CAN THIS PROBLEM BE FIXED?

CYNTHIA MOORE
SC DEPARTMENT OF HEALTH AND HUMAN SERVICES
FEBRUARY 1, 2007

The Department of Health and Human Services is the single state agency that is designated to administer the funds for the Medicaid program within the state of South Carolina. The agency's mission and goal is to manage the state's Medicaid program to provide the best basic healthcare value for the citizens of South Carolina. To help achieve that goal DHHS currently employed over 1200 employees. A portion of those employees are assigned to the Division of Accounting Operations.

The mission of the Division of Accounting Operations is to provide the best and most appropriate administrative support to the program areas of the agency. One department of the division consists of the accounts payable staff. The goal of the Department of Accounts Payable is to process all administrative payments related to the Medicaid program areas in a timely and accurate manner.

Although the payables staff processes all invoices, DHHS can not issue the checks for these payments. The Comptroller General's Office is the agency responsible for approving every payment that we submit for check processing. Then they in turn forward our information to the State Treasurer's Office for the checks to be issued. Because of the numerous hands that one invoice has to pass through in order for payment to be issued the CG's Office requires that invoices be processed within 30 working days of receipt. Setting the time limit helps to ensure that goods and services are paid for in a timely manner.

To stay within the guidelines set by the CG's Office, DHHS has set a processing time guideline of 5 to 10 working days within receipt of the invoice. Each technician is

1

currently processing approximately 50 – 100 vouchers per week. Although we do not

have a minimum voucher quota we have set goals for errors. Errors will cause not only a

delay in the document that is currently being processed but they also cause a delay in

starting on a new document that needs to be processed. The technicians are asked to

have no more than 5 voucher errors per week.

During fiscal year 2006, we began to notice what appeared to be a dramatic

increase in the number of errors being committed by our employees. We began to

receive numerous calls, e-mails, past due notices, and complaints from our internal

customers, program area staff, and our external customers, the vendors who provide the

goods or services .

The error rate had increased and so had the number of complaints. The errors were so

frequent that we had to monitor all payments to see the types of errors being committed

and the frequency in which they occurred. For a one month period every document

that was processed was reviewed and recorded. We learned that our error rate had increased

from 3% to 10%. We tracked the number of vouchers processed and the number of errors that

were found. We found that there were a variety of errors being committed. They consisted of

items such as keying incorrect vendor numbers or social security numbers, keying the

incorrect pca/index combination, keying the incorrect dollar amount, keying the incorrect

invoice number, and keying the incorrect reference document number. The biggest problem we

had to deal with was the unnecessary delays in processing invoices. We found that there

were numerous invoices being processed 30 to 45 days after being received in our office.

That is a major problem.

As a department we try to ensure that all necessary documents are provided to the staff

2

before they begin processing payments.   The majority of the errors appeared to be careless ones because our accounting system has checking mechanisms that show what has been entered before each voucher is generated and printed. One mechanism is that the system is set to show the vendor name and address after a document is entered into the system. The system also has a function key that will show the grand total amount of the voucher keyed. The ind and pca combinations are preset in the system. The accounting system will not allow us to use an invalid index/ pca combination. If we key the incorrect index and pca combination the system will not allow the payment to be entered.   The index identifies the area making the purchase and the PCA(program cost account) identifies the type of funds being used such as federal, state, or other funds or donated funds.

The management staff of the division began to brainstorm to see if we could locate or pin point where the problem was situated and what we could do to alleviate it. Because we have a budget that we have to follow any proposed changes needed to cost little if no additional funds to the department. There were a few factors that we needed to take in consideration. The roadblocks that we wanted to address were 1). training, 2). lack of motivation, and 3). fear of change.

I met with the other Payables team leader so that we could compare the training that had been provided to each team member. I wanted to make sure that the same level of training had been provided to both teams.   We also needed to develop a strategy for addressing the increasing error rate. We learned that the same amount of instruction and assistance had been provided to each technician.

We decided to meet with the staff to discuss the errors and complaints received and to talk about ways that we could improve the error rate and make the department

3

function better so that we could be an asset to the agency. After meeting with the staff

I realized that the items that I felt would be roadblocks to improvement were really not the

root cause of the problems that we were experiencing. The staff expressed to us the issues

that they felt were causing them problems. There were definite issues that we needed to

address. Some of those issues were 1) updates and changes to the policies and procedures

 to make them more understandable to staff, 2)training on one type of payment process at

a time, 3) having a knowledgeable staff member on hand to answer any questions

or concerns that they may have before they process a document, and 4) deciding if the current

staffing level was sufficient.

I did not want to assume that inadequate training was the reason for the increase

in the error rate however, training levels was something that I could not ignore. We as

management needed to determine if the training provided to the current staff was

adequate or if we needed to provide more extensive training. We began by asking the

staff if there were any job functions that they felt needed more explanation or expanded

discussion or if there were any changes that we as a department could make to help

improve the accuracy in processing vouchers. They then presented us with the 4 items

that they thought needed to be addressed.

We decided to review the department's written policies and procedures manual.

 To keep the staff involved in the process we asked them to review the manual at the same time

to see if there were any improvements that they thought we could make to help them. Each of

us made a list of proposed changes for the manual that we thought would be more useful

to the department staff and would be helpful in making the procedures more clearer. We

then met again to compare the two lists and came up with some changes that could be

4

incorporated into the manual. After much discussion the changes were agreed upon and the policies and procedures manual was updated. The manual is actually more user friendly.

The second concern that we addressed was the problem of the technicians having to learn and do all 4 payments types at one time. The 4 types of payments that we make on a constant basis consist of travel reimbursements to employees, monthly payments for utilities and services, one –time payments for supplies and services, and contractual payments to vendors who have written and signed agreements. Currently each technician is assigned a group of indexes to handle. The intention was for them to be the point of contact for every type of payment related to one program area or division of the agency. They are processing all 4 types of payments however they feel that they would function better if they could concentrate on one type of payment.

After much consideration and discussion we have decided to change the assignments and have each technician process one type of payment for a 6 month period. After the 6 months period is up then they will rotate with another staff member and will begin processing a different type of payment for the remaining 6 months of the year. In this setup the technician will be working with multiple areas instead of one or two. Because half of the fiscal year has already passed we have decided to wait until the beginning of FY2008 to make this change. The next 5 months will give us time to get the staff and the program areas ready for the change. Everyone, division staff and program staff, will have to be informed of the changes so that they will know who to contact when they have questions or concerns about payments related to their area.

I also asked the staff what could we do differently to help new employees learn the job and not be overwhelmed by all of the information that they have to learn. The technicians

5

have suggested that we train new staff on one type of payment at a time. That way they will not feel as if a lot of information is coming at them at one time. They felt as if new staff needed to have time to adequately absorb all information about one type of payment before they moved on to the next type. They were open and honest enough to let us know that they felt overwhelmed in the past when we tried to train them on more than one type of payment in one training session.

We are in the process of developing a new training schedule for new employees. The new training schedule will incorporate the suggestions made by the current staff. We will be training all new technicians on one payment type at a time. The training schedule should be ready for testing during the Winter of 2007 (we are anticipating the hiring of new staff members in February 2007). Creating a new training schedule should not cost any additional money because we will be using resources that are already available to us.

We actually addressed the third and fourth concerns together. The staff expressed concerns that the work load was very heavy for the current number of available workers and that there was a problem with having a knowledgeable staff member available to answer questions before a payment is processed. They felt that it was sometimes difficult to catch up with the supervisors because they may be in meetings or working on reports and projects and could not be interrupted.

The team leaders of the accounts payable department met with the Division Director to determine how we could address the concerns about having a knowledgeable staff member on hand at all times. We considered their concerns to be legitimate because we knew that we were attending numerous meetings and working on reports a great deal of the time. We did

6

not realize the impact that our absence was having on the staff and their production. We decided that we had to make some changes in order to accommodate our staff. We took the outlook of if your staff is happy then they will strive to do the best job for the agency.

We started out by looking at the current structure level of our teams. When the teams were initially formed they were made up of the Team leaders and the Fiscal Technicians. We felt that there was no need for a middle level of supervision within the team. What we failed to realize was that there would be times that the team leader would be absent and there was no apparent leader that staff felt they could ask for assistance with problems. They felt as if they were all on the same level and that none of them could give a satisfactory answer that could address their concerns. That was an oversight that had to be addressed quickly.

After much consideration we decided to add the position of Team Leader's Assistant. The assistant position was created with the hopes that this person would be available to help the technicians anytime they had a question concerning a payment that needed to be processed. This person will not be a supervisor with employees reporting to them but they will be someone that the technicians can go to for assistance when the team leader is absent. We knew that we had vacant positions available to use because we were given a number of slots when the teams were first developed. We kept the slots in reserve just in case we needed them at a later time such as this. We also had available work space to house the new employees within the division.

The current Team Leaders will have to train these employees so that they will know how to run the team and the department in the absence of the team leader. It will take at least 6 months to train these employees on some of the issues that could crop up

during the team leader's absence. We are hoping to have the assistants partially trained by the beginning of FY2008 and fully trained by the end of FY 2008.

In creating the assistant position we wanted to promote someone from within the department to the new level. The intent is for the assistant to be in position to be promoted into the Team Leaders slot at some point in the future. Promoting someone from within would give the technicians assurance that their hard work would be rewarded at some point in their careers. When the payables teams were initially formed we failed to realize that there was no room for growth potential for the technicians. We realized that there was no motivational factor that would encourage them to want to learn more about the department and to learn other functions. There was no advantage for them to learn any additional knowledge and no place for them to use that knowledge. In order to advance they had to move to another division or they had to leave and go to another agency. We later learned that lack of growth potential was one of the reasons a few employees had given as their reason for leaving the agency.

We also addressed the issue of whether the current level of staffing was sufficient. In reviewing the payments that are processed and the complexities of the contractual payments we decided that it would be better to add another staff member to better distribute the work load. The contractual payments are very complex and take a good deal of time to process. If the technicians are spending a lot of time working on the contractual payments then some other payment will be set aside until the contractual piece is completed. In adding a new position the administrative payments can be given to another employee and both payments can be processed in a timely manner. To add the new position we used the old slots of the technicians who were promoted into the assistant positions. We did not have to go search

for vacancy. They were already in our department.

The Team Leader Assistant positions have been filled and we are now in the process of interviewing for the vacant technician positions. Once all of the positions are filled, the new employees fully trained, and the work load is redistributed we are hoping to see an improvement in the error rate. It will take some time before we will know if this solution will alleviate the error rate problem. Already the staff seem to be positive and have high hopes that the changes will make things better for the teams, the department, division, and the agency.

During the months of May 2007 and February 2008 we are planning to again monitor and record the vouchers that are processed on a daily basis. We will evaluate the types of errors and the frequency in which they occur. We are hoping to see a great improvement in the error rate. Keeping the rate down will be a great assistance in helping the agency to achieve it's mission of providing the best healthcare to the citizens of South Carolina. If we do not pay for the goods and services that the program areas need to operate then they cannot function properly to ensure that the citizens receive the services that they need.

In conclusion, I feel that the problem of an increasing error rate can be fixed. We have already experienced many positive changes that have occurred in the Department of Payables during the past 6 months. We have acknowledged that there was a problem and we have done our best to come up with a solution that will work for the good of the department. The policies and procedures manual has been updated with changes that management and staff came up with together, a better training layout has been developed for new employees, team leader assistant positions have been created to help both the staff and the team leaders, staff meetings are now being held on a weekly basis, and a third technician has been added to each team to help alleviate overwork. One of the biggest

changes has been that we as management have learned the importance of including our staff in decisions and changes that directly affect the work that they do for the agency.

REFERENCES

Meetings, discussions, and conversations with the management and staff of the SC Dept of Health a Human Services, Division of Accounting Operations, Department of Accounts Payable.

(

\

11