS.

Similarly, 14 of 24 of DHS Domestic Violence Program providers reported total Program revenues which exceeded their total Program costs. Four providers reported Program costs which were greater than Program revenue; the remaining 6 reported the same amounts for cost and revenue. On average, the Domestic Violence providers received an average of 43 percent of their total Program funding from the DHS Domestic Violence grant.

Also, 19 of 25 Public Aid Residential Nursing Facilities reported revenues which exceeded their costs. Six facilities reported costs which were greater than revenue. However, when only comparing cost per patient day and the Medicaid daily reimbursement rate, 15 of the 25 Public Aid Residential Nursing Facilities sampled had a cost per patient day which exceeded the Medicaid daily reimbursement rate. The remaining 10 nursing facilities had Medicaid reimbursement rates which exceeded their cost per patient day (see Exhibit A-15 in Appendix B).

We also found that in some instances, reimbursements from the State for a particular program exceeded the providers' total cost for the program. A total of 21 (9%) of 242 providers with available data reported reimbursements from the State program we reviewed that exceeded their total costs for the program. Agencies reported that they have processes to recover excess payments to providers.

### **Providers Receive Funds From More Than One State Program**

We found that many providers sampled received funds from more than one of the programs sampled. We identified the total amount of funding each provider received for 13 of the 15 health and human service programs in the survey. We did not include the Outpatient Substance Abuse Treatment program because the information was not available, and we did not include Residential Nursing Facilities because they would have skewed the results due to the generally higher amount of funding they receive than other providers.

As shown on Exhibit 2-9, 15 providers received over \$4 million by participating in one or more of the 13 programs we surveyed. The amounts ranged from \$24.1 million to \$4.2 million. One provider participated in 8 programs and 5 providers participated in 4 programs.

Exhibit 2-9 <b>PROVIDERS RECEIVING MORE THAN \$4 MILLION IN FUNDING FROM AMONG 13 HEALTH AND HUMAN SERVICE PROGRAMS SURVEYED</b> Fiscal Year 1997		
<b>Provider Name</b>	<b>Number of Programs Surveyed From Which State Funds Were Received</b>	<b>Total State Funds Received From Program(s) Surveyed</b>
Community Care Systems, Inc.	1	\$ 24,065,756
Addus Healthcare, Inc.	2	\$ 17,833,926
Lutheran Social Services of IL	8	\$ 16,723,347
Help at Home, Inc.	1	\$ 11,507,656
City of Chicago - DHS	4	\$ 9,248,325
Catholic Charities of Archdiocese	4	\$ 8,973,089
Catholic Social Services of Peoria	1	\$ 8,246,048
Aunt Martha's Youth	3	\$ 8,006,081
Ada S. McKinley Comm. Services	2	\$ 7,534,612
Trinity Services	3	\$ 7,005,706
Association House of Chicago	4	\$ 5,493,259
YMCA Metro Chicago	4	\$ 4,669,359
ASI	1	\$ 4,386,695
The Thresholds	3	\$ 4,220,372
Victor C. Neumann Assn., Inc.	4	\$ 4,160,303

Source: OAG summary of agency data

Although, as Exhibit 2-9 showed, 15 providers received over \$4 million in State funding from among the 13 programs surveyed to provide health and human services, 619 providers in these 13 programs received less than that amount. Exhibit 2-10 shows that 15 percent of the 634 providers in Fiscal Year 1997 received between \$1 million to \$4 million in State funding from the 13 programs surveyed, 13 percent received between \$500,000 to \$1 million, while most received \$500,000 or less.

Exhibit 2-10 <b>RANGE OF FUNDING RECEIVED BY 634 PROVIDERS FROM AMONG 13 HEALTH AND HUMAN SERVICE PROGRAMS SURVEYED</b> Fiscal Year 1997		
<b>Levels of Funding</b>	<b>Number of Providers</b>	<b>Percent of Total*</b>
Over \$4 million	15	2%
Between \$1million to \$4 million	93	15%
Between \$500,000 to \$1 million	84	13%
Between \$250,000 to \$500,000	116	18%
Between \$100,000 to \$250,000	128	20%
Between \$50,000 to \$100,000	83	13%
Under \$50,000	115	18%

\* Total does not add to 100% due to rounding.  
Source: OAG summary of agency data

**APPENDIX A**  
**HOUSE RESOLUTION NUMBER 504**

**STATE OF ILLINOIS  
NINETIETH GENERAL ASSEMBLY  
HOUSE OF REPRESENTATIVES**

*House Resolution No. 504  
Offered by Representatives Schakowsky - Black - Hannig -  
Rutherford - Currie and Ronen*

*WHEREAS, The Illinois General Assembly is concerned with the cost of providing health and human services paid by State agencies through grants or contracts with providers; therefore be it*

*RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE NINETIETH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that the Auditor General shall conduct a survey to determine the cost of providing selected health and human services that are paid for by the Department on Aging, the Department of Children and Family Services, the Department of Human Services, the Department of Corrections, and the Department of Public Aid, through grants or contracts with providers; and be it further*

*RESOLVED, That each State agency included in the study shall provide the Auditor General with detailed information showing selected providers' actual costs and reimbursement rates for its programs, and if that information is not maintained by the State agency, the Auditor General may request that information from providers; and be it further*

*RESOLVED, That the survey shall summarize how each State agency included in the study sets, reviews, and updates reimbursement rates for the programs selected; and be it further  
RESOLVED, That the cost data collected in the survey may be based upon the costs reported by the State agency and providers and need not be independently verified by the Office of the Auditor General; and be it further*

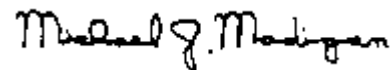
*RESOLVED, That the survey may be conducted by sampling a limited number of providers for each program included in the review; and be it further*

*RESOLVED, That all State agencies with information relevant to this survey are directed to cooperate fully and promptly with the Office of the Auditor General; all service providers and other pertinent entities with information relevant to this survey are urged to cooperate fully and promptly with the Office of the Auditor General; and be it further*

*RESOLVED, That the Auditor General shall commence this survey without delay and report the results of the survey upon completion by submitting a copy of the report to the Governor, the Speaker and Minority Leader of the House of Representatives, and the President and Minority Leader of the Senate; and be it further*

*RESOLVED, That a suitable copy of this resolution be delivered to the Auditor General, the Director of Aging, the Director of Children and Family Services, the Secretary of Human Services, the Director of Corrections, and the Director of Public Aid.*

*Adopted by the House of Representatives on May 21, 1998.*



*Michael J. Madigan, Speaker of the House*



*Anthony D. Ross, Clerk of the House*

**APPENDIX B**  
**SAMPLE OF PROVIDERS**

**ILLINOIS DEPARTMENT ON AGING**

**THE DEPARTMENT ON AGING:  
Homemaker Program**

**BACKGROUND**

The Illinois Department on Aging reimburses providers who provide Homemaker services to individuals 60 and over. Aging's Homemaker program is an in-home entitlement program intended to assist individuals with household tasks. To be eligible for Homemaker services, individuals must have an assessed need and meet specific asset guidelines. The Homemaker program consists of non-medical support services such as cleaning, meal planning and preparation, shopping, assisting with bathing and dressing, and home maintenance. Based on Fiscal Year 1997 cost report information submitted to the Department on Aging, 12,571,034 units of Aging Homemaker service were provided by 56 provider agencies. Providers were reimbursed \$107,884,000 from the Department on Aging during Fiscal Year 1997.

**COST INFORMATION**

Homemaker providers are required to annually submit cost reports to the Department on Aging. The report includes costs incurred by providers for direct service workers, administration, and support. Direct service worker (DSW) costs may include wages, health coverage, retirement benefits, uniforms, and insurance. Administration costs may include administrator wages, office supplies, advertising, and occupancy costs. Support costs may include training expenses, malpractice insurance, and direct service worker supervisor costs. These reports may be audited at the providers expense if Aging has evidence to suggest that it is inaccurate, incomplete, or fraudulent.

We randomly sampled 25 of the 56 providers from Fiscal Year 1997. The reimbursement rate per unit during this period was \$8.73. Of the 25 providers in our sample, 16 reported a total costs for the Homemaker program that were higher than their total revenue for the program.

**RATE SETTING**

Authority to set rates in the Community Care Program is the responsibility of the Department (20 ILCS 105/1 et seq.). According to the Department on Aging, fixed rates were established by the Department in Fiscal Year 1987 and increased as allowed by the Bureau of the Budget based on available appropriation. Percentage increases are computed by the standard procedure of dividing the revised rate by the current rate. The methodology used to compute the revised rates is the standard procedure of multiplying each current rate by the set percentage increase (for example, 3.5 percent).

The cost reports are not used by Aging to set the reimbursement rate. The reimbursement rate is a statewide unit rate. In Fiscal Year 1997, the reimbursement rate for one unit of Homemaker service, or one hour, was increased 3.0 percent to \$8.73. Aging officials noted that Homemaker reimbursement rates are increased as allowed by the Bureau of the Budget based on available appropriation. On July 1, 1998, the reimbursement rate for a unit of Homemaker service increased from \$8.73 to \$9.55, or 9.4 percent.

The providers are required by 89 Ill. Adm. Code 240.2040 to expend a minimum of 73% of the their total revenues from Aging on direct service worker costs. Currently, with the \$9.55 reimbursement rate, providers are required to expend a minimum of \$6.97 for direct service worker costs per unit. This is a \$.60 hourly increase as of July 1, 1998, for providers who expend the 73% minimum.

Exhibit A-1 shows the cost and revenue information for the Homemaker program for the 25 providers sampled. The 25 providers were reimbursed an average of 95 percent of their total costs for the program from Aging Homemaker program funds. Of these 25 providers, 16 reported costs for the program which exceeded revenue for the program. On average, these 25 providers received 97 percent of their total revenue for the program from Aging Homemaker program funds.



Exhibit A-1  
**SAMPLE OF AGING HOMEMAKER PROVIDERS (1)**  
 Fiscal Year 1997

A	B	C	D	E	F	G	H	I	J	K	L
	Provider Name	City	Costs for the Homemaker Program					Revenue for the Homemaker Program			
			Units (Hours)	Direct Service Worker Costs	Admin. Costs	Support Costs	Total All Costs	Client Co-Pay	Aging Reimbursements	Total Revenue	Percent of Total Cost Comprised by Aging Homemaker Funds
1	Assyrian Universal Alliance Foundation, Inc.	Chicago	98,052	\$628,386	\$4,102	\$8,265	\$640,753	\$554	\$855,440	\$855,994	133.5%
2	Bethel New Life	Chicago	249,931	\$1,602,923	\$576,426	\$78,062	\$2,257,411	\$45,996	\$2,135,903	\$2,181,899	94.6%
3	Blessing Hospital Home Care	Quincy	28,064	\$277,463	\$60,479	\$57,496	\$395,438	\$12,911	\$232,086	\$244,997	58.7%
4	Cambodian Association of IL	Chicago	3,109	\$21,455	\$3,877	\$718	\$26,050	\$0	\$27,142	\$27,142	104.2%
5	Casa Central Social Service Corp.	Chicago	71,262	\$560,828	\$31,625	\$30,341	\$622,794	\$5,090	\$617,031	\$622,121	99.1%
6	Cass County Mental Health Assn.	Beardstown	7,686	\$58,204	\$9,019	\$7,803	\$75,026	\$2,017	\$65,085	\$67,102	86.7%
7	Chicago Commons Association	Chicago	391,411	\$2,543,745	\$533,909	\$324,373	\$3,402,027	\$77,753	\$3,339,262	\$3,417,015	98.2%
8	Chinese-American Service League, Inc.	Chicago	68,992	\$471,473	\$175,075	\$57,289	\$703,837	\$1,163	\$601,137	\$602,300	85.4%
9	Community Home Environmental Learning Project, Inc.	Decatur	65,826	\$434,602	\$112,578	\$58,992	\$606,172	\$29,412	\$545,247	\$574,659	89.9%
10	Community Home Services Plus	Springfield	111,052	\$830,550	\$104,399	\$103,118	\$1,038,068	\$32,944	\$936,539	\$969,484	90.2%
11	Family Service Agency of DeKalb Co.	DeKalb	17,957	\$148,750	\$27,477	\$55,501	\$231,728	\$14,508	\$142,260	\$156,768	61.4%
12	Golden Circle Senior Citizens Council	Rosiclare	118,807	\$868,348	\$79,643	\$178,670	\$1,126,662	\$38,846	\$998,337	\$1,037,183	88.6%
13	Hancock County Health Department	Carthage	20,883	\$231,364	\$62,095	\$10,882	\$304,341	\$5,178	\$177,129	\$182,307	58.2%
14	Henderson County Health Dept.	Gladstone	10,382	\$112,119	\$0	\$16,490	\$128,609	\$4,080	\$86,558	\$90,638	67.3%
15	Henry County Health Department	Geneseo	82,495	\$526,584	\$100,309	\$81,616	\$708,509	\$47,285	\$672,897	\$720,183	95.0%
16	Jersey County Health Department	Jerseyville	16,665	\$165,364	\$52,802	\$22,346	\$240,512	\$4,355	\$141,130	\$145,485	58.7%
17	Korean-American Senior Center, Inc.	Chicago	66,638	\$434,387	\$77,079	\$79,475	\$590,941	\$193	\$581,556	\$581,749	98.4%
18	Lutheran Social Services of Illinois	Carol Stream, Galesburg, Rock Island, Atkinson, Peoria, Beardstown, Chicago	721,068	\$4,701,008	\$629,746	\$601,320	\$5,932,074	\$225,707	\$6,069,219	\$6,294,926	102.3%
19	Polish American Association	Chicago	20,679	\$143,199	\$10,106	\$19,226	\$172,531	\$7,780	\$172,752	\$180,532	100.1%
20	Schuyler County Mental Health Assn	Rushville	10,805	\$75,942	\$13,159	\$16,692	\$105,793	\$4,622	\$89,705	\$94,327	84.8%
21	Shawnee Development Council, Inc.	Cairo, Vienna, Metropolis, Mounds, Anna	162,273	\$1,064,892	\$197,821	\$98,410	\$1,361,124	\$39,108	\$1,377,535	\$1,416,643	101.2%
22	Shay Health Care Services, Inc.	Crestwood	52,258	\$345,436	\$240,238	\$60,286	\$645,960	\$26,416	\$429,796	\$456,212	66.5%
23	Universal Industries, Inc.	Chicago	18,900	\$120,945	\$52,084	\$4,872	\$177,901	\$0	\$165,001	\$165,001	92.7%
24	Volunteer Services of Iroquois Co.	Watseka	15,636	\$101,565	\$13,747	\$16,555	\$131,867	\$4,667	\$131,835	\$136,502	100.0%
25	YWCA of McLean County	Normal	27,378	\$181,537	\$19,276	\$21,708	\$222,521	\$7,795	\$231,213	\$239,008	103.9%

Note: (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.

Source: FY97 provider cost reports submitted to the Department on Aging.

**THE DEPARTMENT ON AGING:  
Adult Day Care Services**

**BACKGROUND**

The overall mission of the Community Care Program (CCP) is to prevent unnecessary institutionalization of persons age 60 and older by providing alternative home and community based services for eligible persons. One of the alternative services provided through the CCP is the adult day care service.

Adult day care services are provided in a community-based setting. Services are provided based on an individual's needs, but the available services include routine health monitoring, supervision/administration of medicine, assistance with activities of daily living, meals, and transportation. Clients are given the opportunity to choose a Department authorized provider in their geographic area of residence.

All services provided to CCP clients shall be delivered in accordance with contracts entered into between the provider and the Department. The Department issues a Request-For-Proposal periodically to solicit providers of CCP services. The Department evaluates the providers' proposals, and the Director of the Department has the ultimate decision making authority for the award of contracts.

**COST INFORMATION**

In Fiscal Year 1997, the Department paid 58 adult day care service providers a total of \$7,607,000 to provide 1,521,706 units (hours) of service. Annual audits of adult day care providers are required, but cost reports are not. However, because some providers provide services in addition to adult day care, most of the audits did not show a separate cost for providing this service. Therefore, we surveyed 29 providers and 20 provided data for use in the survey. One provider did not provide the amount received from the Department for adult day care and three others inadvertently included transportation costs.

Of the 20 submitting information, 17 provided complete information. We found that Department funding accounted for 60.3 percent of the providers' total costs for the adult day care program in Fiscal Year 1997. The percentage of total costs for the program received from the Department ranged from 28.5 percent to 121.5 percent for individual providers.

## **RATE SETTING**

In Fiscal Year 1996, the adult day care service provider reimbursement rate changed from the unit rate of one day equals five direct client contact hours to billable service hours, which is the actual number of hours of direct service provision. The billable hour rate for adult day care clients was \$4.98 in Fiscal Year 1996. In Fiscal Year 1997, the adult day care client rate was raised 3.0 percent to \$5.13. The rate was raised 3.1 percent to \$5.29 in Fiscal Year 1999. All adult day care providers receive the same rate, regardless of where they are located in the State.

Authority to set rates in the Community Care Program is the responsibility of the Department (20 ILCS 105/1 et seq.). According to the Department on Aging, fixed rates were established by the Department in Fiscal Year 1987 and increased as allowed by the Bureau of the Budget based on available appropriation.

Percentage increases are computed by the standard procedure of dividing the revised rate by the current rate. The methodology used to compute the revised rates is the standard of multiplying each current rate by the set percentage increase (for example, 3.5 percent).

Exhibit A-2  
**SAMPLE OF ADULT DAY CARE PROVIDERS (1) (2)**  
 Fiscal Year 1997

A	B	C	D	E	F	G	H	I	J	K	L	M
	Provider Name	City	Aging Reported Data for the Adult Day Care Program				Provider Survey Data for the Adult Day Care Program					
			Units (Hours)	Total Aging Revenue	Total Client Co-Pay	Total Provider Reimbursements	Units (Hours)	Aging Reimbursements	Other Revenue	Total Revenue	Total Cost	Percent of Total Cost Comprised by Aging ADC Funds
1	Blessing Hospital	Quincy	13,208	\$65,965	\$1,792	\$67,757	11,917	\$59,578	\$32,420	\$91,998	\$120,268	49.5%
2	BroMenn Healthcare	Bloomington	18,827	\$93,256	\$3,326	\$96,582	18,709	\$107,438	\$146,638	\$254,077	\$127,478	84.3%
3	Casa Central Social Service Corporation	Chicago	25,189	\$128,127	\$1,092	\$129,219	14,532	\$172,496	\$566	\$173,062	\$164,387	104.9%
4	Catholic Charities of the Archdiocese of Chicago	Chicago	35,579	\$178,434	\$4,085	\$182,519	37,196	\$212,365	\$88,880	\$301,245	\$301,245	70.5%
5	Chicago Commons Association	Chicago	46,994	\$227,057	\$14,021	\$241,078	47,911	\$245,781	\$55,651	\$301,432	\$311,114	79.0%
6	"The Club" Adult Day Care Centers, Inc.	Park Forest	11,478	\$55,209	\$3,670	\$58,879	11,465	\$58,795	\$92,932	\$151,727	\$108,571	54.2%
7	Counseling Center for Senior Citizens	Chicago	95,971	\$490,683	\$1,643	\$492,326	96,042	\$438,360	\$157,628	\$595,988	\$414,390	105.8%
8	Golden Circle Senior Citizens Council	Rosiclare	27,757	\$138,897	\$3,493	\$142,390	27,758	\$138,651	\$17,294	\$155,945	\$114,111	121.5%
9	Golden Years Adult Support Center, L.L.C.	Belleville	12,361	\$52,669	\$5,997	\$58,666	13,065	\$64,900 <sup>(3)</sup>	\$31,300	\$96,200	\$106,000 <sup>(3)</sup>	(3)
10	IV Health Services, Inc.	Peru	49,740	\$244,577	\$10,588	\$255,165	50,944	(5)	(5)	\$377,202 (3)	\$377,655 (3)	(5)
11	Japanese American Service Committee of Chicago	Chicago	25,929	\$123,765	\$9,250	\$133,015	25,810	\$123,765	\$65,521	\$189,286	\$181,895	68.0%
12	Central Illinois Economic Development Corp.	Lincoln	8,978	\$41,308	\$4,749	\$46,057	8,102	\$42,145	\$19,770	\$61,915	\$61,914	68.1%
13	Family Alliance, Inc.	Woodstock	6,357	\$29,770	\$2,841	\$32,611	10,260	\$40,007	\$44,543	\$84,550	\$80,250	49.8%
14	McDonough District Hospital	Macomb	23,115	\$113,396	\$5,180	\$118,576	23,134	\$112,270	\$243,586	\$355,856	\$361,189	31.1%
15	Our World	O'Fallon	30,839	\$143,345	\$14,856	\$158,201	31,508	\$140,827	\$186,936	\$386,170	\$314,326	44.8%
16	Rush-Presbyterian-St. Luke's Medical Center	Chicago	28,601	\$133,289	\$13,431	\$146,720	28,858	\$127,877	\$668,877	\$796,755	\$230,284	55.5%
17	Shawnee Community College	Ullin <sup>(4)</sup>	12,553	\$63,913	\$481	\$64,394	15,647	\$69,946	\$7,723	\$77,669	\$87,567	79.9%
18	St. John's Hospital	Springfield	25,535	\$119,303	\$11,691	\$130,994	25,420	\$118,787	\$96,095	\$214,882	\$342,232	34.7%
19	St. Mary's Hospital	Streator	35,823	\$175,605	\$8,163	\$183,768	49,445	\$185,189	\$123,121	\$308,310	\$650,188	28.5%
20	Williamson County	Herrin	5,310	\$27,240	\$1,278	\$28,518	7,088	\$34,913	\$22,468	\$57,381	\$49,707 (3)	(3)

Notes:

- (1) The information in this exhibit was obtained from a direct provider survey and agency reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) We surveyed 29 of 58 Adult Day Care providers to obtain cost information and received 20 responses from providers in which data was available. These 20 providers may not be representative of all 58 providers.
- (3) Includes Transportation Data
- (4) From facilities in Cairo, Anna, and Metropolis
- (5) Provider could not produce the requested information.

Sources:

Provider responses to OAG survey.  
 Aging data reported to the OAG.

**ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

**THE DEPARTMENT OF CHILDREN AND FAMILY SERVICES:  
Foster Care Purchase of Service Specialized**

**BACKGROUND**

Foster Care Purchase of Service (POS) Specialized is established to provide substitute care and social services for youth that possess developmental, emotional, behavioral, or medical needs requiring specialized services. The program is designed to help those children for whom the Department has determined that family preservation services are not in the child's best interest. Youth placed in a foster care setting are able to function in a family environment but require foster parenting skills of a specialized nature.

The Department selects providers based on their clinical ability to meet the needs of the child. The proximity of the provider to the child's home also weighs into the selection process.

Recipients do not normally select the provider. Referrals by the caseworker to the provider are made based on the client's needs and the ability of the provider program to meet those needs. This process is initiated at the caseworker level. The decision to place a child is reviewed before the placement can be made. Emergency placements can be made subject to a review process after the placement has occurred.

Eligible children are those under 18 years of age (up to 21 years of age if the child is enrolled in a public secondary education program) for whom the Department has the legal authority to place, including:

- temporary protective custody in accordance with the Abused and Neglected Child Reporting Act (325 ILCS 5);
- adoptive surrender in accordance with the Adoption Act (750 ILCS 50);
- custody and guardianship in accordance with the Juvenile Court Act of 1987 (705 ILCS 405); and
- temporary custody with written consent of the parent(s) or, if the child is not in the custody of either parent, written consent of the guardian, or custodian of the child in accordance with the Children and Family Services Act (20 ILCS 505/5).

The child must present behavioral or clinical issues as appropriate to warrant placement in a specialized foster home.

## **COST INFORMATION**

In Fiscal Year 1997, the Department expended a total of \$120,250,813 to 84 Foster Care POS Specialized providers statewide. These foster homes provided 63,434 case months during Fiscal Year 1997.

The Department requires annual cost reports and independent audits from service providers. We initially requested 25 providers to sample; however, cost reports were available for only 12 of the 25. DCFS officials then identified 20 providers in which they had information available. Exhibit A-3 shows the information obtained for the 19 providers sampled where both audits and cost reports were available. However, only 12 of the 19 contained detailed information. These 12 providers received 95.8 percent of their total costs for the program from DCFS fees-for-service. The percentage of total funds for the program from DCFS ranged from 83 percent to 100.1 percent for individual providers. DCFS Rule 89 Ill. Adm. Code 356.40(a) states that DCFS shall require the annual filing of a certified cost report from its providers.

## **RATE SETTING**

The Department is responsible for determining the reimbursement rate. The authority is cited in DCFS Rules 356.30(c) and 356.50. In Fiscal Year 1997 (effective 7-1-96) and Fiscal Year 1998 (effective 1-1-98), a 3.0 percent cost-of-living increase, rather than an application of the rate methodology, was used to increase reimbursement rates. There was no increase in Fiscal Year 1999. However, the Department has summarized the rate setting process as follows:

Rates are calculated using the most recent annual historical cost report. Costs are reported on either the older Interagency Statistical and Financial Report, the older "968" series of reports, or the newer Consolidated Financial Report. The newer Consolidated Financial Report will replace all formal cost reports for Fiscal Year 1999. The cost report is checked against the statement of functional expenditures in the annual certified independent audit report. Therefore, the rates are established using audited costs. Approved budgeted costs are used to establish rates for new programs.

A number of cost limitations are established to limit the reimbursement of unreasonable costs:

- administrative costs are limited to 20 percent of all other reasonable costs;
- profit (if the provider agency is a for-profit entity) is limited to nine percent of costs. Profit is further defined as an administrative expense and therefore also contained by the 20 percent limit of all other reimbursable costs;
- employee fringe benefits and payroll taxes are limited to 25 percent of staff salaries.

The remaining reasonable costs are then divided by the units of care provided. The resulting unit rate is then inflated typically using an 18-month inflation factor covering the mid-point of the cost

reporting period to the beginning of the rate year. The inflation factor is based on the Consumer Price Index of all items, less medical, in the urban midwest. The per diem cost of any rate appeal awards not yet reflected in the historical costs is added to the preliminary unit rate.

The final per diem rate is limited to increasing by 150% of the most recent year's inflation. The inflation factor is based on the Consumer Price Index of all items, less medical, in the urban midwest. However, in some cases, allowing the rate to increase by 150 percent of the most recent year's inflation is not affordable within legislative appropriations. In these cases, the unit rate is allowed to increase only by a percentage equal to the percentage increase in funding appropriated for the rate increase.

Rates are adopted from other states and when five or fewer DCFS children are placed in an out-of-state program. Rates are adopted from other Illinois state agencies when those agencies are the lead rate setting agency.



Exhibit A-3  
**SAMPLE OF FOSTER CARE POS SPECIALIZED PROVIDERS (1) (2)**  
 Fiscal Year 1997

A	B	C	D	E	F	G	H	I
	Provider Name	City	DCFS Reported Data for the Foster Care Purchase of Service Specialized Program		Provider Financial and Cost Data for the Foster Care Purchase of Service Specialized Program			
			Units Provided (Days)	Total DCFS Fees	Total DCFS Fees	Total Revenue	Total Cost	Percent of Total Cost Comprised by DCFS Foster Care Specialized Funds
1	Aunt Martha's Youth Service Center	Matteson	35,814	\$2,000,652	(3)	(3)	(3)	(3)
2	Catholic Social Service of Peoria	Peoria	110,373	\$8,246,049	\$8,264,440	\$8,315,633	\$8,420,879	98.1%
3	Central Baptist Children's Home	Lake Villa	38,258	\$2,058,817	\$2,109,347	\$2,109,347	\$2,111,389	99.9%
4	Chaddock Boy's School	Quincy	5,846	\$368,439	\$376,021	\$376,021	\$396,836	94.8%
5	Chicago Association for Retarded Citizens	Chicago	19,916	\$1,512,828	\$1,513,655	\$1,513,655	\$1,512,897	100.1%
6	Children's Home Assoc. of Illinois	Peoria	12,353	\$1,067,738	\$1,067,278	\$1,110,543	\$1,076,800	99.1%
7	Counseling and Family Services	Peoria	4,667	\$276,411	(3)	(3)	(3)	(3)
8	Firman Community Services	Chicago	6,767	\$310,377	\$314,908	\$314,908	\$314,908	100.0%
9	Jewish Children's Bureau	Chicago	16,288	\$2,153,524	\$2,119,658	\$2,554,183	\$2,553,713	83.0%
10	Lifelink/Bensenville	Bensenville	55,655	\$2,211,445	(3)	(3)	(3)	(3)
11	Little City Foundation	Palatine	18,307	\$2,465,493	(3)	(3)	(3)	(3)
12	Lutheran Social Services of IL	Des Plaines	149,607	\$8,124,020	\$8,141,910	\$8,409,871	\$8,866,714	91.8%
13	Lydia Home Assn.	Chicago	19,997	\$1,291,995	(3)	(3)	(3)	(3)
14	New Life Social Services	Chicago	28,506	\$1,350,611	\$1,347,171	\$1,347,171	\$1,347,240	100.0%
15	Our Children's Place	Chicago	3,553	\$308,942	(4)	(4)	(4)	(4)
16	South Central Community	Chicago	56,052	\$2,946,799	\$2,858,269	\$2,870,393	\$2,872,387	99.5%
17	Teen Living Programs	Chicago	914	\$39,481	\$33,559	\$33,559	\$33,560	100.0%
18	YMCA of Metro Chicago	Chicago	15,573	\$827,260	\$897,708	\$897,708	\$897,708	100.0%
19	Youth Service Bureau of IL Valley	Ottawa	5,692	\$540,863	\$540,862	\$540,862	(3)	(3)

Notes:

- (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) We randomly sampled 25 of the 91 Foster Care POS Specialized providers to collect cost and revenue information. Detailed cost information was available for only 12 of the 19 sampled. DCFS had cost reports and audits for only 19 of the 91 providers. These 19 providers may not be representative of all 91 providers.
- (3) FY97 Financial Audit did not contain detailed information for Foster Care POS Specialized, all Foster Care was grouped together.
- (4) 18 month audit conducted for FY purposes.

Sources:

DCFS data reported to the OAG.  
 FY97 provider financial and cost data submitted to DCFS.

**THE DEPARTMENT OF CHILDREN AND FAMILY SERVICES:  
Group Home Care**

**BACKGROUND**

Group Home care is established to provide substitute care and social services for youth that are transitioning to a foster care setting or for whom group home care is otherwise appropriate. The program is designed to help those children for whom the Department has determined that family preservation services are not in the child's best interest. Typically, youth placed in a group home setting are unable to function in a family environment but do not require placement in the more service intensive institutional setting. However, according to Department officials, the service intensity distinction between group home care and institutional care is diminishing.

Providers are selected by the Department based on their clinical ability to meet the needs of the child. The proximity of the provider to the child's home also weighs into the selection process.

Eligible children do not normally select the provider. Referrals by the caseworker to the provider are made based on the client's needs and the ability of the provider program to meet those needs. This process is initiated at the caseworker level. The decision to place a child must be reviewed before the placement can be made. Emergency placements can be made subject to a review process after the placement has occurred.

Eligible children are those under 18 years of age (up to 21 years of age if the child is enrolled in a public secondary education program) for whom the Department has the legal authority to place, including:

- temporary protective custody in accordance with the Abused and Neglected Child Reporting Act (325 ILCS 5);
- adoptive surrender in accordance with the Adoption Act (750 ILCS 50);
- custody and guardianship in accordance with the Juvenile Court Act of 1987 (705 ILCS 405); and
- temporary custody with written consent of the parent(s) or, if the child is not in the custody of either parent, written consent of the guardian, or custodian of the child in accordance with the Children and Family Services Act (20 ILCS 505/5).

The child must present behavioral or clinical issues as appropriate to warrant placement in a group home.

## **COST INFORMATION**

In Fiscal Year 1997, the Department expended a total of \$42,844,159 to 58 group homes statewide. These group homes provided 8,941 case months during Fiscal Year 1997.

The Department requires annual cost reports and independent audits from service providers. We initially requested 25 providers to sample; however, cost reports and audits were available for only 16 providers. Exhibit A-4 shows information obtained for the 16 providers sampled, we found that DCFS provided about 81 percent of the total costs for the program. Individual providers received from 18.2 percent to 109.1 percent of their total costs for the program from DCFS. DCFS Rule 89 Ill. Adm. Code 356.40(a) states that DCFS shall require the annual filing of a certified cost report from its providers.

## **RATE SETTING**

The Department conducts joint rate setting with the Department of Human Services. Prior to the Human Services reorganization, the Department conducted joint rate setting with the Department of Mental Health and Developmental Disabilities. The authority is contained within Department Rule 356.50(f)(1).

In Fiscal Year 1997 (effective 7-1-96) and Fiscal Year 1998 (effective 1-1-98), a 3.0 percent cost-of-living increase, rather than an application of the rate methodology, was used to increase reimbursement rates. There was no increase in Fiscal Year 1999. However, the Department has summarized the rate setting process as follows:

Rates for residential provider agencies (such as group home, institutions, emergency shelters and independent living) are calculated using the most recent annual historical cost report. The cost report is checked against the statement of functional expenditures in the annual certified independent audit report. Therefore, the rates are established using audited costs. However, approved budgeted costs are used to establish rates for new programs.

A number of cost limitations are established in the reimbursement process:

- administrative costs are limited to 20 percent of all other reasonable costs;
- profit (if the provider agency is a for-profit entity) is limited to nine percent of costs. Profit is further defined as an administrative expense and therefore also contained by the 20 percent limit of all other reasonable costs;
- employee fringe benefits and payroll taxes are limited to 25 percent of staff salaries;

- specific assistance (clothing, allowance, etc.) is limited to the current component contained in the foster care rates, currently \$3.48 per day in Fiscal Year 1999;
- supportive costs (laundry, housekeeping, food, etc.) are limited to 120 percent of the median cost incurred among residential providers; and
- ownership costs (depreciation, rent, utilities, janitors, etc.) are limited to 120 percent of the median cost incurred among residential providers. This median is separately calculated for providers located in Cook County and for providers located in the balance of the State.

After the reasonable cost limitations have been applied, the remaining reasonable costs are inflated typically using an 18-month inflation factor covering the mid-point of the cost reporting period to the beginning of the rate year. The inflation factor is based on the Consumer Price Index of all items, less medical, in the urban midwest. Only capital (depreciation, interest, etc.) costs are not inflated.

The inflated costs are then divided by a number that is the greater of the actual days of care or the minimum divisor but never to exceed 98 percent of the possible days of care to yield a preliminary per diem rate. The minimum divisor is the smallest number that costs can be divided by. The minimum divisor is the median utilization of similar programs. The median is separately calculated for long-term programs where the average length stay is more than 60 days and for shelter programs where the average length of stay is less than 60 days. For example, a long-term program has a program capacity of 10 kids. The most days of care that could be provided is therefore 3,650. However, the program only provided 3,285 days of care. They were operating at around 90 percent of capacity. But since the minimum divisor now sits at 94 percent, the lowest number the costs would be divided by is 3,431. The minimum divisor protects the Department from paying a higher rate because the utilization of the program was down. The methodology prevents paying for empty beds.

The per diem cost of any rate appeal awards not yet reflected in the historical costs is added to the preliminary per diem rate. The final per diem rate is limited to increasing by 150% of the most recent year's inflation. The inflation factor is based on the Consumer Price Index of all items, less medical, in the urban midwest.

Rates are adopted from other states and when five or fewer DCFS children are placed in an out-of-state program. Rates are adopted from other Illinois state agencies when those agencies are the lead rate setting agency.

Exhibit A-4  
**SAMPLE OF GROUP HOME PROVIDERS (1) (2)**  
 Fiscal Year 1997

A	B	C	D	E	F	G	H	I
	Name	City	DCFS Reported Data for the Group Home Program		Provider Financial and Cost Data for the Group Home Program			
			Units Provided (Days)	Total DCFS Fees	Total DCFS Fees	Total Revenue	Total Cost	Percent of Total Cost Comprised by DCFS Group Home Funds
1	Attention Homes for Youth	Springfield	5,746	\$713,651	\$745,024	\$813,865	\$859,912	86.6%
2	Aunt Martha's Youth Service Center	Matteson	28,498	\$5,837,277	\$5,901,739	\$6,090,881	\$6,090,882	96.9%
3	Baby Fold	Normal	8,452	\$1,735,005	\$1,697,162	\$1,937,867	\$1,936,307	87.6%
4	CCAR Industries	Charleston	1,446	\$230,996	\$252,143	\$252,143	\$231,070	109.1%
5	Children's Home Assoc. of IL	Peoria	8,650	\$1,173,248	\$1,233,323	\$1,330,592	\$1,305,546	94.5%
6	Children's Home & Aid Society of IL	Chicago	555	\$64,693	(3)	(3)	(3)	(3)
7	The Children's Place Assn.	Chicago	2,695	\$658,718	\$698,289	\$1,325,077	\$1,332,592	52.4%
8	Hephzibah Children's Assn.	Oak Park	3,790	\$1,357,255	\$1,357,226	\$1,695,226	\$1,813,603	74.8%
9	Jewish Children's Bureau	Chicago	7,732	\$1,262,070	\$1,389,322	\$1,846,437	\$1,846,015	75.3%
10	Lutheran Social Service of IL	Des Plaines	365	\$32,166	\$55,832	\$254,355	\$294,151	19.0%
11	Mexican Community Committee	Des Plaines	6,535	\$1,090,183	\$1,182,068	\$1,182,068	\$1,285,276	92.0%
12	Mini O'Beirne Crisis Nursery	Springfield	196	\$29,377	\$25,346	\$70,950	\$138,930	18.2%
13	Rutledge Youth Foundation, Inc.	Springfield	1,520	\$175,433	\$176,553	\$176,553	\$203,637	86.7%
14	Shelter, Inc.	Arlington Heights	3,648	\$540,315	\$540,191	\$540,191	\$782,056	69.1%
15	St. Coletta's of IL	Palos Park	8,075	\$1,441,039	\$1,454,361	\$2,562,725	\$2,518,658	57.7%
16	Teen Living Programs, Inc.	Chicago	1,508	\$220,470	\$224,679	\$228,429	\$224,179	100.2%

Notes:

- (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) We randomly sampled 25 of the 58 Group Homes to collect cost and revenue information. DCFS had cost reports and audits for only 16 of the 58 Group Homes. These 16 Group Homes may not be representative of all 58 Group Homes.
- (3) FY97 Audit and Cost Report did not contain detailed information.

Sources:

DCFS data reported to the OAG.  
 FY97 provider financial and cost data submitted to DCFS.

**ILLINOIS DEPARTMENT OF HUMAN SERVICES**

**THE DEPARTMENT OF HUMAN SERVICES:  
Mental Health Outpatient**

**BACKGROUND**

In accordance with the Community Services Act (405 ILCS 30) it is the Department of Human Services' (DHS) role to provide leadership in establishing a comprehensive and coordinated array of private and public services for individuals with a mental illness. DHS works in partnership with local governmental entities, direct service providers, advocacy groups, consumer organizations and communities to develop and maintain a service delivery system.

DHS incorporates the principles of the Federal Community Support Program and Child and Adolescent Service System Program initiatives. These federal programs describe a system of care in which services are system dedicated, consumer centered, family focused, community based, and outcome validated.

For each service, eligibility criteria are specified using broad clinical diagnostic categories as well as more specific indicators of need. The broad categories include mental illness and serious mental illness for adults and emotional disturbance for children and adolescents.

Recipients of mental health services seek out mental health providers that DHS contracts with in several ways. Some recipients walk in to the provider's office, and others are referred by social service agencies, state-operated hospitals, or community hospital inpatient psychiatric units.

A recipient must fall within either the eligible population or the target population to receive services. The eligible population refers to an adult with a mental illness or a child with an emotional disturbance. The targeted population is adults with serious mental illness and adolescents with serious emotional disabilities.

**COST INFORMATION**

In Fiscal Year 1997, DHS granted a total of \$38,477,519 to 130 providers statewide for outpatient services. These grantees provided 1.09 million hours of mental health outpatient services during Fiscal Year 1997.

The 19 providers we sampled where complete revenue and cost information was available received an average of 56 percent of their total costs for the program from DHS. Individual providers received from 25.3 percent to 99.4 percent of their total costs for the program from DHS. The total revenue for the program for these providers of \$13,151,375 exceeded their total program cost for the program of \$11,857,216 by \$1,294,159. DHS officials stated that there is a process to recover excess payments to providers.

## **RATE SETTING**

The grant base is historically established and has been there for a long time. The Department grants individually negotiated amounts based on need. All new funding beyond cost-of-living increases is done through a structured selection process. This process has two types, Request-For-Proposal and Targeted. The targeted process is when DHS identifies a specific need in a specific area, and that area only has one provider. In this situation the provider must submit a detailed plan to the agency.

Mental Health Outpatient providers received a 3.0 percent increase for 12 months in Fiscal Year 1997, a 3.0 increase for six months in Fiscal Year 1998, and a 3.0 percent annualized increase of the 1998 base in Fiscal Year 1999.



Exhibit A-5  
**SAMPLE OF MENTAL HEALTH OUTPATIENT PROVIDERS (1)**  
 Fiscal Year 1997

A	B	C	D	E	F	G	H	I
	Provider Name	City	DHS Reported Data for the MH Outpatient Program		Provider Financial Data for the MH Outpatient Program			
			Services Provided (Hours)	Total DHS-OMH Grant	Total DHS-OMH Grant (4)	Total Revenue	Total Cost	Percent of Total Cost Comprised by DHS-OMH Outpatient Funds
1	Call for Help, Inc.	Edgemont	971	\$18,709	\$18,709	\$30,351	\$28,296	66.1%
2	Chicago City of ID# 609	Chicago	10,920	\$536,174	\$536,174	\$683,358	\$683,482	78.4%
3	Chicago City of ID# 613	Chicago	7,216	\$273,221	\$393,977 (2)	\$804,826 (2)	\$793,746 (2)	(2)
4	Chicago City of ID# 619	Chicago	9,392	\$224,467	\$265,574 (2)	\$841,119 (2)	\$620,771 (2)	(2)
5	Clay County Counseling Ctrs, Inc.	Flora	19,260	\$74,289	\$74,289	\$241,945	\$213,589	34.8%
6	CMHC of Fulton/McDonough Co.	Canton	9,110	\$415,222	\$415,222	\$895,237	\$854,862	48.6%
7	Community Resource Center	Centralia	18,826	\$651,116	\$652,816	\$1,064,134	\$839,459	77.8%
8	Cumberland Associates, Inc.	Toledo	2,227	\$112,556	\$108,691	\$201,385	\$191,570	56.7%
9	Delta Center, Inc.	Cairo	3,971	\$251,571	\$251,571	\$319,838	\$271,940	92.5%
10	Englewood Community Health	Chicago	11,966	\$795,787	\$795,787	\$962,679	\$954,952	83.3%
11	Family Service Assn - Greater Elgin	Elgin	519	\$16,086	(3)	(3)	(3)	(3)
12	Family Service MHC of Oak Park	Oak Park	3,071	\$109,212	\$112,067	\$221,162	\$208,899	53.6%
13	Grow in Illinois	Champaign	74,574	\$688,579	\$688,579	\$688,579	\$692,608	99.4%
14	Human Service Center	Peoria	15,199	\$1,138,874	\$931,081	\$1,449,780	\$1,324,636	70.3%
15	Iroquois Mental Health Center	Watseka	4,824	\$146,763	\$142,553	\$356,263	\$347,491	41.0%
16	Jane Adams, Inc.	Freeport	4,036	\$171,883	\$171,883	\$510,618	\$508,622	33.8%
17	Leyden Family Service & MHC	Franklin Park	14,652	\$131,424	\$107,182 (4)	\$330,052	\$295,222	(4)
18	Maine Center for Mental Health	Park Ridge	4,255	211,790	\$318,269 (2)	\$723,219 (2)	\$748,065 (2)	(2)
19	Mental Health Ctrs of Cntrl IL	Springfield	24,162	\$684,289	\$571,749 (4)	\$1,500,834	\$1,579,658	(4)
20	Mental Hlth Ctr Champaign Co.	Champaign	10,283	\$310,459	\$310,459	\$914,842	\$902,254	34.4%
21	Mercy Hosp. Comm. Guid. Ctr	Chicago	8,063	\$294,272	\$294,272	\$728,626	\$762,916	38.6%
22	Morgan County Health Dept	Jacksonville	9,111	\$217,634	\$217,634	\$422,222	\$393,567	55.3%
23	Ravenswood Hosp. Med. M.H. Ctr	Chicago	42,501	\$576,319	\$576,319	\$1,016,676	\$1,129,740	51.0%
24	St. Francis Hospital	Evanston	4,255	\$150,144	\$149,348	\$1,153,588	\$523,406	28.5%
25	The Kenneth W. Young Centers	Elk Grove Village	19,759	\$322,573	\$322,573	\$1,290,092	\$1,274,576	25.3%

Notes:

- (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) Includes funding for Case Management.
- (3) FY97 provider financial data submitted to DHS did not contain detailed information.
- (4) Column E includes State Medicaid funding match. In column F, DHS provided documentation showing where providers 17 and 19 subtracted out this Medicaid funding when the providers reported the DHS-OMH grant amount. DHS officials indicated this may explain other differences in providers grant amounts shown in columns E and F.

Sources: DHS data reported to the OAG and FY97 provider financial data submitted to DHS.

**THE DEPARTMENT OF HUMAN SERVICES:  
Mental Health Day Treatment**

**BACKGROUND**

In accordance with the Community Services Act (405 ILCS 30) it is the Department of Human Services' (DHS) role to provide leadership in establishing a comprehensive and coordinated array of private and public services for individuals with a mental illness. DHS works in partnership with local governmental entities, direct service providers, advocacy groups, consumer organizations and communities to develop and maintain a service delivery system.

DHS incorporates the principles of the Federal Community Support Program and Child and Adolescent Service System Program initiatives. These federal programs describe a system of care in which services are system dedicated, consumer centered, family focused, community based, and outcome validated.

For each service, eligibility criteria are specified using broad clinical diagnostic categories as well as more specific indicators of need. The broad categories include mental illness and serious mental illness for adults and emotional disturbance for children and adolescents.

Recipients of mental health services seek out mental health providers that DHS contracts with in several ways. Some recipients walk in to the provider's office, and others are referred by social service agencies, State-operated hospitals, or community hospital inpatient psychiatric units.

A recipient must fall within either the eligible population or the target population to receive services. The eligible population refers to an adult with a mental illness or a child with an emotional disturbance. The targeted population is adults with serious mental illness and adolescents with serious emotional disabilities.

**COST INFORMATION**

In Fiscal Year 1997, DHS granted a total of \$24 million to 96 providers statewide for day treatment services. These grantees provided over 3.3 million hours of mental health day treatment services during Fiscal Year 1997.

We sampled 25 of the 96 providers and obtained funding and cost information from DHS. For these 25 providers, we found that DHS grants made up 58.1 percent of their total costs for the program. Individual providers received from 6.6 percent to 99.6 percent of their total costs for the program from DHS. DHS officials stated that there is a process to recover excess payments to providers.

## **RATE SETTING**

The grant base is historically established and has been there for a long time. The Department grants individually negotiated amounts based on need. All new funding beyond cost-of-living increases is done through a structured selection process. This process has two types, Request-For-Proposal and Targeted. The targeted process is when DHS identifies a specific need in a specific area, and that area only has one provider. In this situation the provider must submit a detailed plan to the agency.

Mental Health Day Treatment providers received a 3.0 percent increase for 12 months in Fiscal Year 1997, a 3.0 increase for six months in Fiscal Year 1998, and a 3.0 percent annualized increase of the 1998 base in Fiscal Year 1999.

Exhibit A-6  
**SAMPLE OF MENTAL HEALTH DAY TREATMENT PROVIDERS (1)**  
 Fiscal Year 1997

	B	C	D	E	F	G	H	I
	Provider Name	City	DHS Reported Data for the MH Day Treatment Program		Provider Financial Data for the MH Day Treatment Program			
			Units Provided (Hours)	Total DHS-OMH Grant	Total DHS-OMH Grant (2)	Total Revenue	Total Cost	Percent of Total Cost Comprised by DHS-OMH Day Treatment Funds
1	Alexian Brothers	Inverness	19,336	\$118,447	\$118,447	\$183,716	\$200,251	59.1%
2	Assn. For Individual Development	Aurora	38,249	\$386,639	\$385,139	\$527,727	\$435,486	88.4%
3	Bobby E. Wright Comp. Comm. MHC	Chicago	81,147	\$301,908	\$301,908	\$301,908	\$303,244	99.6%
4	Comm. Coun. Ctrs. N Mad Co	Alton	41,823	\$302,855	\$267,526	\$384,997	\$414,790	64.5%
5	Comm. Counsel Ctrs of Chicago Inc.	Chicago	156,550	\$1,298,532	\$1,298,532	\$1,589,184	\$1,321,479	98.3%
6	Comm. Counsel Ctr Fox Valley	Aurora	18,709	\$213,716	\$213,716	\$256,398	\$222,780	95.9%
7	Comm. Family Serv MHC-Lagrange	Western Springs	42,448	\$202,107	\$192,010	\$192,010	\$275,214	69.8%
8	Comprehensive MH Ctr. St. Clair	Granite City	20,980	\$350,652	\$350,652	\$389,910	\$402,505	87.1%
9	Decatur Mental Health Center	Decatur	24,150	\$255,526	\$214,456	\$312,275	\$252,232	85.0%
10	Ecker Center F/Mental Health	Elgin	20,414	\$133,572	\$133,572	\$213,702	\$230,963	57.8%
11	Elm City Center	Jacksonville	16,553	\$72,770	\$72,770	\$76,026	\$75,954	95.8%
12	Englewood Community Health	Chicago	32,279	\$366,065	\$366,065	\$442,396	\$439,539	83.3%
13	Evanston Hospital	Evanston	39,670	\$145,665	\$145,665	\$1,371,650	\$1,714,162	8.5%
14	Franklin-Williamson Human Svcs	West Frankfort	23,349	\$144,352	\$144,352	\$262,129	\$253,907	56.9%
15	Jewish Vocational Service	Chicago	109,995	\$891,299	\$877,749	\$1,524,691	\$1,546,934	56.7%
16	Lawrence County P.H. Dept.	Lawrenceville	12,680	\$43,445	\$43,445	\$55,192	\$53,492	81.2%
17	McHenry Co. Mental Health Bd.	Crystal lake	100,392	\$445,127	\$445,127	\$780,558	\$817,463	54.5%
18	McLean County Center for H S	Bloomington	18,052	\$159,465	\$159,465	\$224,486	\$176,603	90.3%
19	Mental Health Ctr Champaign Co	Champaign	16,023	\$289,152	\$289,152	\$341,805	\$297,491	97.2%
20	Montgomery County Health Dept.	Hillsboro	15,765	\$78,202	\$74,652	\$97,538	\$104,452	71.5%
21	Mt. Sinai Health System	Chicago	18,380	\$220,785	\$220,785	\$495,701	\$495,397	44.6%
22	Pioneer Center of McHenry Cty	McHenry	82,727	\$39,444	\$39,444	\$599,529	\$593,637	6.6%
23	Ravenswood Hosp. Med. M.H. Ctr	Chicago	21,914	\$124,349	\$124,349	\$324,466	\$589,420	21.1%
24	Sinnissippi Centers, Inc.	Dixon	22,047	\$287,964	\$271,305	\$373,944	\$371,365	73.1%
25	The Thresholds	Chicago	113,304	\$670,172	\$670,172	\$1,186,782	\$1,186,782	56.5%

Note:

- (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) DHS officials indicated that differences between columns E and F could be a result of the State Medicaid funding match being subtracted by the provider in Column F.

Sources: DHS data reported to the OAG and FY97 provider financial data submitted to DHS.

**THE DEPARTMENT OF HUMAN SERVICES:  
Mental Health Community-Integrated Living Arrangement (CILA)**

**BACKGROUND**

In accordance with the Community Services Act (405 ILCS 30), it is the Department of Human Services' (DHS) role to provide leadership in facilitating the establishment of a comprehensive and coordinated array of private and public services for individuals with mental illness residing in communities throughout the State. In pursuit of the coordination of services for persons with a mental illness, DHS works in partnership with local governmental entities, direct service providers, advocacy groups, consumer organizations and communities to develop and maintain a service delivery system.

The Department incorporates the principles of the Federal Community Support Program (CSP) and Child and Adolescent Service System Program (CASSP) initiatives. These federal programs describe a system of care in which services are system dedicated, consumer centered, family focused, community based, outcome validated, and assure quality services in accordance with the current clinical knowledge and acceptance standards in practice.

For each service, eligibility criteria is specified using certain broad clinical diagnostic categories as well as more specific indicators of need. The broad categories include mental illness (MI) and serious mental illness (SMI) for adults and emotional disturbance (ED) and serious emotional disturbance (SED) for children and adolescents.

DHS began expanding community based services in the late 1960s and focused attention on the major metropolitan centers throughout the State seeking to contract with not-for-profit corporations whose mission was to provide mental health services. DHS then began the grant funding process and individually negotiated the not-for-profit providers' level of funding and the extent of services which would be provided in specific geographic areas of the State.

At the current time the selection of a provider to perform a specific program is governed by the Illinois Procurement Code, which permits DHS to acquire services for individuals in their target population through a selection process which is approved by the Secretary of the Department. Currently, DHS' Office of Mental Health uses two selection processes: the Target Selection for Service Provision (TSSP) and the Request for Service Plan (RSP).

Recipients of mental health services seek out mental health providers that the Department contracts with in numerous ways—some through referrals from other social services agencies, some walk-ins to the provider's office, and some direct referrals from the Department's State-operated hospitals.

The recipient must fall either within the eligible or target populations. The eligible population refers to an adult with a mental illness or a child with an emotional disturbance. Targeted population are those adults with serious mental illness and those children and adolescents with a serious emotional disability.

### **COST INFORMATION**

In Fiscal Year 1997, Mental Health CILA's provided 470,299 hours of recipient service. Total expenditures for the program in Fiscal Year 1997 were \$31,227,603.

We sampled 25 of the 86 CILA's operating in Fiscal Year 1997 and found that they received 81.4 percent of their total costs for the program from DHS. Individual providers received from 32.4 percent to 116.4 percent of their total costs for the program from DHS. Total revenues for the program of \$9,930,160 for these providers exceeded their total costs for the program of \$9,382,217 by \$547,943. DHS officials stated that there is a process to recover excess payments to providers.

### **RATE SETTING**

In Fiscal Year 1994, DHS converted the Mental Health CILA program to a grant-based payment system. DHS does not establish rates for the Mental Health CILA program. Instead, DHS awards individually negotiated amounts to providers based upon the number of recipients to be provided services. Increases to the grant awards are based on cost of doing business adjustments.

Mental Health CILAs received a 3.0 percent increase for 12 months in Fiscal Year 1997, a 3.0 increase for six months in Fiscal Year 1998, and a 3.0 percent annualized increase of the 1998 base in Fiscal Year 1999.

Exhibit A-7  
**SAMPLE OF MENTAL HEALTH CILA PROVIDERS (1)**  
 Fiscal Year 1997

A	B	C	D	E	F	G	H	I
	Provider Name	City	DHS Reported Data for the MH CILA Program		Provider Financial Data for the MH CILA Program			
			Unduplicated Clients (2)	Total DHS-OMH Grant	Total DHS-OMH Grant (3)	Total Revenue	Total Cost	Percent of Total Cost Comprised by DHS-OMH CILA Funds
1	Alexian Brothers	Inverness	23	\$613,304	\$613,304	\$622,846	\$527,085	116.4%
2	Behavioral Health Alternatives	Wood River	7	\$35,954	\$35,954	\$52,064	\$49,545	72.6%
3	Christian County M.H. Assn.	Taylorville	3	\$177,264	\$177,264	\$177,264	\$175,129	101.2%
4	Circle Family Care	Chicago	40	\$684,611	\$664,611	\$796,480	\$777,464	85.5%
5	Comprehensive MH Ctr. St. Clair	E. St. Louis	15	\$251,650	\$251,650	\$313,036	\$375,141	67.1%
6	Covenant Developmental Center	Charleston	1	\$28,494	\$28,494	\$28,494	\$24,951	114.2%
7	Ecker Center F/Mental Health	Elgin	25	\$496,788	\$496,788	\$896,112	\$896,499	55.4%
8	Franklin-Williamson Human Svcs.	West Frankfort	31	\$350,619	\$350,619	\$559,347	\$537,037	65.3%
9	Habilitative Systems, Inc.	Chicago	8	\$302,499	\$521,078	\$627,184	\$544,379	95.7%
10	Human Resources Center	Paris	3	\$53,790	\$53,790	\$53,790	\$52,265	102.9%
11	Human Service Center	Red Bud	8	\$170,883	\$170,883	\$232,608	\$233,050	73.3%
12	Human Support Services	Waterloo	17	\$402,922	\$402,922	\$680,509	\$607,493	66.3%
13	Institute for Human Resources	Pontiac	8	\$181,670	\$181,670	\$198,240	\$190,149	95.5%
14	Jane Adams, Inc.	Freeport	15	\$173,593	\$173,593	\$215,054	\$199,786	86.9%
15	Lawrence County P.H. Dept.	Lawrenceville	3	\$13,482	\$13,482	\$18,512	\$41,613	32.4%
16	Lester & Rosalie Anixter Ctr.	Chicago	16	\$463,322	\$463,322	\$523,396	\$529,814	87.4%
17	Leyden Family Service & MHC	Franklin Park	30	\$276,683	\$276,683	\$285,815	\$281,852	98.2%
18	Pilsen-Little Village CMHC	Chicago	34	\$667,364	\$671,978	\$1,041,378	\$960,479	70.0%
19	Metropolitan Family Services	Chicago	11	\$274,066	\$324,373	\$339,872	\$330,192	98.2%
20	Robert Young Center	Rock Island	59	\$675,867	\$675,867	\$819,365	\$690,430	97.9%
21	Shelby Co. Comm. Serv., Inc.	Shelbyville	6	\$154,845	\$154,845	\$156,452	\$156,772	98.8%
22	Sinnissippi Centers, Inc.	Dixon	37	\$476,666	\$476,666	\$712,962	\$670,175	71.1%
23	Southeastern Couns. Ctrs., Inc.	Olney	20	\$242,165	\$242,165	\$286,586	\$253,785	95.4%
24	Turning Point Behavioral H C C	Skokie	9	\$161,797	\$161,797	\$235,798	\$210,390	76.9%
25	7720, Inc.	Chicago	3	\$56,996	\$56,996	\$56,996	\$66,742	85.4%

Note:

- (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) Includes varying amounts of 24 hour and intermittent-supported care.
- (3) DHS officials indicated that differences between columns E and F could be as a result of the State Medicaid funding match being subtracted by the provider.

Sources: DHS data reported to the OAG and FY97 provider financial data submitted to DHS.

**THE DEPARTMENT OF HUMAN SERVICES:  
Developmental Disabilities Community-Integrated Living Arrangement (CILA)**

**BACKGROUND**

Community-Integrated Living Arrangements (CILAs) are authorized by the Community-Integrated Living Arrangements Licensure and Certification Act (210 ILCS 135). The mission of the CILA program is to provide an array of services to individuals with developmental disabilities in order to assist them in living a life integrated into the community in which they choose to live. CILAs provide flexible supports to persons with developmental disabilities in the person's own home or other community setting where eight or fewer individuals live together.

Any developmentally disabled individual at least 18 years of age is eligible for CILA services. Eligibility is determined by screening agents located throughout the State.

Any agency that successfully completes the licensing process receives a CILA license by the Department of Human Services. A new CILA is required to be accredited by a national accreditation organization within one year from the date individuals first move into the program. The national accreditation organizations recognized by the Department are the Commission on Accreditation of Rehabilitation Facilities, the Joint Commission on Accreditation of Healthcare Organizations, the Accreditation Council, and the Council on Accreditation of Services for Families and Children.

Housing is provided in available houses or apartments or in an individual's family home. Each CILA may serve from one to eight residents. In addition to housing, CILA services include skill-building programs, vocational training, supported employment, and other specialized treatment or habilitation.

During Fiscal Year 1997, the Department of Human Services paid a total of \$113,775,430 to 167 Developmental Disabilities CILAs statewide. These CILAs served 3,398 clients during the year.

**COST INFORMATION**

For the 23 providers sampled where cost report and independent audit information was available, we found that DHS provided an average of 83.9 percent of total costs for the program. Individual providers received from 66.5 percent to 140.2 percent of their total costs for the program from DHS. Total costs for the program for these providers of \$18,233,008 exceeded the total revenue for the program of \$17,711,900 by \$521,108. DHS officials stated that there is a process to recover excess payments to providers.



## **RATE SETTING**

The Department of Human Services' CILA Individualized Rate Determination Model has been used to determine personalized CILA rates since July 1994. The Model sets rates based on the support need of the person to be served and the conditions under which the supports are to be provided. Reimbursement is founded on the principle of reasonable, predicted costs to support a person with developmental disabilities as determined by the Model, rather than the estimated costs that will be incurred as determined by a specific community agency or other entity.

Developmental Disabilities CILAs received a 3.0 percent increase for 12 months in Fiscal Year 1997, a 3.0 increase for six months in Fiscal Year 1998, and a 3.0 percent annualized increase of the 1998 base in Fiscal Year 1999.

Exhibit A-8  
**SAMPLE OF DEVELOPMENTAL DISABILITIES CILA PROVIDERS (1)**  
 Fiscal Year 1997

A	B	C	D	E	F	G	H	I
	Provider Name	City	DHS Reported Data for the DD CILA Program		Provider Financial and Cost Data for the DD CILA Program			
			Units Provided (Months)	Total DHS Grant	Total DHS Grant	Total Revenue	Total Cost	Percent of Total Cost Comprised by DHS Developmentally Disabled CILA Funds
1	Bartlett Learning	Bartlett	61	\$242,694	\$242,694	\$287,806	\$296,631	81.8%
2	Bethesda Home & Service Inc	Aurora	19	\$44,783	\$42,987	\$64,256	\$64,661	66.5%
3	Bridgeway, Inc.	Galesburg	280	\$794,277	\$830,277	\$981,942	\$958,742	86.6%
4	Clinton Co. Rehab. Center, Inc.	Breese	24	\$15,480	\$15,480	\$15,480	\$11,040	140.2%
5	Coleman Tri-County Services	Harrisburg	65	\$158,803	\$158,803	\$193,344	\$208,469	76.2%
6	Crown Point	Sumner	30	\$238,493	\$230,149	\$270,400	\$242,315	95.0%
7	Developmental Foundations	Charleston	117	\$346,279	\$207,073	\$255,545	\$278,530	74.3%
8	Dubois-Douglas Centers	Dalton	63	\$513,115	\$513,115	\$541,790	\$532,602	96.3%
9	Family Counseling Center	Golconda	69	\$284,663	\$289,848	\$332,606	\$333,282	87.0%
10	Good Shepherd Group Homes	Momence	24	\$109,892	\$111,356	\$116,356	\$110,403	100.9%
11	Helping Hand Rehab Center	Countryside	101	\$407,801	\$375,463	\$535,610	\$527,554	71.2%
12	Horizon House of Ill Valley	Peru	48	\$152,376	\$152,376	\$167,093	\$187,438	81.3%
13	Little City Foundation	Palatine	603	\$3,396,759	(2)	(2)	(2)	(2)
14	MARC Center	Bloomington	323	\$1,090,019	\$1,330,325	\$1,666,778	\$1,650,151	80.6%
15	Milestone, Inc.	Rockford	785	\$3,163,258	\$3,124,054	\$3,511,456	\$3,579,692	87.3%
16	Peoria ARC	Peoria	403	\$2,138,807	\$1,813,640	\$2,087,277	\$2,151,128	84.3%
17	Res. F/Retarded & Austic Faml	Elmhurst	12	\$17,976	\$17,976	\$22,436	\$24,356	73.8%
18	Skystar Residential Services	De Soto	2	\$98,217	\$88,945	\$88,945	\$92,059	96.6%
19	Southeastern Residential Alternatives	Harrisburg	84	\$516,011	\$499,833	\$560,231	\$580,967	86.0%
20	Southern Ill Living Center	New Baden	98	\$548,762	\$587,523	\$642,778	\$635,660	92.4%
21	Support Systems & Services	Belleville	254	\$2,045,525	\$2,134,274	\$2,439,015	\$2,857,302	74.7%
22	UCP Lincoln Land	Springfield	247	\$1,356,998	\$1,386,630	\$1,624,693	\$1,563,071	88.7%
23	UCP Will County	Joliet	136	\$957,581	\$957,582	\$1,112,647	\$1,121,955	85.3%
24	Villa House, Inc.	Johnson City	38	\$193,416	\$193,416	\$193,416	\$225,000	86.0%

Notes:

- (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs. One provider was omitted due to DHS waiving their cost reporting requirement.
- (2) FY97 provider financial and cost data submitted to DHS did not contain detailed information.

Sources: DHS data reported to the OAG and FY97 provider financial data submitted to DHS.

**THE DEPARTMENT OF HUMAN SERVICES:  
Centers for Independent Living**

**BACKGROUND**

The mission of the Independent Living Program is to provide contract maintenance, monitoring, compliance evaluations, technical assistance, and training initiatives that will assist in the overall operational enhancement of existing Centers for Independent Living (CILs), and to work toward all 102 counties in Illinois having access to Independent Living Services.

By the provision of grants and contracts, the Independent Living Program is designed to provide the opportunity for all people with disabilities to realize the independent life style of their choice. It is also designed to educate and assist people without disabilities.

CILs are private, not-for-profit, non-residential, community-based organizations that are established by demonstrating community need and the ability to perform the requirements necessary. CILs serve three major functions:

- Systems advocacy to eliminate environmental, economic, civil and human rights and communication barriers;
- Direct services offering choices and encouraging consumers to make their own decisions about how they will live; and
- Public education to promote awareness of disability and related issues along with creating opportunities for people with disabilities to assume leadership roles on boards, commissions, and other governing bodies.

The 22 CILs in Illinois provided direct services to 6,184 people, and information and referrals to 39,441 people. This resulted in a total of 45,625 people served by the CIL program. Only individuals with disabilities can receive direct services, but anyone in need can receive information and referral services. Recipients of CIL services can select to receive services from any CIL in the State, but most recipients choose the CIL in their area.

**COST INFORMATION**

Total expenditures for the CIL program were \$3,120,853 in Fiscal Year 1997. CILs receive State grants as well as funding from other governmental sources and from private fundraising. DHS funded about 51 percent of the CILs total expenses in Federal Fiscal Year 1997.

Purchase of service providers are required to furnish DHS with cost reports that detail functional expenses and revenues. Through our survey of providers and inquiries with DHS officials, we were able to obtain revenue and cost information for 19 of 22 CILs. Three of the 22 CILs reported information on a State Fiscal Year basis. For the providers with comparable information, General Revenue Funds for the CILs comprised 35.6 percent of their total program costs. Also, total revenue amounts for these providers varied as stated in the providers' financial statements and as reported by DHS.

## **RATE SETTING**

CILs receive funding from DHS in accordance with Title VII of the Rehabilitation Act as amended in 1998. Each CIL receives a different allocation from the State, but their respective amounts are not based on any type of formula to weight factors such as service area population or size of service area; rather, CIL funding is based on the level of legislative appropriation.

DHS' Office of Rehabilitation Services conducts on-site compliance (at least 15% of all CILs per year) and monitoring reviews of CILs annually to determine if centers are in compliance with State and federal rules and regulations. In addition, reviews can determine if funding will continue, be modified, or be terminated.

CILs received a 3.0 percent increase for 12 months in Fiscal Year 1997, a 3.0 increase for six months in Fiscal Year 1998, and a 3.0 percent annualized increase of the 1998 base in Fiscal Year 1999. Exhibit A-9a shows CIL funding before and after the cost-of-living increases.

Exhibit A-9a  
**RATE HISTORY OF CENTERS FOR INDEPENDENT LIVING**  
for General Revenue Funds

A	B	C	D	E	F	G	H
	Provider Name	City	State CIL Grant				
			FY 1996 GRF Revenue	FY 1997 GRF Revenue	Percent Increase	FY 1999 GRF Revenue	Percent Increase
1	Access Living of Metropolitan Chicago	Chicago	\$248,500	\$264,594	6.1%	\$277,077	4.5%
2	Central Illinois Center	Peoria	\$172,700	\$179,518	3.8%	\$187,218	4.1%
3	DuPage Center	Glen Ellyn	\$150,000	\$154,715	3.0%	\$160,907	3.8%
4	Fox River Valley Center	Elgin	\$223,200	\$230,966	3.4%	\$239,739	3.7%
5	Illinois-Iowa Independent Living Center	Rock Island	\$52,500	\$61,030	14.0%	\$67,031	9.0%
6	IMPACT Center for Independent Living	Alton	\$225,000	\$231,965	3.0%	\$242,978	4.5%
7	Independence Network Center	Quincy	\$0	\$103,215	-	\$106,692	3.3%
8	Jacksonville Area CIL	Jacksonville	\$0	\$120,000	-	\$127,053	5.6%
9	Lake County Center	Mundelein	\$0	\$6,489	-	\$14,213	54.3%
10	Living Independence for Everyone	Bloomington	\$134,200	\$142,148	5.6%	\$148,575	4.3%
11	Living Independently Now Center	Belleville	\$125,000	\$128,965	3.1%	\$135,009	4.5%
12	Northwestern Illinois Center	Rock Falls	\$172,100	\$178,558	3.6%	\$185,851	3.9%
13	Opportunities for Access Center	Mount Vernon	\$150,000	\$154,715	3.0%	\$160,907	3.8%
14	OPTIONS Center	Kankakee	\$50,000	\$53,215	6.0%	\$76,835	30.7%
15	Persons Assuming Control of Their Environment	Urbana	\$145,000	\$152,802	5.1%	\$159,063	3.9%
16	Progress Center	Forest Park	\$312,500	\$322,090	3.0%	\$332,929	3.3%
17	Regional Access and Mobilization Project	Rockford	\$54,100	\$125,832	57.0%	\$133,845	6.0%
18	Soyland Access for Independent Living	Decatur	\$0	\$103,215	-	\$108,506	4.9%
19	Springfield Center	Springfield	\$222,100	\$231,385	4.0%	\$242,312	4.5%
20	Southern Illinois Center	Carbondale	\$101,700	\$107,303	5.2%	\$113,626	5.6%
21	Stone-Hayes CIL	Galesburg	\$0	\$3,349	-	\$10,246	67.3%
22	Will-Grundy Center	Joliet	\$56,700	\$64,784	12.5%	\$70,688	8.4%
23	LaSalle-Peru	LaSalle-Peru	\$0	\$0	-	\$250,000	-
Totals			\$2,595,300	\$3,120,853		\$3,551,300	

Note: Increases includes a 3% cost of living adjustment in FY97 and FY99.

Source: DHS data reported to the OAG.

Exhibit A-9b  
**CENTERS FOR INDEPENDENT LIVING PROVIDERS (1) (5)**  
 Federal Fiscal Year 1997

A	B	C	D	E	F	G	H	I	J	K	L	M
	Provider Name	City	DHS Centers for Independent Living Annual Report							Provider Financial Statements		
			Direct Service Units	GRF CIL Revenue	Other DHS Revenue	Federal Revenue	Other Public Revenue	Private Revenue	Total Revenue	Total Revenue (2)	Total Cost	Percent of Total Cost Provided by GRF CIL Revenue (4)
1	Access Living of Metropolitan Chicago	Chicago	1,439	\$264,594	\$242,867	\$75,167	\$550,959	\$689,595	\$1,823,182	\$1,691,393 (3)	\$1,778,597 (3)	14.5%
2	Central Illinois Center	Peoria	233	\$179,518	\$65,516	\$54,577	\$58,707	\$32,204	\$390,522	\$391,082	\$411,499	46.0%
3	DuPage Center	Glen Ellyn	126	\$154,715	\$80,091	\$31,982	\$10,000	\$38,742	\$315,530	\$308,499	\$315,592	49.0%
4	Fox River Valley Center	Elgin	443	\$230,966	\$64,069	\$56,730	\$34,799	\$31,071	\$417,635	\$420,799	\$397,505	55.3%
5	Illinois-Iowa Independent Living Center	Rock Island	129	\$61,030	\$41,672	\$7,176	\$233,445	\$38,248	\$381,571	\$772,670	\$738,093	16.0%
6	IMPACT Center for Independent Living	Alton	704	\$231,965	\$178,150	\$112,089	\$101,079	\$88,065	\$711,348	\$764,041	\$705,397	32.6%
7	Independence Network Center	Quincy	161	\$103,215	\$72,403	\$7,176	\$0	\$2,053	\$184,847	\$167,783	\$164,582	55.8%
8	Jacksonville Area CIL	Jacksonville	17	\$120,000	\$8,349	\$0	\$0	\$413	\$128,762	\$127,874	\$93,009	93.2%
9	Lake County Center	Mundelein	180	\$6,489	\$77,041	\$242,562	\$65,998	\$66,422	\$458,512	\$438,626	\$407,589	1.4%
10	Living Independence for Everyone	Bloomington	137	\$142,148	\$135,848	\$50,525	\$27,000	\$23,400	\$378,921	\$388,472	\$356,506	37.5%
11	Living Independently Now Center	Belleville	243	\$128,965	\$81,559	\$54,825	\$17,347	\$34,479	\$317,175	\$304,897	\$306,341	40.7%
12	Northwestern Illinois Center	Rock Falls	78	\$178,558	\$61,210	\$43,177	\$25,768	\$13,164	\$321,877	\$316,173	\$311,721	55.5%
13	Opportunities for Access Center	Mt. Vernon	364	\$154,715	\$86,511	\$33,776	\$0	\$6,712	\$281,714	\$281,113	\$268,873	54.9%
14	OPTIONS Center	Kankakee	114	\$53,215	\$79,653	\$57,176	\$0	\$18,079	\$208,123	\$190,550	\$175,909	25.6%
15	Persons Assuming Control of Their Environment	Urbana	359	\$152,802	\$66,894	\$88,790	\$21,054	\$11,100	\$340,640	\$314,460	\$328,409	44.9%
16	Progress Center	Forest Park	229	\$322,090	\$129,678	\$42,105	\$45,344	\$111,362	\$650,579	\$607,656	\$614,055	49.5%
17	Regional Access and Mobilization Project	Rockford	239	\$125,832	\$143,491	\$72,377	\$155,615	\$173,284	\$670,599	\$779,185	\$617,552	18.8%
18	Soyland Access for Independent Living	Decatur	208	\$103,215	\$62,563	\$83,618	\$61,576	\$230	\$311,202	\$224,855 (3)	\$222,692 (3)	33.2%
19	Springfield Center	Springfield	233	\$231,385	\$57,633	\$203,402	\$38,000	\$6,400	\$536,820	\$589,100	\$586,391	43.1%
20	Southern Illinois Center	Carbondale	260	\$107,303	\$133,001	\$157,101	\$166,065	\$22,688	\$586,158	\$544,137 (3)	\$510,319 (3)	18.3%
21	Stone-Hayes CIL	Galesburg	60	\$3,349	\$69,718	\$0	\$111,619	\$6,177	\$190,863	\$190,292	\$186,812	1.8%
22	Will-Grundy Center	Joliet	228	\$64,784	\$65,698	\$7,176	\$262,669	\$69,676	\$470,003	\$446,310	\$440,452	13.8%

Notes:

- (1) The information in this exhibit was obtained from agency and provider reports and a direct provider survey which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) We noted differences between provider revenues reported in the CIL Annual Report and the provider's financial statements to DHS. DHS officials noted that the differences might be timing related. However, for provider number 5, DHS officials indicated that any funding from Iowa would not be reported to Illinois.
- (3) Audit submitted on State fiscal year (July 1, 1996 to June 30, 1997).
- (4) Percent calculated from FY97 Centers for Independent Living Annual Report data, because detailed information was not received with the cost information in April 1999.
- (5) The CIL Annual Report and the provider financial data may contain revenue and cost information from other services provided at the Centers.

Sources: DHS FY97 Centers for Independent Living Annual Report and FY97 provider financial statement data submitted to DHS.

**THE DEPARTMENT OF HUMAN SERVICES:  
Emergency Food and Shelter Program**

**BACKGROUND**

The Emergency Food and Shelter program provides meals, beds, and supportive services through not-for-profit community-based organizations or local governmental entities to homeless individuals and families. Prevention services (i.e., rent and utility assistance) are also available, in limited amounts, to persons who are at imminent risk of becoming homeless; assistance cannot exceed payment of one month's rent. In addition, supportive services are provided to formerly homeless persons residing in a supportive housing environment. Supportive services include, but are not limited to, alcohol and substance abuse counseling, mental health programs, transportation, child care, and case management. A unit of supportive service is defined by the type of service and may be counseling, a GED class or placement of a client in permanent housing. In Fiscal Year 1997, organizations funded through the program provided 49,606 individuals and family members with 1,350,553 nights of shelter, 2,185,229 meals, and 653,042 units of supportive services.

For services outside Chicago, the Department of Human Services (DHS) issues a Request-For-Proposal to potential providers. Each provider must detail the operation of the Emergency Food and Shelter program, describe the services provided, and submit a detailed budget. Contracts are awarded based on a standardized evaluation, geographic distribution, and availability of funds.

For most services in Chicago, DHS contracts with the Chicago Department of Human Services (CDHS). CDHS solicits subcontractors to provide services within the city. The CDHS combines Emergency Food and Shelter funds with federal and municipal money. In Fiscal Year 1997, there were 69 downstate providers, CDHS, and 2 non-CDHS Chicago providers.

Homeless persons access the shelter system through a variety of resources. Homeless persons are often referred by community-based organizations, local DHS offices, police departments, churches, or word-of-mouth. CDHS offers a toll-free number to potential homeless persons. Self referral is also used.

DHS-funded providers accept self-attestation of a homeless situation. Eligibility is usually only limited to the appropriateness of the placement. For example, a family would not be accepted into a shelter for single males. Unaccompanied children are also not placed into a shelter program unless the shelter is a DCFS licensed facility.

## **COST INFORMATION**

In Fiscal Year 1997, Emergency Food and Shelter contracts totaled \$2,966,066 for downstate providers and \$4,509,546 for Chicago and its providers. Service providers must use a minimum of 85 percent of the Emergency Food and Shelter grant for direct services to clients. No more than 15 percent of the grant can be used for administrative costs. Provider agencies report expenditures monthly, and DHS reviews the invoices and approves or disapproves payment. The Department monitors each provider at least once every two years.

Providers outside Chicago must provide, at a minimum, shelter and supportive services and match at least 25 percent of project costs with resources from other sources. The match must be 50 percent cash, with the remainder comprised of cash, in-kind services, including volunteer services, or property.

We randomly sampled 25 of the 70 Emergency Food and Shelter providers in Fiscal Year 1997. The City of Chicago, which subcontracts with 29 providers, did not fall into our sample. We reviewed provider cost information obtained from DHS. DHS funds accounted for an average of 24 percent of the total revenues for the program for these 25 providers in Fiscal Year 1997. Exhibit A-10 shows funding, cost, and service information for each of the 25 providers. Providers did not report a specific unit cost to DHS for the different types of services they provided, such as shelter nights or meals served. DHS officials noted that the providers are not required to report on expenditures in excess of their grant; therefore, total costs are not available for emergency food and shelter providers.

## **RATE SETTING**

DHS does not establish rates for the Emergency Food and Shelter Program. Once every three years DHS issues a Request-For-Proposal to providers. DHS awards amounts based upon an evaluation of providers' proposals, the geographic distribution of agencies and populations served, budget requests, and the availability of funds. Request-For-Proposals were issued in Fiscal Year 1995 and Fiscal Year 1998. There was no Request-For-Proposals issued in Fiscal Year 1997.

Emergency Food and Shelter providers received a 3.0 percent increase for 12 months in Fiscal Year 1997, a 3.0 increase for six months in Fiscal Year 1998, and a 3.0 percent annualized increase of the 1998 base in Fiscal Year 1999.



Exhibit A-10  
**SAMPLE OF EMERGENCY FOOD AND SHELTER PROVIDERS (1) (2)**  
 Fiscal Year 1997

A	B	C	D	E	F	G	H	I	J	K
	Provider Name	City	Total Units (All Revenue)					DHS Grant Data for the Emergency Food and Shelter Program		Total Emergency Food and Shelter Program Revenue
			Unduplicated Participants Served	Shelter Nights	Meals Served/ Purchased	Support Services	Prevention Services (Households)	Total DHS Grant	Total Cost	
1	American Red Cross	E. St. Louis	121	4,589	9,358	3,870	55	\$48,043	\$48,043	\$449,014
2	American Red Cross	Rockford	678	14,404	3,851	4,618	0	\$29,792	\$29,792	\$198,262
3	Catholic Charities	Waukegan	1,147	3,642	5,149	3,955	40	\$107,523	\$107,523	\$146,427
4	Catholic Charities	Joliet	1,123	15,739	30,198	4,465	6	\$86,032	\$86,032	\$482,609
5	Center for Public Ministry	Evanston	687	13,698	21,360	18,029	8	\$84,532	\$84,532	\$380,790
6	Connection Telephone Crisis & Referral	Libertyville	519	15,264	46,650	31,416	0	\$41,295	\$41,295	\$96,795
7	Danville Rescue Mission	Danville	338	6,404	24,330	5,210	0	\$28,667	\$28,666	\$159,667
8	Fifth Street Renaissance	Springfield	756	2,448	0	7,059	6	\$21,280	\$20,745	\$140,824
9	Helping Hands	Springfield	647	9,079	0	5,614	16	\$63,839	\$63,839	\$189,182
10	Home Sweet Home	Bloomington	904	20,035	40,500	6,246	0	\$59,980	\$59,980	\$200,380
11	Hope Haven DeKalb P.A.D.s	DeKalb	212	7,783	21,065	4,429	23	\$15,960	\$15,960	\$133,760
12	Illinois Valley P.A.D.s	Peru	197	2,507	4,579	2,834	0	\$12,768	\$12,768	\$83,575
13	Little Friends, Inc.	Naperville	312	4,145	9,913	14,802	5	\$110,916	\$110,916	\$327,085
14	MCS Community Services	Jacksonville	264	6	0	207	124	\$20,903	\$20,903	\$181,838
15	Mid-Central Comm. Action	Bloomington	74	8,875	0	83	55	\$74,479	\$74,477	\$372,381
16	Neighborhood Outreach Project NOW	Rock Island	1,876	15,351	3,460	2,799	36	\$89,724	\$89,724	\$249,515
17	Outreach Comm. Ministries	Wheaton	83	4,682	0	687	3	\$26,562	\$26,068	\$98,062
18	P.A.D.s of Aurora	Aurora	668	17,778	64,552	3,644	0	\$132,339	\$132,339	\$670,829
19	Salvation Army	Champaign	963	10,813	20,060	7,401	0	\$45,164	\$45,164	\$216,661
20	Salvation Army	Springfield	656	4,302	1,470	736	21	\$44,475	\$44,475	\$124,013
21	Shelter Care Ministries	Rockford	341	20,730	0	5,659	0	\$80,712	\$80,712	\$379,954
22	Southern Seven Health Department	Ullin	158	330	1,527	1,014	285	\$69,159	\$69,159	\$88,084
23	Western Illinois Regional Council CAA	Macomb	211	14	0	88	89	\$18,063	\$18,063	\$38,759
24	Williamson Co. Family Crisis Center	West Frankfort	206	11,670	0	11,428	0	\$37,240	\$37,240	\$125,344
25	YWCA of Peoria	Peoria	388	13,273	24,753	5,193	0	\$43,624	\$43,624	\$235,587

Notes:

- (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) The City of Chicago received \$4.5 million for Emergency Food & Shelter in FY97. The City of Chicago, which did not fall in our random sample, subcontracts with 29 providers to provide Emergency Food & Shelter services.

Source: FY97 provider cost data submitted to DHS.

**THE DEPARTMENT OF HUMAN SERVICES:  
Delinquency Prevention**

**BACKGROUND**

The mission of the Delinquency Prevention program is to reduce juvenile delinquency. It is intended to intervene with juvenile delinquents to prevent them from committing additional offenses. The services provided by the program include community outreach, advocacy, individual and family counseling, intake assessment, employment and recreation.

During Fiscal Year 1997, the Released Upon Request (RUR) program was also funded from this appropriation line. The RUR program serves minors who are incarcerated in the Cook County Temporary Juvenile Detention Center who have been released by the court, but whose parents or guardians refuse to take them home. The purpose of the program is to return minors to their families. When minors cannot immediately be returned home, they may be placed in foster or group homes until reunification can be accomplished.

The providers were originally selected based on a competitive application process. Some providers have dropped out or have been replaced since the program began.

Recipients are usually referred to the provider by an official in the Juvenile Justice System, such as a police officer, probation officer, or judge. There are so few programs that the recipient does not have a choice of providers. In most cases, recipients are ordered to participate in service programs by the court.

**COST INFORMATION**

During Fiscal Year 1997, a total of 1,560 youths were served in the Delinquency Prevention program for 52,668.75 hours of service. In the RUR program, 103 youths were served, which included 815 days of placement. Total expenditures for the program were \$1,448,857 in Fiscal Year 1997. There were 16 Delinquency Prevention providers and 2 RUR providers during this period.

We requested provider cost reports in December 1998. In April 1999, DHS provided this information for the 16 Delinquency Prevention providers.

## **RATE SETTING**

The Delinquency Prevention program was originally funded through grants from the Illinois Juvenile Justice Commission (IJJC). The IJJC oversees funds awarded to Illinois by the U.S. Department of Justice through the Juvenile Justice and Delinquency Prevention Act. These providers would have responded to a Request for Proposal in 1984-1985 and would have established a budget at that time. While the projects have received cost-of-living increases in the subsequent years, no rates were ever set.

When the IJJC funding ended, the Department of Children and Family Services picked them up. They were transferred to the Department of Human Services with the other Youth Services programs when the Department was created.

Delinquency Prevention providers received a 3.0 percent increase for 12 months in Fiscal Year 1997, a 3.0 increase for six months in Fiscal Year 1998, and a 3.0 percent annualized increase of the 1998 base in Fiscal Year 1999.

Exhibit A-11  
**DELINQUENCY PREVENTION PROVIDERS (1)**  
 Fiscal Year 1997

A	B	C	D	E	F	G
	Provider Name	City	DHS Reported Data for the Delinquency Prevention Program		Provider Financial Statements for the Delinquency Prevention Program	
			Units Provided (Hours)	Total DHS Grant	Total Revenue	Total Expenditures
1	McHenry County Youth Service Bureau	Woodstock	2,144	\$89,582	\$100,245	\$100,245
2	Omni Youth Services	Buffalo Grove	2,194	\$55,765	\$55,765	\$55,765
3	Aunt Martha's Youth Service Center	Matteson	1,545	\$56,795	\$56,795	\$56,795
4	Aunt Martha's Youth Service Center (4)	Matteson	2,688	\$111,359	\$111,359	\$111,359
5	Habilitative Systems	Chicago	2,031	\$114,907	\$128,031	\$145,521
6	Sullivan House, Inc.	Chicago	3,841	\$94,632	\$94,632	\$94,375
7	Youth Guidance	Chicago	1,750	\$83,331	(2)	(2)
8	Demico Youth Service	Chicago	1,282	\$87,869	(2)	(2)
9	Chicago Commons	Chicago	24,936	\$102,203	\$102,838	\$102,838
10	Youth Service Project	Chicago	2,953	\$111,733	\$111,733	\$111,733
11	Family Service MHC of Oak Park	Oak Park	662	\$53,229	\$63,798	\$65,041
12	County of Lake	Waukegan	2,017	\$108,692	(2)	(2)
13	Aurora Township	Aurora	2,456	\$45,100	\$45,100	\$45,100
14	Des Plaines Valley Community	Summit	927	\$55,765	\$55,765	\$55,765
15	Teen Living Programs, Inc.	Chicago	1,230	\$135,048	\$135,048	\$135,049
16	Teen Living Programs, Inc. (4)	Chicago	70	\$3,286	\$3,286	\$3,286
17	Elgin Young Mens Christian	Elgin	266	\$12,987	(3)	(3)
18	Youth Service Bureau of Illinois	Ottawa	2,436	\$126,582	(2)	(2)

Notes:

- (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) FY97 financial statements and cost reports did not contain detailed information.
- (3) DHS grant was less than \$50,000, therefore, no audit was required.
- (4) Provider in the Released Upon Request (RUR) program, which serves minors released from the Cook County Temporary Juvenile Detention Center.

Sources: DHS data reported to the OAG and FY97 provider financial data submitted to DHS.

**THE DEPARTMENT OF HUMAN SERVICES:  
Domestic Violence Program**

**BACKGROUND**

The mission of the Domestic Violence program is to ensure that shelter and services are available throughout the State to meet the immediate crisis and long-term needs of domestic violence victims and their children, as well as to prevent domestic violence. During Fiscal Year 1997, the Department of Human Services (DHS) funded 53 domestic violence providers throughout the State. These entities provide comprehensive, community-based services to victims and educational services to communities.

All funded programs fall within three categories: residential, nonresidential, or specialized services. Residential programs provide shelter on site; nonresidential programs provide off-site shelter. To qualify as a specialized service program, providers must offer at least one of the following basic services: 24-hour crisis hotline, counseling, advocacy, information and referrals, and transportation. Thirty-four programs are residential, twelve are nonresidential, and six offer specialized services. One program was not identified as specific type.

Supplemental services include employment assistance, educational assistance, emergency medical care, child care during service delivery, and emergency off-site shelter provided by a residential program. Outreach and prevention services are professional training, public education, and violence prevention programs in schools.

Eligibility for services is based on self-disclosure. A recipient must be or have been a victim of, or threatened with, domestic violence or abuse. The abuse can be physical, sexual, or emotional. Recipients can request to receive services from any of the 53 providers in the State.

During Fiscal Year 1997, domestic violence programs served 38,985 adults and 12,581 children. Programs provided 177,075 nights of shelter in program-operated residential facilities and 4,131 nights of shelter in hotels, motels, or safe houses. The 53 funded programs also provided 358,396 service hours to adult clients and 144,257 service hours to children.

**COST INFORMATION**

The total of all funded programs' domestic violence budgets in Fiscal Year 1997 was \$28.9 million, of which \$13,574,958 came from DHS. These sources include funds not only from DHS but also from the Illinois Attorney General and other State agencies. According to DHS officials, DHS grants to Domestic Violence programs included 23 percent federal funds in Fiscal Year 1997. DHS officials stated that the majority of these funds are distributed to programs by State agencies including DHS and the Illinois Criminal Justice Information Authority. Other sources of

funding for domestic violence programs include city/county grants and private donations. According to DHS officials, the United Way is the biggest source of private funding for this program. United Ways provided \$2.2 million or 34 percent of private funds in Fiscal Year 1997.

According to DHS officials, DHS regularly monitors service providers' programmatic and fiscal activities for contract compliance. Providers send DHS monthly statistical information on clients served and services provided.

We randomly sampled 25 of the 53 Domestic Violence providers in Fiscal Year 1997. We reviewed provider cost reports and obtained additional cost information from DHS. The cost reports showed the amount of the DHS grant, sources of other state funds, total funds received, and total cost. Exhibit A-12 shows this information, as well as the number of service hours and shelter nights, for each of the 25 providers. DHS funds accounted for an average of 44.5 percent of the total costs for the program for the 24 providers in which cost data was available. Individual providers received from 19.8 percent to 67.7 percent of their total funding for the program from DHS. Providers did not report a unit cost to DHS for the different types of services they provided, such as service hours or shelter nights.

### **RATE SETTING**

According to DHS officials, providers were originally funded through a Request-For-Proposal process. Allocations were determined through a review of the dollar amount requested, the budget justification, the proposed service delivery system, the need for the service in the proposed location and throughout the State, and the total appropriation for domestic violence services.

DHS does not guarantee funding to presently-funded providers, but does give funding priority to those providers that have performed satisfactorily and can demonstrate a continued need for their services in the community. In the past five years, appropriated increases have been designated for currently funded programs and have been divided either equally or proportionally among existing programs.

Domestic Violence program providers received a 19.0 percent increase in Fiscal Year 1997, a 4.0 percent decrease in Fiscal Year 1998, and a 16.0 percent increase in Fiscal Year 1999.

Exhibit A-12  
**SAMPLE OF DOMESTIC VIOLENCE PROVIDERS (1)**  
 Fiscal Year 1997

A	B	C	D	E	F	G	H	I	J	K
	Provider Name	City	DHS Reported Data for the Domestic Violence Program			Provider Cost Report Data for the Domestic Violence Program				
			Units Provided (Hours)	Units Provided (Nights)	Total DHS Grant	Total DHS Grant	Other State Revenue	Total Revenue	Total Cost	Percent of Total Cost Comprised by DHS Domestic Violence Funds
1	Mercer County Family Crisis Center	Aledo	10,616	155	\$87,122	\$87,122	\$54,798	\$166,013	\$159,591	54.6%
2	Oasis Women's Center	Alton	10,418	5,587	\$317,301	\$317,301	\$49,171	\$737,425	\$636,273	49.9%
3	Mid Central Community Action, Inc.	Bloomington	6,792	2,073	\$233,757	\$233,757	\$64,154	\$410,869	\$410,549	56.9%
4	Coalition Against Domestic Violence	Charleston	3,446	367	\$161,859	\$161,859	\$83,335	\$304,449	\$290,739	55.7%
5	Chicago Abused Women Coalition	Chicago	19,661	13,814	\$279,459	\$279,459	\$116,458	\$961,173	\$907,929	30.8%
6	Family Rescue, Inc.	Chicago	29,218	12,161	\$478,708	\$478,708	\$90,604	\$2,413,301	\$2,413,301	19.8%
7	Metropolitan Family Services	Chicago	957	0	\$60,879	\$60,879	\$26,775	\$158,002	\$158,002	38.5%
8	Mujeres Latinas En Accion	Chicago	7,456	0	\$99,207	\$99,207	\$48,880	\$211,875	\$211,189	47.0%
9	Neopolitan Lighthouse	Chicago	20,606	7,876	\$263,749	\$263,749	\$130,882	\$497,597	\$433,592	60.8%
10	People Abused and Battered United	Chicago	1,176	0	\$56,952	\$56,952	(2)	(2)	(2)	(2)
11	YWCA Danville	Danville	4,783	2,027	\$262,559	\$262,559	\$61,192	\$389,071	\$389,071	67.5%
12	Safe Passage, Inc.	DeKalb	12,680	3,120	\$306,591	\$320,633	\$74,006	\$589,467	\$589,284	54.4%
13	Lifespan	Des Plaines	5,425	0	\$181,926	\$181,926	\$94,175	\$562,383	\$565,496	32.2%
14	Evanston North Shore YWCA	Evanston	6,952	8,380	\$302,307	\$302,308	\$45,061	\$648,854	\$715,525	42.2%
15	YWCA Freeport - Voices	Freeport	5,588	33	\$183,119	\$183,119	\$67,851	\$322,543	\$315,994	58.0%
16	The Knox County Coalition Against DV	Galesburg	3,052	50	\$98,327	\$98,327	\$44,853	\$188,836	\$186,946	52.6%
17	Anna Bixby Women's Center	Harrisburg	8,909	284	\$235,482	\$235,482	\$62,722	\$347,798	\$347,798	67.7%
18	Western Illinois Regional Council, CADV	Macomb	3,338	104	\$154,314	\$154,314	\$45,763	\$233,704	\$233,704	66.0%
19	Stopping Women Abuse Now, Inc.	Olney	5,884	3,420	\$248,992	\$248,992	\$109,814	\$372,456	\$372,456	66.9%
20	Phase, Inc. - Wave DV Program	Rockford	7,697	6,165	\$299,689	\$299,689	\$24,061	\$634,930	\$603,452	49.7%
21	Sojourn Shelter and Services, Inc.	Springfield	6,354	5,454	\$310,639	\$310,639	\$52,080	\$609,013	\$643,736	48.3%
22	ADV & SAS	Streator	9,652	2,627	\$257,084	\$257,084	\$66,957	\$470,962	\$507,038	50.7%
23	Crisis Ctr. For South Suburbia	Tinley Park	27,394	9,675	\$530,000	\$530,000	\$48,171	\$1,247,729	\$987,698	53.7%
24	A Women's Place DV Program	Urbana	7,850	7,916	\$261,368	\$261,386	\$68,061	\$572,678	\$547,910	47.7%
25	Turning Point, Inc.	Woodstock	7,420	26	\$206,440	\$206,440	\$120,466	\$484,330	\$476,519	43.3%

Notes:

- (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) No cost information available due to provider closing during the year.

Sources: DHS data reported to the OAG and FY97 provider financial data submitted to DHS.

**THE DEPARTMENT OF HUMAN SERVICES:  
Outpatient Substance Abuse Treatment Level 1**

**BACKGROUND**

Outpatient Substance Abuse Treatment is more commonly referenced as Level I care. It consists of non-residential substance abuse treatment consisting of clinical services which include substance abuse assessment, individual or group counseling, case management, collateral or significant other services, and discharge planning. This service is the least intensive type of substance abuse treatment available and is available to any adult or adolescent whose assessment indicates appropriateness for this type of treatment. The frequency and intensity of such treatment depends on patient need but in most cases is a planned regimen of regularly scheduled sessions that average less than nine hours per week.

Providers are generally selected for funding by the agency based upon ability to provide the service and/or to fill a demonstrated need in the area. Most of the providers' contracts are renewed every year, although for any new initiative or to replace a closed program, a Request-For-Proposal is generally used.

Recipients of substance abuse services select providers in many different ways. There are many referral sources ranging from court orders, employee assistance programs, linkage agreements with other social service providers and voluntary selection by the client. All clients must first meet income guidelines which are established every year by DHS' Office of Alcoholism and Substance Abuse. Clients must then have an assessment which indicates appropriateness for Level I care.

A unit of service is defined as an individual or group hour of treatment. In Fiscal Year 1997, clients received 330,202 individual hours and 497,745 group hours of treatment.

**COST INFORMATION**

DHS did not require cost reports from providers in Fiscal Year 1997 because all providers received a 3 percent cost-of-living increase for that year. Since no other rate adjustments were to be made in Fiscal Year 1997, DHS waived the cost reporting requirement. DHS is authorized to waive cost reports from providers pursuant to 77 Ill. Adm. Code 2030.30 to conserve award funds or when it is necessary to meet program objectives.

We randomly sampled 25 Outpatient Substance Abuse Treatment providers in Fiscal Year 1997. We reviewed copies of the 25 providers' annual independent audits. We found that these audits did not break out cost information for Outpatient Level I care only. Rather, costs for all levels of outpatient care are grouped together.



## **RATE SETTING**

Providers are reimbursed at a uniform rate for Level I services paid as either individual or group. The Outpatient Substance Abuse Treatment hourly rate was \$54.60 for an individual and \$20.60 for a group. Recent rate increases have been across-the board cost-of-living increase for all providers. For example, in Fiscal Year 1997, all providers received a 3 percent cost-of-living increase for 12 months. In Fiscal Year 1998, all providers received a 3 percent cost-of-living increase for six months. In Fiscal Year 1999, the 3.0 percent annualized Fiscal Year 1998 rates were carried over.

Exhibit A-13  
**SAMPLE OF OUTPATIENT SUBSTANCE ABUSE TREATMENT LEVEL 1 PROVIDERS (1)**  
 Fiscal Year 1997

A	B	C	D	E	F
	Provider Name	City	Outpatient Level 1 Data		All Program Data
			Units Provided (Hour)	Total DHS Fees	Total Revenue
1	Association House of Chicago	Chicago	6,193.91	\$229,911	\$14,013,713
2	South East Alcohol & Drug	Chicago	16,977.85	\$567,223	\$1,197,884
3	Mid-America Behavioral Healthcare Inc,	Belleville	3,203.80	\$120,712	\$3,023,519
4	Family Service & CMHC McHenry County	McHenry	3,984.17	\$146,967	\$4,747,457
5	Franklin-Williamson Human Services, Inc.	Marion	7,769.75	\$325,077	\$9,951,285
6	Human Service Center of South Metro-East	Red Bud	3,933.26	\$95,114	\$3,219,146
7	Rosecrance on Harrison	Rockford	10,118.92	\$277,814	\$5,227,925
8	Breaking Free, Inc.	Naperville	7,905.75	\$287,867	\$734,167
9	El Rincon Supportive Services	Chicago	15,148.56	\$591,782	\$1,366,542
10	The Woodlawn Organization	Chicago	11,870.00	\$473,253	\$7,523,458
11	The Wells Center	Jacksonville	10,950.84	\$929,170	\$2,476,716
12	Anixter Center for Rehabilitation	Chicago	8,114.75	\$199,885	\$21,921,697
13	Human Resources Development Institute	Chicago	15,873.51	\$487,576	\$14,224,600
14	Decatur Mental Health Center	Decatur	12,500.71	\$449,785	\$6,658,233
15	Polish American Association	Chicago	1,631.00	\$87,550	\$2,367,936
16	Westside Holistic Family Services	Chicago	1,473.68	\$51,012	\$3,574,769
17	Community Counseling Center Fox Valley	Aurora	9,119.70	\$331,165	\$2,671,729
18	Renz Addiction Counseling Center	Elgin	17,455.83	\$566,500	\$1,304,060
19	Robert Young Center for Community MHC	Rock Island	6,750.14	\$252,562	\$10,789,747 (2)
20	Grundy County Health Department	Morris	121.07	\$14,064	\$564,666 (3)
21	Garfield Counseling Center	Chicago	10,536.50	\$315,533	\$1,515,903
22	Great River Recovery Resources, Inc.	Quincy	5,046.06	\$202,387	\$976,620
23	Omni Youth Services	Buffalo Grove	11,009.50	\$372,741	\$4,316,659
24	Foundation 1, Center for Human Development	Harvey	1,973.71	\$86,945	\$985,794
25	Cathedral Shelter of Chicago	Chicago	4,341.00	\$90,105	\$1,915,166

Notes:

- (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) For year ended December 31,1997
- (3) For year ended November 30, 1997.

Source: DHS data reported to the OAG.

**ILLINOIS DEPARTMENT OF PUBLIC AID**

**THE DEPARTMENT OF PUBLIC AID:  
Hospice Services (Routine Home Care)**

**BACKGROUND**

The hospice service benefit is an optional benefit which states may choose to make available under the Medicaid program. The program's mission is to provide relief from pain and suffering during a client's terminal illness. It is intended to help persons with a diagnosis of a terminal illness and a prognosis which states the patient will die within six months if the disease runs its normal course.

Under federal guidelines, when a physician certifies that a patient is diagnosed with a terminal illness and has a life expectancy of six months or less, the recipient is informed of hospice services by their physician and/or hospital or nursing home staff. Recipients must be eligible for Medical Assistance. A hospice agency must be certified by Medicare to provide services and must apply through the Department's Provider Participation Unit to participate in the program.

The provision of care is generally in the home to avoid an institutional setting and to improve the individual's quality of life until he or she dies. However, individuals eligible for Medicaid may reside in a nursing facility and receive hospice care in that setting. In order to be covered, a plan of care must be established before services are provided. Covered hospice services include nursing services, medical social services, physician services, counseling services, and volunteer services.

Routine Home Care is one category of hospice care. The rate is paid without regard to the volume or intensity of the routine home care services on a given day. Continuous Home Care requires that a minimum of eight hours per day must be provided. Routine Home Care is applicable for each day the client remains in their residence, which may be a private home or a long-term care facility. In addition to Routine Home Care and Continuous Home Care, the other categories of hospice care are Inpatient Respite Care and General Inpatient Care.

**COST INFORMATION**

In Fiscal Year 1997, a total of \$7,202,453 was paid to 83 providers of routine home hospice care. Hospice providers are not required to submit cost reports to either the Illinois Department of Public Aid or to the federal Health Care Finance Administration. However, any excess reimbursement must be refunded by the hospice.

## **RATE SETTING**

The federal Department of Health and Human Services sets rates for hospice services. The rate is calculated annually and any change is effective with the federal fiscal year (beginning October 1 and ending September 30 of the following year).

The Health Care Finance Administration reviews the market basket of medical services and the cost of labor by Metropolitan Statistical Area (MSA) to establish a base rate and a list of multipliers for each MSA to determine the rate for each hospice agency.

The hospice will be paid the routine home care rate for each day the patient is at home, under the care of the hospice, and not receiving continuous home care. This rate is paid without regard to the volume or intensity of routine home care services provided on any given day. The national Medicare hospice rate for routine home care increased 2.0 percent on 10/1/96 to \$94.17, 1.7 percent on 10/1/97 to \$95.77, and 1.4 percent on 10/1/98 to \$97.11.

Exhibit A-14  
**SAMPLE OF HOSPICE ROUTINE HOME CARE PROVIDERS (1)**  
 Fiscal Year 1997

A	B	C	D	E
	Provider Name	City	Units (Days)	Total IDPA Reimbursements
1	Genesis VNA Hospice	Davenport (Iowa)	98	\$8,812
2	Home Health Plus Hospice	Westchester	386	\$41,040
3	Hospice Little Co of Mary	Evergreen Park	156	\$16,575
4	Hospice of NE Illinois	Barrington	1,198	\$128,053
5	Hospice of Perry County	Pinckneyville	38	\$3,128
6	Hospice of SE Illinois	Olney	946	\$79,585
7	Hospice of Southern Ill Inc	Belleville	6,025	\$547,943
8	Hospice of the Great Lakes ID# 363855171	Northbrook	1,999	\$201,146
9	Hospice of the Great Lakes ID# 521916454	Schaumburg	1,598	\$157,377
10	Hospice of the North Shore	Evanston	763	\$80,601
11	Hospice of West Suburban Hosp	Oak Park	844	\$89,675
12	Mercy Hospice	Chicago	250	\$26,440
13	Pathway Hospice	Rock Island	291	\$26,015
14	Quality of Life Srvs Hospice	Carbondale	473	\$39,718
15	Rockford VNA Hospice	Rockford	802	\$76,129
16	Saint Anthonys HC Hospice	Alton	27	\$2,422
17	Samaritan Homecare Hospice	Morrison	97	\$7,520
18	St Thomas Hospice	Hinsdale	172	\$18,241
19	Vitas Corporation ID# 592318357001	Matteson	2,574	\$269,376
20	VNA of Fox Valley Hospice	Aurora	152	\$13,992
21	VNA of Illinois Hospice	Centralia	40	\$3,621
22	DMH Hospice	Decatur	1,031	\$94,603
23	Hospice of DuPage 1797	Carol Stream	1,544	\$164,297
24	Unity Hospice	Skokie	10,275	\$1,074,412
25	Kewanee Hospital Hospice	Kewanee	519	\$47,586

Note:

(1) The information in this exhibit was obtained from the agency which was not audited as a part of this survey.

Source: IDPA data reported to the OAG.

**THE DEPARTMENT OF PUBLIC AID:  
Residential Nursing Facilities**

**BACKGROUND**

The Illinois Department of Public Aid is responsible for reimbursement for care provided to persons eligible for Medical Assistance and residing in any of the 781 residential nursing facilities in Illinois. These facilities provide necessary medical care for the eligible elderly and persons with disabilities requiring nursing facility level of care. In fiscal year 1997, payments to Illinois nursing facilities totaled \$1.3 billion. Nursing facility care accounted for 31% of the Department's general Medical Assistance expenditures.

To participate in the Illinois Medical Assistance Program, and to receive payment from the Department for services to residents, a long term care facility must comply with Department guidelines and meet the following requirements:

- The facility must hold a valid license issued by the Illinois Department of Public Health (IDPH), or the appropriate State agency for facilities located out-of-state, that specifies the level(s) of care the facility is licensed to provide.
- The facility must be certified by the Illinois Department of Public Health as being in compliance with applicable federal regulations for Title XIX (Medicaid) participation. Out-of-state facilities must have a Medicaid provider agreement with the Title XIX single State agency in the state of location.
- The facility must agree to accept the Department's reimbursement rates and comply with all requirements contained in the *Long Term Care Provider Handbook*.
- The facility must have a current, completed and signed provider agreement on file with the Department.

The initial criteria for eligibility to receive Medical Assistance in a nursing facility for a recipient includes:

- An Interagency Certification and Screening that indicates the recipient's need for nursing facility level of care.
- A second screening, when indicated, to determine special needs based on a history of mental illness or developmental disabilities.
- A certification that is completed and signed by the physician stating the diagnosis, date of eligibility and level of care need of the recipient in the nursing facility.
- Determination of financial and categorical eligibility for Medical Assistance.

The recipients or their families/guardians select providers based on their preferences. They may be assisted by hospital-based or community-based health care persons.

In Fiscal Year 1997, the Department paid nursing facilities \$1,199,209,779 for basic residential services and \$20,897,815 for exceptional care services. The Department noted that there is generally a one month lag between “provided” and “billed” services. The expenditures for services “provided” during Fiscal Year 1997 are not readily available because providers have up to a year to submit or correct a claim. Contributions from the nursing facility residents and third-party payers are not reflected in the expenditure figures.

During Fiscal Year 1997, nursing facilities billed the Department for 22,442,345 days of basic residential services and 140,400 days of exceptional care services. The actual units of service are not readily available because providers have up to one year to submit or correct a claim.

## **COST INFORMATION**

Nursing facilities are required to submit cost reports annually to the Illinois Department of Public Aid. On-site audits and desk audits shall be conducted by Department annually. Costs are reported in two categories: operating and capital.

### **Operating Costs**

#### **General Services**

Dietary Salaries and Supplies, Food, Housekeeping Salaries and Supplies, Laundry Salaries and Supplies, Heat and Utilities, and Plant Operation/Maintenance Salaries and Supplies

#### **Health Care and Programs**

Medical Director, Nursing and Medical Records Salaries, Nursing Supplies, Therapy Salaries, Activities Salaries and Supplies, Social Services, Nurse Aid Training, and Program Transportation

#### **General Administration**

Administrative Salaries, Directors’ Fees, Professional Services, Dues, Fees, Subscriptions, Clerical Salaries and Supplies, Employee Benefits and Payroll Taxes, Inservice Training and Education, Travel and Seminar, Administration Staff Transportation, and Insurance

### **Capital Costs**

#### **Ownership**

Depreciation, Amortization of Organization and Pre-Operating Costs, Interest, Real Estate Taxes, and Rent (Facility, Equipment, Vehicles)

Operating and capital costs vary greatly among nursing facilities. Using the most recent cost reports submitted to Public Aid, we randomly sampled 25 facilities and compared their daily all-inclusive costs (see Exhibit A-15). The daily reported costs ranged from \$39.60 to \$123.33. However, a Medical Center reported an outlying cost of \$222.13. It was the only hospital-based



facility in our sample, and it provided services to a small number of people compared to the others sampled, and it received no funding from IDPA during the fiscal period under review.

## **RATE SETTING**

Public Aid establishes prospective payment rates in order to recognize individual facility costs due to variations in patient mix, geographical location and facility characteristics. Both operating and capital costs are reported to IDPA and are applied to various methodologies to establish a facility's rate components—capital, support, and nursing. The capital component provides a reimbursement for items such as building costs and real estate taxes. The support component covers administrative and general costs, such as the cost of food, supplies, housekeeping, laundry, maintenance, insurance, and electricity. Support costs do not vary greatly depending on patient need levels. The nursing component covers the health care needs of the facility's residents. These costs include nursing and rehabilitation and restorative nursing care. The sum of these three components is the facility's reimbursement rate.

IDPA reimburses facilities for skilled and intermediate care based on a daily all-inclusive rate. There are substantial differences between the costs and reimbursement rates for several facilities. For example, IDPA rule establishes a methodology used to determine support reimbursement (89 Ill. Adm. Code 140.561). IDPA's methodology for reimbursing support costs is based on the 75<sup>th</sup> percentile in the given region. If a facility's support cost is below the 75<sup>th</sup> percentile for the region, it is reimbursed its cost plus 50% of the difference from the 75<sup>th</sup> percentile. This creates built-in cost efficiency incentive. Therefore, if a facility's support cost is \$10 and the 75<sup>th</sup> percentile is \$20, the payment to the facility for support would be \$15 or \$5 above cost. On the other hand, a facility with a support cost of \$15 would receive only \$17.50 or \$2.50 above cost.

The described rate methodology has not been used since January 18, 1994, when a rate freeze was implemented. Since that time, exceptions to the freeze have resulted in rate changes that, across all facilities, have resulted in an average annual increase of 1%. In addition, the legislature approved across-the-board cost of living increases of 6.8% effective January 1, 1997 (89 Ill. Adm. Code 153.125), and 3% plus \$1.10 per day effective July 1, 1998.

The two facilities with the lowest and highest costs also received the lowest and highest reimbursement. The reimbursement rates ranged from \$51.03 to \$93.52 (see Exhibit A-15).

Exhibit A-15  
**SAMPLE OF RESIDENTIAL NURSING FACILITIES (1)**  
 Fiscal Year 1997

A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Provider Name	City	IDPA Data for Nursing Facilities				Cost Report Data for Nursing Facilities						IDPA Data
			IDPA Patient Days	Total Revenue from IDPA	Total All Revenue	Percent of Total Cost Paid by IDPA	Reporting Period	All Patient Days	Operating Cost	Capital Cost	Total Cost	Cost per Patient Day (3)	Medicaid Rate (2)
1	Arcola Health Care Center	Arcola	26,181	\$1,117,506	\$2,179,770	58.4%	1/1/97 -12/31/97	34,064	\$1,697,349	\$216,682	\$1,914,031	\$56.19	\$57.62
2	Basswood Health Care Center	Princeton	19,869	\$850,573	\$1,426,360	63.2%	1/1/97 -12/31/97	21,558	\$1,142,509	\$204,365	\$1,346,874	\$62.48	\$63.58
3	Cahokia Nursing & Rehab Ctr	Cahokia	37,598	\$2,074,574	\$4,418,732	61.8%	1/1/97 -12/31/97	44,020	\$2,585,258	\$772,430	\$3,357,688	\$76.28	\$77.63
4	Clayton Residential Home	Chicago	86,643	\$5,220,608	\$7,254,593	136.1%	1/1/97 -12/31/97	87,270	\$3,352,547	\$484,005	\$3,836,552	\$43.96	\$78.90
5	Colonial Care Center	Granite City	18,990	\$895,192	\$3,401,484	40.1%	1/1/96 -12/31/96	41,218	\$2,135,476	\$99,630	\$2,235,106	\$54.23	\$63.60
6	Columbus Park Nrsg Rehab Ctr	Chicago	68,833	\$5,085,119	\$6,768,656	98.0%	1/1/97 -12/31/97	73,643	\$3,988,578	\$1,199,446	\$5,188,024	\$70.45	\$85.99
7	Dobson Plaza Inc	Evanston	11,988	\$756,927	\$3,095,915	35.6%	1/1/96 -12/31/96	30,096	\$1,761,209	\$367,363	\$2,128,572	\$70.73	\$83.54
8	Energy Specialized Living Center	Energy	37,207	\$803,528	\$2,568,099	28.8%	2/1/96 -12/31/96	39,232	\$2,547,234	\$245,128	\$2,792,362	\$71.18	\$52.02
9	Farmington Center	Farmington	17,409	\$825,315	\$2,829,715	26.4%	1/1/97 -12/31/97	28,989	\$2,434,018	\$691,118	\$3,125,136	\$107.80	\$68.92
10	Fountainview Inc	Eldorado	29,128	\$1,039,932	\$2,335,862	59.6%	7/1/96 -6/30/97	44,038	\$1,634,033	\$109,856	\$1,743,889	\$39.60	\$51.03
11	Greenwood Manor West Inc	Jerseyville	8,676	\$390,347	\$1,081,953	36.2%	1/1/97 -12/31/97	15,483	\$1,000,310	\$77,759	\$1,078,069	\$69.63	\$61.50
12	Heritage Manor/Normal	Normal	25,787	\$1,128,561	\$3,644,774	32.7%	1/1/97 -12/31/97	40,307	\$2,977,037	\$474,618	\$3,451,655	\$85.63	\$68.31
13	Heritage Manor/Staunton	Staunton	21,577	\$876,663	\$2,802,117	35.8%	1/1/97 -12/31/97	34,504	\$2,151,980	\$299,425	\$2,451,405	\$71.05	\$63.27
14	Magnolia Manor	Metropolis	23,513	\$1,052,550	\$2,243,715	53.6%	1/1/97 -12/31/97	33,639	\$1,672,054	\$289,995	\$1,962,049	\$58.33	\$63.44
15	Maplewood Care	Elgin	52,207	\$2,773,376	\$4,840,541	51.7%	1/1/96 -12/31/96	65,925	\$3,629,981	\$1,733,298	\$5,363,279	\$81.35	\$68.29
16	Maryville Manor	Maryville	8,879	\$514,495	\$3,280,070	19.2%	1/1/96 -12/31/96	33,751	\$3,277,227	\$401,636	\$2,678,863	\$79.37	\$69.64
17	Methodist Home	Chicago	15,114	\$814,177	\$4,154,692	21.3%	1/1/96 -12/31/96	42,627	\$3,476,377	\$344,544	\$3,820,921	\$89.64	\$81.38
18	Mt. Vernon Care Center	Mt. Vernon	16,254	\$702,895	\$1,502,431	49.6%	7/1/96 -6/30/97	22,160	\$1,210,228	\$206,714	\$1,416,942	\$63.94	\$59.69
19	Ottawa pavilion Ltd	Ottawa	22,794	\$1,277,778	\$3,971,371	40.6%	1/1/97 -12/31/97	38,151	\$2,608,230	\$540,108	\$3,148,338	\$82.52	\$75.96
20	Skokie Meadows II	Skokie	21,776	\$1,584,648	\$3,637,157	56.1%	1/1/96 -12/31/96	40,130	\$2,006,702	\$818,527	\$2,825,229	\$70.40	\$81.98
21	St Benedict Hm for the Age	Niles	11,259	\$755,400	\$4,822,736	17.6%	7/1/96 -6/30/97	34,817	\$3,721,154	\$572,904	\$4,294,058	\$123.33	\$93.52
22	St Mary Medical Center SCU	Galesburg	0	\$0	\$738,499	0.0%	10/1/96 -9/30/97	3,510	\$765,007	\$14,673	\$779,680	\$222.13	\$68.13
23	St Patricks Residence	Naperville	38,250	\$1,962,539	\$9,438,544	24.8%	1/1/96 -12/31/96	75,223	\$6,920,879	\$1,000,122	\$7,921,001	\$105.30	\$83.35
24	Sunny Hill Nursing Home	Joliet	67,331	\$6,044,947	\$7,922,490	58.7%	12/1/96 -11/30/97	102,223	\$10,021,625	\$275,515	\$10,297,140	\$100.73	\$81.31
25	Sunrise Care - Effingham	Effingham	20,469	\$919,149	\$2,483,438	36.2%	1/1/96 -12/31/96	32,832	\$2,079,858	\$456,566	\$2,536,424	\$77.25	\$56.66

Notes:

- (1) The information in this exhibit was obtained from agency and provider reports which were not audited as a part of this survey. Differences in how providers report or allocate revenue and costs may affect the types or amount of costs reported and may limit comparisons of providers and between revenues and costs.
- (2) If the Medicaid rate changed during period, the most recent is listed.
- (3) The Cost per Patient Day column was calculated by the OAG by dividing the Total Cost column by the All Patient Days column. Total Cost may include costs that are not allowable under Medicaid policy.

Source: IDPA data reported to the OAG.

**APPENDIX C**  
**AGENCY RESPONSES**



STATE OF ILLINOIS  
**DEPARTMENT ON AGING**  
421 EAST CAPITOL AVENUE, #100  
SPRINGFIELD, IL 62701-1789  
217/785-3356; FAX: 217/785-4477

George H. Ryan  
Governor

Margo E. Schreiber  
Director

April 21, 1999

Mr. Jim Kincaid  
Audit Manager  
Office of the Auditor General  
740 East Ash  
Springfield, IL 62703

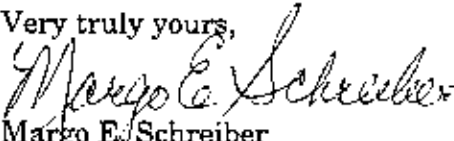
Dear Mr. Kincaid:

Thank you for the opportunity to review the 1999 Cost Survey of Illinois Health and Human Service Providers draft report. Department staff have reviewed the report and offer no additional clarification or corrections.

The Department realizes the complexity involved in analyzing and comparing distinctive programs across five different agencies which serve different segments of the population. The final product clearly shows the time and effort that was put forth.

The Department places the utmost priority on maintaining and developing financial accountability within its programs. The Cost Survey of Illinois Health and Human Service Providers will serve as an invaluable guide to maintain this process.

Very truly yours,



Margo E. Schreiber  
Director

MES:jl

The Illinois Department on Aging does not discriminate in admission to programs or treatment or employment or activities in compliance with appropriate State and Federal Statutes. If you feel you have been discriminated against, you have a right to file a complaint with the Illinois Department on Aging. For information, call the Senior HelpLine: 1-800-252-8966 (Voice & TTY)



Celebrating the  
International Year of Older Persons 1999  
*"Towards a society for all ages"*

Printed on Recycled Paper



George H. Ryan, Governor

Illinois Department of Human Services

Howard A. Peters III, Secretary

509 West Capitol • Springfield, Illinois 62704

May 4, 1999

Mr. Jim Kincaid  
Audit Manager  
Office of the Auditor General  
Iles Park Plaza  
740 East Ash  
Springfield, Illinois 62703-3154

Dear Mr. Kincaid:

Thank you for the opportunity to review the report on the Cost Survey of Illinois Health and Human Service Providers.

We have no additional comments on the report.

Thank you.

Sincerely,

James R. Donkin, CIA  
Chief Internal Auditor

JRD:lb



George H. Ryan, Governor  
Ann Patla, Director

## Illinois Department of Public Aid

201 South Grand Avenue East  
Springfield, Illinois 62763-0001

Telephone: (217) 782-1200  
TTY: (800) 526-5812

May 4, 1999

RECEIVED  
AUDITOR GENERAL  
SPFLD.  
1999 MAY -5 P 1:40

William G. Holland, Auditor General  
Office of the Auditor General  
740 East Ash  
Springfield, Illinois 62703-3154

Attn: Jim Kincaid

Dear Mr. Holland:

While continuing to be concerned with the generalizations set forth in the report of the Cost Survey of Illinois Health and Human Services Providers conducted pursuant to House Resolution Number 504, our response to that review follows.

No cost reporting deficiencies in the Department of Public Aid Medicaid residential nursing facility program were discovered. All providers in our program report costs using our standard form. The problems noted in your review were in agencies other than the Department of Public Aid.

It is misleading to allow the reader to assume through generalizations that the deficiencies noted also apply to the Department of Public Aid; it is most unfair in that, as the largest agency, this department will likely be the first target of the various publics.

As the Medicaid residential nursing facility program was the largest program studied in terms of number of facilities and total spending, that size and lack of deficiencies would seem to warrant separate reporting within your revised report.

If we may be of further assistance, please contact John Cain, Chief Auditor, 557-4710.

Sincerely,

Ann Patla  
Director

AP:1a

## **AUDITOR COMMENT**

The absence of cost reports (including IDPA's Hospice program) is noted as a limitation which we encountered in our collection of provider cost data. Specific agencies and programs where cost report information was unavailable are disclosed in Exhibit 2-5.

The report does contain a separate section on IDPA's Residential Nursing Facility program (see Appendix B, pages 93 - 96).