



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Health Facilities Division
Bureau of Health Care Services
Department of Licensing and Regulatory
Affairs

Report Number:
641-0450-14

Released:
March 2014

The mission of the Bureau of Health Care Services (BHCS), Department of Licensing and Regulatory Affairs (LARA), is to protect, preserve, and improve the health, safety, and welfare of Michigan's citizens through the licensing and regulation of health facilities, health professionals, and long-term care facilities. The Health Facilities Division (HFD) contributes to BHCS's mission by issuing licenses; performing surveys and inspections; and investigating complaints of health facilities, agencies, and programs.

Audit Objective:

To assess the effectiveness of HFD's efforts to issue State licenses and/or complete federal certification activities for health facilities, agencies, and programs as required by State statutes and/or federal rules.

Audit Conclusions:

We concluded that HFD's efforts to issue State licenses and/or complete federal certification activities for health facilities, agencies, and programs as required by State statutes and/or federal rules were not effective for substance abuse treatment programs and clinical laboratories. We noted two material conditions (Findings 1 and 2).

We also concluded that HFD's efforts to issue State licenses and/or complete federal certification activities for health facilities, agencies, and programs as required by State statutes and/or federal rules were moderately effective for

hospitals; hospices; hospice residences; freestanding surgical outpatient facilities; and psychiatric hospitals, units, and programs. We noted two reportable conditions (Findings 3 and 4).

Material Conditions:

HFD renewed licenses of substance abuse treatment programs without conducting statutorily required State inspections. Also, HFD did not ensure that its data systems contained accurate information for substance abuse treatment programs (Finding 1).

HFD neither issued statutorily required licenses to clinical laboratories operating in Michigan nor obtained amendatory legislation to suspend the State licensing of clinical laboratories and place reliance on the federal clinical laboratory certification procedures for ensuring that clinical laboratories comply with health and safety standards for accurate and timely testing results (Finding 2).

Reportable Conditions:

HFD had not informed hospitals of the statutorily available waiver of required biennial surveys. Also, HFD did not conduct statutorily required biennial surveys of hospitals (Finding 3).

HFD did not perform all statutorily required surveys of hospices; freestanding surgical outpatient facilities; hospice residences; and psychiatric hospitals, units, and programs. Also, HFD did not have a formal policy to prioritize and schedule all required surveys of nonfederally licensed or certified health facilities and agencies (Finding 4).

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Audit Objective:

To assess the effectiveness of HFD's efforts to appropriately and timely resolve complaints filed against health facilities, agencies, and programs.

Audit Conclusion:

We concluded that HFD's efforts to appropriately and timely resolve complaints filed against health facilities, agencies, and programs were effective. However, we noted one reportable condition (Finding 5).

Reportable Condition:

HFD did not initiate investigations of complaints filed against health facilities, agencies, and programs in a timely manner (Finding 5).

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Agency Response:

Our audit report contains 5 findings and 8 corresponding recommendations. HFD's preliminary response indicates that it agrees with all of our recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



Michigan Office of the Auditor General
201 N. Washington Square
Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
Auditor General

Scott M. Strong, C.P.A., C.I.A.
Deputy Auditor General