

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF THE SUBSTANCE ABUSE  
PREVENTION AND TREATMENT BLOCK  
GRANT PROGRAM ADMINISTERED BY  
THE MINNESOTA DEPARTMENT OF  
HUMAN SERVICES**



**JUNE GIBBS BROWN  
Inspector General**

AUGUST 1997  
A-05-97-00037



DEPARTMENT OF HEALTH AND HUMAN SERVICES

REGION V  
105 W. AOAMS ST.  
CHICAGO, ILLINOIS 60603-6201

August 20, 1997

OFFICE OF  
INSPECTOR GENERAL

SUBJECT: Letter Report on Review of Substance Abuse  
Prevention and Treatment Block Grant  
Minnesota Department of Human Services  
St. Paul, Minnesota  
Common Identification No. A-05-97-00037

TO: David Doth, Commissioner  
Minnesota Department of Human Services  
444 Lafayette Road  
St. Paul, Minnesota 55155-3815

This report provides you with the results of the our review of the Substance Abuse Prevention and Treatment Block Grant (SAPT) programs administered by the Minnesota Department of Human Services, Chemical Dependency Division (State agency). The grant funds were awarded to the State for planning, implementing, and evaluating alcohol and drug abuse prevention, treatment, and rehabilitation activities. The objective of our review was to determine the adequacy of the State agency's administration of its block grant.

Generally, the State agency was effectively administering its grant. However, we found that the State agency did not always require its grantees to establish program goals designed to provide a basis for measurable outcomes. We also found that the State agency's peer review process did not meet the requirements of the Public Health Services Act (Act) which requires independent peer reviews of all substance abuse treatment providers. Under current practices, the majority of providers are not subject to peer review and the scope of those that are reviewed does not include the required coverage.

We are recommending that the State agency require grantees to design programs which can provide measurable and meaningful outcomes. We also recommend that it develop an independent peer review process that ensures that all treatment providers be subject to peer reviews and that the reviews incorporate all of the required items.

## INTRODUCTION

### BACKGROUND

The Public Health Service Act provides funding for the SAPT Block Grant. The funds were awarded to states for planning, implementing, and evaluating alcohol and drug abuse prevention,

treatment and rehabilitation activities and certain related activities authorized by the Act.

In Minnesota, the State agency used SAPT block grant funds to provide chemical dependency treatment services and awarded part of the grant funds to service agencies to furnish a range of services, including operating prevention resource centers. During Fiscal Year (FY) 1994, the SAPT block grant award amounted to approximately \$17 million. Of this amount, approximately \$10.8 million was expended for treatment of clients by the State's Consolidated Chemical Dependency Treatment Fund (Consolidated Fund), \$5.6 million was expended for 66 separately funded agencies supporting prevention activities, and the balance of \$.6 million was expended for State agency administration of the program. The Consolidated Fund, which also received funding from the State, counties, Medicare, Medicaid, private insurance and client fees, paid the chemical dependency treatment costs for eligible low-income clients at about 365 facilities. The independent service agencies used their block grant funds to provide a wide range of services such as prevention resource centers, drug prevention education programs, special community prevention projects, and treatment programs for women, adolescents, and the homeless.

#### **OBJECTIVES, SCOPE AND METHODOLOGY**

Our review was made in accordance with generally accepted government auditing standards. The objective of the review was to determine the adequacy of the State agency's monitoring, controls, and accountability over its SAPT block grant funds.

To accomplish our objective, we reviewed various activities which were funded by the FY 1994 SAPT Block Grant. We examined grant files and made site visits to grantees, evaluated controls to insure that grant funds were allocated as required by the Act, reviewed procedures for providing services under the Consolidated Fund, and evaluated the State agency's procedures for monitoring non-federal audits.

We made a limited study and evaluation of the State agency's internal controls to obtain an understanding of the control environment. Our review of the internal control structure was limited to the State agency's systems for administering the block grant and for monitoring non-federal audits. The significant internal control areas included proposal development and review, grantee monitoring, allocation of block grant funds, eligibility of clients for services, provider peer reviews, and non-federal audit monitoring. We obtained an understanding of the policies and procedures applicable to these areas and assessed the control risk.

Our limited review would not necessarily have disclosed all internal control weaknesses related to the administration of the block grant. Other than the issues discussed in the following paragraphs, we found no instances of noncompliance with applicable laws and regulations. With respect to those items not tested, nothing came to our attention to cause us to believe that untested items were not in compliance.

### **FINDINGS AND RECOMMENDATION**

Although the State agency was generally administering the grant in an effective manner, we noted several instances where program goals were not met, progress reports were not timely, and corrective actions were not suggested during site visits to grantees. These conditions, however, were generally addressed and resolved during subsequent site visits. The approved Minnesota State Plan requires that grantees achieve the goals and objectives proposed in their grant applications. Each grantee was required to submit either monthly or quarterly progress reports. In addition, State agency staff was required to conduct on-site visits at least once a year. During our visits to several grantees, we found that the reviewers had worked closely with the grantees to correct their problems and help them meet their future goals. Although the reviewers did not always verify reported results, they performed other tests which generally corroborated the reported results. Therefore, we believe that the State agency's overall monitoring activities are adequate.

We also verified that the block grant funds were allocated based on the specific minimum percentages for various purposes specified by the Act. In addition, we determined that the State agency adequately monitored non-federal audits of its grantees, identified initial and repeat audit findings, and tracked the findings through ultimate resolution.

Although grantee monitoring was generally adequate, we noted a need for the State agency to focus on requiring grantees to establish performance goals that have measurable outcomes. In addition, In addition, the State agency should improve its peer review process for treatment providers. Details are presented below.

### **PERFORMANCE GOALS AND PROGRAM OUTCOMES**

Although the State agency required its grantees to establish performance goals in their applications for funding, the goals were not always designed to produce measurable program outcomes. Instead, the goals, for the most part, were focused more on meeting administrative requirements which did not lend themselves to measurement of program outcomes or program effectiveness. For example, during FY 1994, the State agency spent more than 60 percent of its grant funds for chemical dependency treatment services. Although these services were probably worthwhile and

needed, the performance goals established were not designed to measure the outcomes of this treatment. As a result, the grantees had insufficient data to evaluate the success or effectiveness of their treatment programs. Measurement was limited to determining the number of people who were provided chemical dependency services. A third of the SAPT funds were used for other activities such as media centers which distributed brochures describing the effects of chemical and alcohol abuse. The success of these activities was measured by whether the grantee agency distributed the number of brochures stated in its application. Even though the State agency was able to determine the number of brochures distributed, the established performance goals were not designed to measure the effectiveness of this activity in terms of whether the brochures resulted in a decrease in number of people with chemical and alcohol abuse problems.

Although **output** measurements support the use of SAPT funds for treatment and prevention activities, grantees should be required to submit applications which include performance goals that have measurable **outcomes**. In meeting these requirements, two purposes could be served: (i) a focus on program effectiveness would be established and (ii) future funding decisions could be made based on the effectiveness and measured success of grantee programs. As a means of addressing effective use of Federal funds, Congress enacted legislation, the Government Performance and Results Act of 1993, which requires recipients of Federal grants to state what they are trying to achieve, how the effectiveness will be determined and how they are actually performing relative to their goals. Some of these provisions will become mandatory in September 1997. In these times of fiscal constraint and public scrutiny of government spending, it is important that the public's perception of the effectiveness of Federal programs, including block grants, is positive.

#### RECOMMENDATION

We recommend that the State agency require all grantees to submit funding applications which include performances goals with measurable outcomes so that funding decisions can take into consideration the effectiveness of a grantee's program.

#### STATE AGENCY RESPONSE

In a written response to our draft report dated July 7, 1997, the State agency is of the opinion that Federal requirements regarding measuring program accomplishments are being met. The response notes that grantees submit evaluation plans to assess the success of the project in meeting program objectives and program tasks based primarily on expected outputs. The treatment programs funded with block grants participate in national systems that include collecting data on the outcomes of treatment which are used to measure the effectiveness of the overall national programs. The State agency recognizes that outcome evaluation and measurement of program effectiveness are challenging areas

and believes that "Minnesota's work in the area of outcome measurement... is among the best in the country." Although the State agency did not concur in this finding, it indicated that, during the coming year, it will evaluate how well its evaluation requirements are working and, "if necessary, will tighten up these requirements and provide more assistance to applicants in setting goals with measurable outcomes." The State agency's comments are appended to this report.

#### **OIG COMMENTS**

We acknowledge the State agency's substantial efforts to measure and evaluate the effectiveness of its block grant programs. However, we believe that the State agency needs to take additional steps to effectively measure the success of its programs by requiring all grantees to submit applications that establish performance goals which have measurable outcomes. Although we agree that establishing performance goals with measurable outcomes, in some cases, may be challenging and difficult, we believe that the State agency could strengthen its efforts in this area. As noted in our report, the project applications from grantees did not always contain performance goals with measurable outcomes. As a result, the effectiveness of some programs could not be adequately assessed. The State agency needs to expand its grant application requirements to assure that grantees establish goals with measurable outcomes. The State agency's continued efforts to focus on program outcomes will improve its ability to measure the effectiveness of its programs.

#### **PEER REVIEWS**

The Act and the implementing Code of Federal Regulations, 45 CFR Part 96.136 (d) (1) to (6), require that all treatment providers be subject to an independent peer review. The review must include examination of six specific items: admissions/intake process, assessments, treatment planning, documentation of treatment services, discharge and continuing care planning, and treatment outcomes.

The State's current procedure subjects only those providers funded by grants to the peer review process, while the majority of providers, those funded by the Consolidated Fund on a fee for service basis, are not subject to peer reviews. In addition, the peer review process did not include examinations of the required six items specified in the CFR.

The State agency indicated in their FY 1995 State Plan that they intended to work with an outside organization to develop a peer review process. When the organization did not become fully operational, the review process was not developed. A State agency official told us that she believed an in-depth peer review process was not needed because adequate quality control was achieved through other means. She said that annual licensing

reviews and follow-up on allegations of abuse filed with the State Departments of Health and Human Services provided assurances of the quality of the services.

Regarding licensing reviews, 45 CFR Part 96.136(e) provides that "...the State will ensure that independent peer review is not conducted as part of the licensing/certification process..." In our opinion, the State's follow-up actions do not constitute an adequate review of the quality of services as intended by the Act because they do not address the review items required under the regulations. We believe that a peer review process which meets these requirements would provide the State agency better assurances of the quality and appropriateness of treatment services provided. In addition, the process should ensure that all treatment providers, including Consolidated Fund providers, are subject to independent peer review and that the process includes examination of the six specific items cited in the regulations.

#### **RECOMMENDATION**

We recommend that the State agency develop a peer review process which fully meets the requirements of the regulations.

#### **STATE AGENCY RESPONSE**

The State agency concurred with the finding and stated that it is in the process of implementing a peer review system that fully meets block grant requirements.



Paul Swanson  
Regional Inspector General  
for Audit Services

APPENDIX

STATE AGENCY'S RESPONSE  
TO DRAFT AUDIT REPORT





## Minnesota Department of Human Services

July 7, 1997

Leon Siverhus  
HHS-OIG Office of Audit Services  
Farm Credit Services Building  
375 Jackson Street, Suite 3 10  
St. Paul, MN 55101

Dear Mr. Siverhus:

We appreciate the opportunity to review your draft report (CIN A-05-97-0037) entitled, "Review of the Substance Abuse Prevention and Treatment Block Grant Program Administered by the Minnesota Department of Human Services during Fiscal Year 1994."

Staff from the chemical dependency and performance measurement and quality improvement divisions have reviewed your findings and recommendations. Based on their review, we offer the following comments on the two areas of concern cited:

1. **Performance Goals and Program Outcomes**

We do not concur with the findings that the state agency is not meeting federal requirements regarding measuring outcomes of programs funded with block grant funds,

As noted in your report, all grant applicants are required to submit an evaluation plan. "Evaluation plans detail systematic methods for collecting, analyzing, and interpreting objective data to determine the success of the project in meeting both the stated program objectives (outcome evaluation) and program tasks (process evaluation)." (page 10, grant application form)

This component of the evaluation is reviewed by the chemical dependency division's evaluation coordinator. If necessary, revisions are made and/or special conditions placed on the grant to ensure adequate evaluation. Technical assistance is also available from the evaluation coordinator. Progress on the evaluation plan must be reported in progress reports and the results are used in funding decisions.

In addition, all treatment programs funded in whole or in part with block grant funds are required to participate in both the Drug and Alcohol Abuse Normative Evaluation System (DAANES) and the Treatment Accountability Program (TAP). Both of these information

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systems include collecting data on the outcomes of treatment (such as percent abstinent after treatment, percent employed, percent with reduced crime, percent with reduced hospitalization). These systems are viewed as national "models" in substance abuse outcome measurement. The results are used not only to measure the effectiveness of individual programs, but also to develop assessment and placement criteria so that future clients are referred to the services most likely to maximize their success.

During the coming year, the chemical dependency and performance measurement and quality improvement divisions will be examining how these and other evaluation requirements are working, with input from grantees, our advisory councils, and others. If necessary, we will tighten up these requirements and provide more assistance to applicants in setting goals with measurable outcomes.

Outcome evaluation, and measuring the effectiveness of programs in general, are challenging areas, especially given that block grant funds typically are only a portion of any program's funding (we do not have a "two-tiered" system of treatment in Minnesota). Performance measurement goals for prevention grants are especially difficult to define and assess. The audit report suggests that determining the effectiveness of a prevention resource center might involve documenting an actual reduction in alcohol/drug abuse. This seems to preclude the funding of resource centers (and many other prevention activities) because their outcomes can not be measured in these terms given the impact of other factors on substance use/abuse and the long-term nature of most prevention goals (not to mention the multiplicity of funding sources).

I am convinced that Minnesota's work in the area of outcome measurement, under the direction of Dr. Pat Harrison and Dr. Cindy Turnure, is among the best in the country. Dr. Turnure is serving on the National Academy of Sciences' panel on Performance Measures for Substance Abuse. Dr. Harrison worked with The Center for Substance Abuse Treatment and edited their Treatment Improvement Protocol (TIP) entitled, "Developing State Outcomes Monitoring Systems for Alcohol and other Substance Abuse Treatment." We would be glad to submit further details on our efforts, such as our DAANES and TAP data collection forms and sample reports.

2. **Peer Reviews**

We concur with the findings regarding peer review and are in the process of implementing a peer review system that fully meets the block grant requirements. A staff person has been assigned to implementing this system, as well as funds allocated to pay any expenses involved. An outline of our plans, as well as the instruments to be used, are enclosed.

Leon Siverhus

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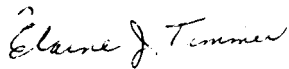
July 7, 1997

The results of the initial reviews will be available by September 30, 1997.

While my staff continue to have concerns about the burden these reviews may place on programs, which are already subject to licensing reviews, and, in many cases, Joint Commissioner on Accreditation of Healthcare (JCAH) or CARF reviews, we will comply with these requirements as long as they are a condition of the block grant. It is my understanding that the proposed reauthorization legislation may provide for more waivers of block grant requirements for states that have other procedures in place that meet the same goal.

Thank you for the opportunity to review your draft report, we look forward to receiving the final report.

Sincerely,

A handwritten signature in cursive script that reads "Elaine J. Timmer".

Elaine J. Timmer  
Assistant Commissioner  
Health and Continuing Care Strategies