

10.

HEALTH - HOME CARE NOVA SCOTIA

BACKGROUND

10.1 The Department of Health has a concept of continuing care based on an integrated system of health, social and personal services intended to support the health and well-being of individuals with an identified need. Home care services are part of this integrated system.

10.2 Home Care Nova Scotia (HCNS) has been in operation since June 1, 1995. Its mission is to *“deliver an array of services to assist Nova Scotians of all ages who have assessed unmet needs in order that they can achieve and maintain maximum independence while living in their own homes and communities.”* This array of services is planned to include chronic, acute, palliative, rehabilitative, self-managed, pediatric and extraordinary assistance home care.

10.3 At the present time, only chronic and acute home care services are provided to all Nova Scotians. Chronic home care is for clients who are convalescing, chronically ill or disabled. The program has stated maximum limits for services to be provided. Chronic home care clients are generally entitled to a maximum of \$2,200 per month for combined cost of services and medical supplies. Acute home care is for individuals with acute episodic illnesses who may be treated safely and effectively within the home. Clients are generally entitled to a maximum combined cost of \$4,000 per month, or \$2,000 for the first 15 days for services and medical supplies. A palliative care pilot project is currently operating in northern areas of the Province.

10.4 The majority of all the nursing, home support and home oxygen services for Home Care Nova Scotia's programs are delivered by service provider agencies. In certain parts of the Province where third-party service providers are not available, services are provided directly by HCNS staff. The Victorian Order of Nurses (VON) is the major supplier of third-party nursing services in the Province, while home support services are provided by a variety of home support agencies, including the VON. With the exception of home oxygen service providers, all of these service provider agencies are not-for-profit organizations.

10.5 There are various agreements between the Department and third-party service providers. The VON contract requires the Province to pay for nursing services on a fee-for-service basis. Home support agencies are funded by the Department on the basis of a line-by-line budget. User fees collected by agencies for home support services provided to HCNS are netted against agency budgets. Clients are not charged for nursing services.

10.6 The integrated system of health, social and personal services includes programs other than home care. These programs - residential care facilities, community residences, small options homes, adult protection services, administration of the in-home support program and the Senior Citizens' Secretariat - were transferred from the Department of Community Services to the Department of Health to facilitate the delivery of this integrated continuing care system.

10.7 With this shift in delivery of programs, the Department of Health has undergone numerous organizational changes since our last audit in 1996. Staff are no longer dedicated solely to Home Care. Home Care operations are provided by Continuing Care staff who are also responsible for other programs which form part of the integrated system of health, social and personal services.

10.8 The government committed to introduce a process of Single-Entry Coordinated Access (SEA) to home care and long-term care services. This involves the development of a single entry process which includes intake, assessment, placement and case management. The process is intended to ensure appropriate and timely access and placement for Nova Scotians who need these services, matching assessed needs to the most appropriate service. The Department of Health established SEA test sites in October 2000 in two District Health Authorities (DHAs) and rolled out SEA Province-wide in the first quarter of 2002-03.

10.9 Home care program expenditures relating to client services have almost doubled in the past five years (see Exhibit 10.1). During the same time period, caseloads continued to grow at a significant rate as well (see Exhibit 10.2). In addition to the increase in overall patient numbers, the percentage of acute care patients has also been increasing, from 7% in 1996-97 to 19% in 2000-01 (see Exhibit 10.2). Year-end statistics for 2000-01 show costs of over \$81 million for a caseload of over 25,000 clients. The primary costs include services for nursing care, home support services and home oxygen supply (see Exhibit 10.3).

10.10 There is no single piece of legislation covering home care or continuing care. The Co-ordinated Home Care Act and Homemakers' Services Act are over 12 years old and are no longer relevant because of program changes. New legislation, a Continuing Care Act, is being planned.

10.11 Our audit was conducted during the period from September 2001 to May 2002. Home Care Nova Scotia was last audited by our Office in 1996. A number of recommendations flowed from that audit and an update on the status has been included in the scope of our current audit (see paragraph 10.51).

RESULTS IN BRIEF

10.12 The following are the principal observations from this audit.

- Home Care Nova Scotia's costs have increased dramatically over the past five years. To understand these cost increases, it is important for DOH to monitor costs and develop formal explanations for statistical and financial variances from prior year and current year expectations. We recommend improvements to this process.
- To enhance the accountability relationship with contracted service providers, specific performance targets should be documented in service provider contracts and an assessment of performance against these targets should be made prior to contract renewal.
- The Department is conducting some audits of agencies but the target of auditing each agency annually is not being met. We have suggested that the scope of audits be enhanced to include the user fee collection process.
- The contract rates currently being paid to the VON for nursing services are based on 1996 levels and have been recognized by Department management to be insufficient. Year-end reconciliations to adjust funding to the VON's actual costs add a level of complexity to the funding arrangement that could be avoided. The Department should establish an updated rate for nursing services which would facilitate the budgeting and forecasting of these costs.
- The Department of Health has not used a competitive procurement process to acquire nursing and home support services for this program. Although the Deputy Minister

has the authority to approve alternative procurement processes under the Government Procurement Policy, an exemption has not been documented and reported as required. We recommend that the Department comply with the Policy.

- The Department attempted to rationalize home support agency funding with the development of new funding guidelines for 2001-02. These new funding guidelines are a significant step forward in attempting to provide funding on a consistent basis for all agencies. We recommend that, in conjunction with implementation of the guidelines, the Department review and assess existing controls to ensure that services paid for are valid and authorized by HCNS, and that deficits funded are attributable only to HCNS work, and not a result of poor management practices by the agencies.
- We recommend the Department prepare strategic and operational plans for Home Care Nova Scotia to ensure a common understanding of the program's future direction, and serve as a guide for program management.

AUDIT SCOPE

10.13 The objectives of this assignment were to:

- review and assess the:
 - external accountability relationship between the Department of Health/Home Care Nova Scotia and contracted service providers; and
 - internal relationships within the Department of Health and Home Care Nova Scotia;
- determine whether controls, systems, policies and practices in the areas of procurement of services and products, service delivery and user fees provide for compliance with policies, and due regard for economy and efficiency; and
- review the status and applicability of the recommendations from our 1996 audit of the program.

10.14 The audit criteria were taken from recognized sources including the Canadian Council on Health Services Accreditation's *Standards for Comprehensive Health Services*; the Office of the Auditor General of Canada's *Financial Management Capability Model*; the Canadian Institute of Chartered Accountants Criteria of Control Board's *Guidance on Control*; the Organization of Economic and Cultural Development's *Best Practice for Charging for Government Services*; and Home Care Nova Scotia's *Standards for Quality Service Edition 3* and *Policy and Procedure Manual*.

10.15 The general criteria used in our review are summarized as follows.

- There should be formal contracts with service provider agencies and a protocol for reviewing and signing contracts.
- Service provider arrangements should be in accordance with government procurement policies.

- The contracted agency should provide client services as set out in the Policy and Procedure Manual.
- There should be a clear, documented rationale for the client fee rates chosen and the full cost of the program should be determined. Fees should be collected in an economic and efficient manner.

PRINCIPAL FINDINGS

Planning

10.16 The Department rolled out the Single Entry Coordinated Access (SEA) system Province-wide in 2002-03. Both the clinical performance indicators captured through SEA, and cost and service level information recently introduced for annual financial planning and monitoring are expected to provide input to future strategic planning. Current Branch management recognize the need for adequate strategic planning to better manage the program and comply with the Federal-Provincial initiative on reporting of health performance indicators. According to HCNS management, factors contributing to the lack of strategic planning include Departmental reorganizations, restructuring of Branch management, explosive program growth, information systems and administrative staff resource levels.

10.17 The program does not have documented strategic or operational plans. An adequate planning framework would include longer-range strategic planning and annual operational plans which would set out the actions required in the short term to achieve the long-term plan.

10.18 The deficiency in planning for Home Care Nova Scotia was discussed in paragraph 3.73 of the 2001 Report of the Auditor General. The 2001 Report indicated that, when developing the 2001-02 budget for home care, a proposal was put forth to eliminate light housekeeping with a resulting cost reduction of \$3.5 million. The budget was approved by government based on the assumption of light housekeeping being eliminated. As of November 2001, light housekeeping had not been eliminated and the Department seemed unclear about whether there had been direction from government to eliminate this program component.

Recommendation 10.1

We recommend that the Department of Health prepare strategic and operational plans for Home Care Nova Scotia to ensure a common understanding of future direction, and to serve as a guide for HCNS management.

Arrangements with Service Providers

10.19 *VON funding arrangements* - The contract under which VON Nova Scotia provides nursing services dates back to 1994 and expired on April 1, 1996. The per visit rates used to calculate semi-monthly payments to the VON are still the same as the contract which expired in 1996 (RN - \$41.47, LPN - \$30.66). Each month the VON provides a summary of the number of actual RN and LPN visits made for that particular month. These actual visits multiplied by the old contract rates, plus a lump sum top-up amount of \$80,000, comprise the amount of the semi-monthly payment.

10.20 The Department recognizes that the contract rates used to calculate the semi-monthly payments do not reflect the actual costs incurred by the VON to provide the services. Increases in

nursing wages, acuity levels of patients, and larger territories requiring VON coverage, have caused the contract rates to be insufficient. Department management has advised us that, due to these increased costs, the decision was made to fund 80% of the VON deficits after adjustments for the cost drivers indicated above. There does not appear to be any formal documentation defining exactly how this deficit is to be calculated. Department management indicated that by not funding 20% of the VON deficits, the VON should be motivated to maintain its cost efficiency.

10.21 At the end of each fiscal year, the Department reviews financial information provided by the VON to determine the dollar value of the VON deficit to be funded. For the 1999-2000 fiscal year the difference between the original contract rates and the actual costs for the VON to provide the services was calculated to be \$2.9 million. This \$2.9 million included \$1.4 million for wage parity costs, \$.7 million for new territory costs in excess of the contract rates, and \$.8 million for the VON deficit, of which the Department funds 80%. Some of this amount was advanced during the year and the final settlement paid to the VON after netting previous payments was \$240,222. At the time of writing this Report, the calculation of additional funding requirements for 2000-01 had not been finalized by the Department as it had not yet received all the required financial information from the VON.

10.22 We reviewed the process used to calculate additional VON funding. Based on our review of relevant documentation and discussions with Department management, the calculation appears to be consistent with the Department's intentions as described to us.

10.23 Although HCNS is the VON's primary client in Nova Scotia, the various branches provide services to clients other than HCNS. Included in the calculation of additional funding to be provided to the VON is an allocation of the administrative costs of the various branches between HCNS and other clients. The Department reviews this allocation for reasonableness using the the VON's audited financial statements. Although this allocation is reviewed by the Department, funding provided based on such an allocation introduces a level of subjectivity to the process and increases the risk that the Department may be paying for expenditures unrelated to HCNS clients. In addition, extra payments to assist VON cash flow problems and adjustments to reflect negotiated settlements make the accurate monitoring and forecasting of program expenditures more difficult. Up-to-date contract rates for RN and LPN visits would eliminate the need for such subjective allocations and possibly eliminate the need for extensive reconciliations at year end.

10.24 At the time of our 1996 audit of Home Care Nova Scotia, we understood the Department's plan for the Home Care Program was to devolve it to the Regional Health Boards. At the time, the Department was reluctant to negotiate a new contract with VON Nova Scotia which might not meet the needs of the various Boards. It was expected that the Home Care Program would be devolved to the RHBs in 1999. The explanation provided by HCNS for the current expired contract with VON Nova Scotia is similar to the one provided in 1996. Department management is currently working toward devolution of the Home Care Program to the District Health Authorities, but no time line has been established.

10.25 The monthly VON nursing visit summaries are supported by detailed invoices for each client which include all of the procedures performed on that client for that month. These invoices are supplied to the Regional HCNS offices where Care Coordinators currently review every invoice to ensure that the visits made have been authorized by HCNS. These invoices, which number in excess of 300,000 annually, are then sent to the Department where the number of authorized visits are compared to the actual visits paid for the same time period to ensure that the Department is only paying for visits that have been authorized.

10.26 We reviewed the Department's comparison between actual visits paid and visits authorized for the 2000-01 year. Although the comparison indicated that there was an insignificant difference,

the comparison did not include visits for the Halifax region for a seven-month period between September 2000 and March 2001 (the VON claimed 31,109 RN and 34,449 LPN visits during that time period.) In the fall of 2001, these invoices had still not yet been received by the Department's Finance section. Management has indicated that they are aware of the delays in receiving invoices and are currently taking corrective action.

Recommendation 10.2

We recommend that the Department of Health review the current process for approving payment of invoices for nursing services. The approval process should ensure that all services paid were authorized by Care Coordinators, and all information necessary to complete the verification should be available on a timely basis.

10.27 When reviewing the analysis of paid visits to approved visits, our Office requested information from HCNS staff to explain why the ratio of RN visits to LPN visits was not consistent among the various regions. Northern Region information provided by HCNS management indicated that there were 10,000 more RN visits than LPN for 2000-01 (see Exhibit 10.4). All other regions for the same time period had more LPN visits than RN. HCNS management provided plausible explanations for the differences but could not provide any details supporting the explanations. Explanations of variances are especially important because of the escalating costs of the Home Care program.

Recommendation 10.3

We recommend that the Department of Health prepare comparisons of Home Care Nova Scotia financial results and performance information to expectations, standards, and prior year figures for the program as a whole, and also among regions. Any resulting variances should be investigated and explained to ensure that program costs are properly understood and managed.

10.28 *Home support agency funding* - Home support agencies are provided annual funding. The basis for funding is the prior year's approved budget. The prior year's budget is adjusted for estimated increases in service utilization (12% for 2001-02), expected user fees and an additional adjustment to fund the prior year's deficit or claw back any surplus funding. As indicated in the new home support funding guidelines (see paragraph 10.30 below) the Department intends to no longer fund agency deficits starting in the 2002-03 year.

10.29 Payments are made to agencies on a semi-monthly basis. Department management has indicated that agency deficits are funded because the Department controls the flow of new patients into the program and the home support agencies are required to provide the volume of service at whatever level is required.

10.30 The actual annual approved level of funding is calculated by HCNS regional staff and approved by the Department through its budget process. Department management has indicated that there is very little documentation supporting the deficit calculations for the various agencies in the past. Due to this lack of documentation, it is difficult to determine if the deficits funded have been calculated consistently. Department management has indicated that it is aware of this situation and has developed new guidelines to be used for the regions when determining funding levels. These new funding guidelines are designed to make funding more consistent and improve financial information to be used in the budgeting and forecasting of program expenditures in the future. The Department has indicated that deficits will no longer be funded.

10.31 Department management indicated that most of the funded home support agencies provide services primarily to HCNS clients but there are exceptions. Some of the agencies do provide similar services to non-HCNS clients as well. The risk of funding these organization's deficits, similar to the VON, is that a portion of the deficit funded may relate to services provided to non-HCNS clients. In the past the Department has required these agencies to provide financial statements in an attempt to identify the portion of expenditures unrelated to HCNS. Department management has indicated that these statements were not always received on a timely basis and in some cases did not provide adequate information regarding other sources of income and expenditures to determine the proper allocation. In these cases there is a real risk that some portion of the funding provided by HCNS was not related to HCNS clients. The new funding guidelines require that audited financial statements be provided by July 31 of the following year.

10.32 Traditionally the Department has required home support agencies to provide monthly reports on operations. This information included budget to actual comparisons for revenues and certain expenditure categories. The monthly reports also included operational statistics including the actual direct hours of service for the month, year-to-date, and forecasted to year-end. Home support agencies are not required to provide invoices showing the actual services provided to each client to HCNS staff for review and approval.

10.33 The Department has attempted to rationalize home support agency funding with the development of the new funding guidelines for 2001-02. These new funding guidelines are a significant step in attempting to provide funding on a consistent basis for all agencies.

Recommendation 10.4

We recommend that the Department of Health, in conjunction with implementation of its new home support agency funding guidelines, review controls over funding to home support agencies. The controls should be sufficient to ensure that payments are made only for authorized services, and that any deficits funded are not the result of poor management practices or services unrelated to HCNS.

10.34 *Service provider performance measurement* - We examined a sample of service provider contracts with the VON, home support agencies (including the funding guidelines), and home oxygen suppliers. All clearly indicated the responsibilities of each of the contractual partners including the requirement to provide specific reporting of certain financial and operational information. Contracts also included a requirement to comply with HCNS policies, procedures and standards of care.

10.35 Specific performance and quality improvement expectations in respect to efficiency and effectiveness of operations have not been established for each service provider. We believe that the Department, in conjunction with service providers, should establish quality and performance expectations and that the service providers' results against these expectations should be assessed prior to contract renewal. Clearly-defined performance expectations along with agency audits as discussed in paragraph 10.41 should provide for a more complete assessment of service provider performance.

10.36 *Compliance with Government Procurement Policy* - The Department of Health has not used a competitive process to acquire nursing and home support services for HCNS. VON Nova Scotia has been providing nursing services for this program since HCNS came into operation. The contract expired on April 1, 1996. VON Nova Scotia continues to provide the nursing services under the terms of the expired contract. HCNS routinely issues renewal contracts with home support agencies for the provision of HCNS home support services.

10.37 Although the Deputy Minister has the authority to approve alternative procurement processes under the Government Procurement Policy, the exemption has not been documented and reported as required.

10.38 The procurement of home oxygen service providers conforms with the Government Procurement Policy.

Recommendation 10.5

We recommend that the Department of Health review the arrangements for acquisition of nursing and home support services for Home Care Nova Scotia. The Department should comply with the Government Procurement Policy and either subject these services to a competitive process, or seek the required approval for an exemption. The Department should also determine whether future contracts should be Province-wide or whether each DHA should have responsibility for its own arrangement. Contracts should include clearly-defined performance expectations and require reporting of achievement.

Standards for Quality Service to Clients

10.39 *Policy and Procedure Manual* - Home Care Nova Scotia maintains a Policy and Procedure Manual which documents the main policies and procedures of the program. It is expected that the manual will facilitate and promote consistency in the delivery of core services across the Province and provide a framework for the regional implementation of home care and the development of regional procedures as the program matures. The manual is updated as policies and procedures are implemented or revised.

10.40 *Compliance with administrative standards* - We reviewed a small number of client files to determine whether there was compliance with HCNS documentation and administrative standards established for client services and records. We found no significant discrepancies.

Program and Service Evaluation

10.41 *Compliance audits* - Home Care Nova Scotia policies provide for an audit of service provider agencies to determine whether agencies are complying with HCNS policies and procedures. These audits are to be performed on a regular basis according to a predetermined schedule. Department management indicated that each agency should undergo a compliance audit in each fiscal period. This target is not being met.

10.42 *Agency auditing tool* - To facilitate conducting agency compliance audits, HCNS has developed an agency auditing tool which includes standards against which agency compliance can be measured. The most recent edition of the agency audit tool became effective in 1999 in preparation for an accreditation survey by the Canadian Council on Health Services Accreditation (CCHSA) in 2001 of the Home Care Nova Scotia Program. This accreditation survey did not take place.

10.43 In many cases, conducting agency compliance audits is the single most effective method of determining compliance with HCNS policies and procedures. As part of the compliance audit, the auditor examines client files, agency systems and documentation to ensure that the agency is providing service as authorized by HCNS; that the time spent providing the service is consistent with the time authorized; and that the actual visit and tasks performed are properly billed to HCNS. If used in an appropriate manner, the agency audit tool would be an effective control to ensure that the agencies comply with HCNS standards.

10.44 In November 2001, we reviewed the most recent compliance audits conducted on the 32 service provider agencies. Our review indicated 4 audits (13%) conducted since April 1, 2001; 7 (22%) conducted in the 2000-01 fiscal year; and 21 (65%) being conducted prior to April 1, 2000.

10.45 More than half of the agency compliance audits were conducted prior to April 1, 2000. Home Care staff indicated there are several reasons for failing to conduct agency audits according to the predetermined schedule such as workload including non-audit related responsibilities and difficulties establishing mutually agreeable audit schedules with the service provider agencies.

Recommendation 10.6

We recommend that the Department of Health assess its objectives for agency audits, the associated risks, and resources available. The Department of Health should develop and implement a plan for agency audits.

10.46 *Performance indicators* - As at the date of the audit, no performance indicators had been developed for the program. HCNS management has indicated that it plans to make use of the information captured using the new automated MDS Assessment tool to begin to develop performance indicators and report on program performance. This new MDS Assessment tool provides Client Assessment Protocols used by Care Coordinators in making decisions on patient needs.

Client Fees

10.47 Through the service provider agencies, Home Care Nova Scotia provides nursing services to clients for no charge, home support services for \$8 per hour to a monthly maximum of \$480 and home oxygen services to a maximum monthly fee of \$180, depending on client income. See Exhibit 10.5 for a reproduction of Schedule 1 - Home Care Fee Determination Tables 2001-02. All fees are collected from the client by the service provider agency and offset the agency expenditures funded by HCNS.

10.48 At the present time HCNS does not have procedures in place to ensure that Care Coordinators calculate client fees properly and home support agencies exercise appropriate collection effort. The Department of Health has estimated that only 6% of home support services generate a client fee, as the majority of clients fall below income thresholds.

10.49 The fees charged to the client are not intended to recover the full cost of providing the service. There is no charge for nursing services. The rationale for the home support and home oxygen fees is based on the client's ability to pay and on a maximum amount subjectively determined by HCNS to be an appropriate charge. HCNS has not attempted to determine the full cost of providing nursing, home support and oxygen services.

10.50 There is no schedule for reviewing client fees. Client fees and monthly maximums were last reviewed in April 2000 in response to a Department of Health initiative exploring options for reducing the expenditure budget.

Recommendation 10.7

We recommend that the Department of Health include client fees and collection practices in the scope of its agency audits. We also recommend that the Department perform regular comparisons of the full costs of home support and oxygen services to the fee schedule to ensure that the charge is appropriate.

Follow-up to 1996 Audit

10.51 Chapter 7 of the 1996 Report of the Auditor General included a number of recommendations for HCNS. Exhibit 10.6 includes the major recommendations from that audit and the Department of Health's comments with respect to current status.

10.52 Although many recommendations have been implemented, some have not been acted upon by the Department. The most significant of these is that VON Nova Scotia still provides services without a contract. The new Agency Audit Tool put in place effective January 1999 addresses some of the concerns we had in 1996 as shown in Exhibit 10.6.

Internal Audit Findings Follow-up

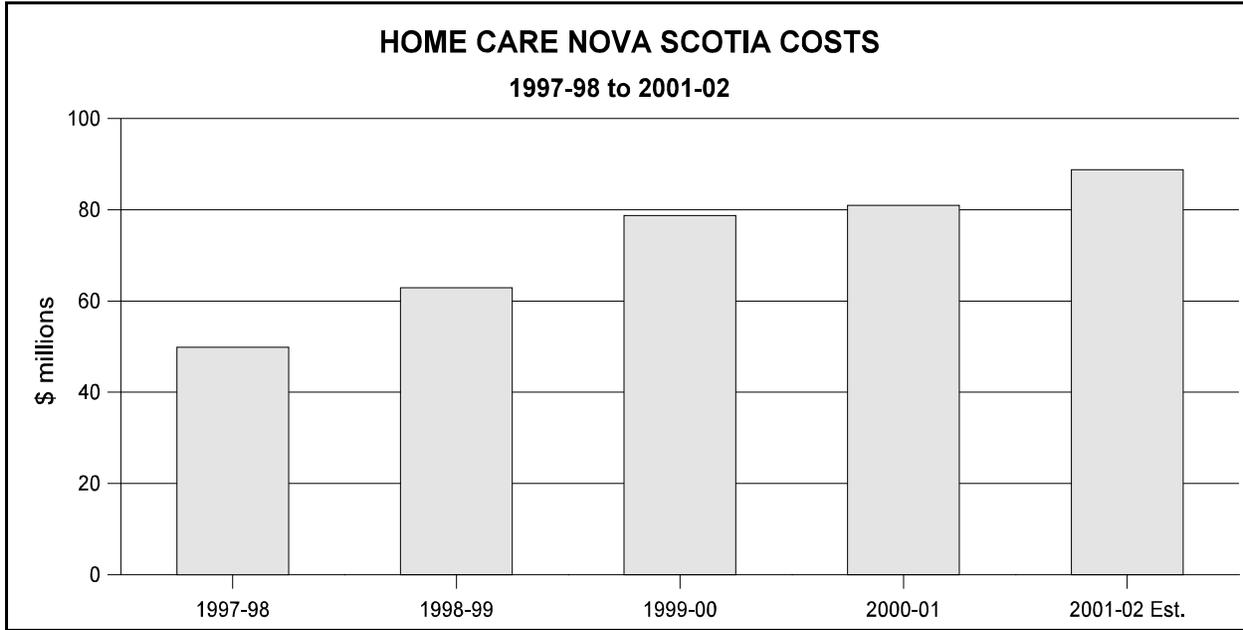
10.53 As part of our audit procedures we reviewed and followed up on findings included in the Department's internal audit reports relating to the operations of HCNS since the date of our 1996 audit. Based on our discussions with management and review of relevant documentation, all significant findings reported have either been adequately addressed or are no longer relevant.

CONCLUDING REMARKS

10.54 Nursing services acquired from the VON have never been subjected to a competitive procurement process and the contract expired in 1996. Seeking competitive proposals would provide assurance that services are acquired at a reasonable cost. We recommend that the Department comply with the Government Procurement Policy by calling for competitive proposals for nursing services, or seek a formal exemption under the appropriate section of the policy. The Department apparently plans to devolve the HCNS program to the District Health Authorities at which time the DHAs would determine how the service will be delivered in their districts, within the policies and standards established by the Department of Health. The DHAs would also be required to comply with the Procurement Policy or seek an exemption.

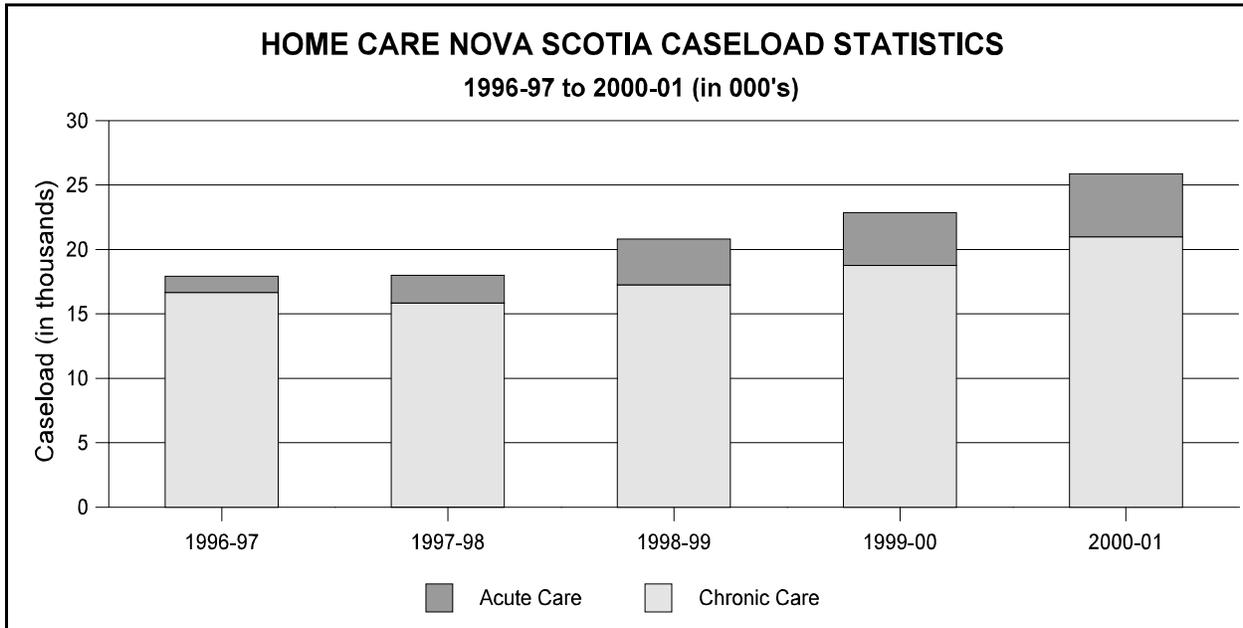
10.55 HCNS' costs have increased dramatically and the majority of HCNS program expenditures relates to payments made to third-party service providers. Therefore, control over program expenditures and quality of care depends to a large degree on the Department's ability to ensure that the service providers are providing services consistent with HCNS requirements at a reasonable cost. We believe the Department needs to make significant improvements in the management of service providers. Setting performance targets for service providers, reporting on performance, and the more effective use of agency audits are key steps to enabling the Department to better monitor these relationships in the future. We acknowledge that the Department has identified some problem areas and has begun to take steps to address them.

Exhibit 10.1



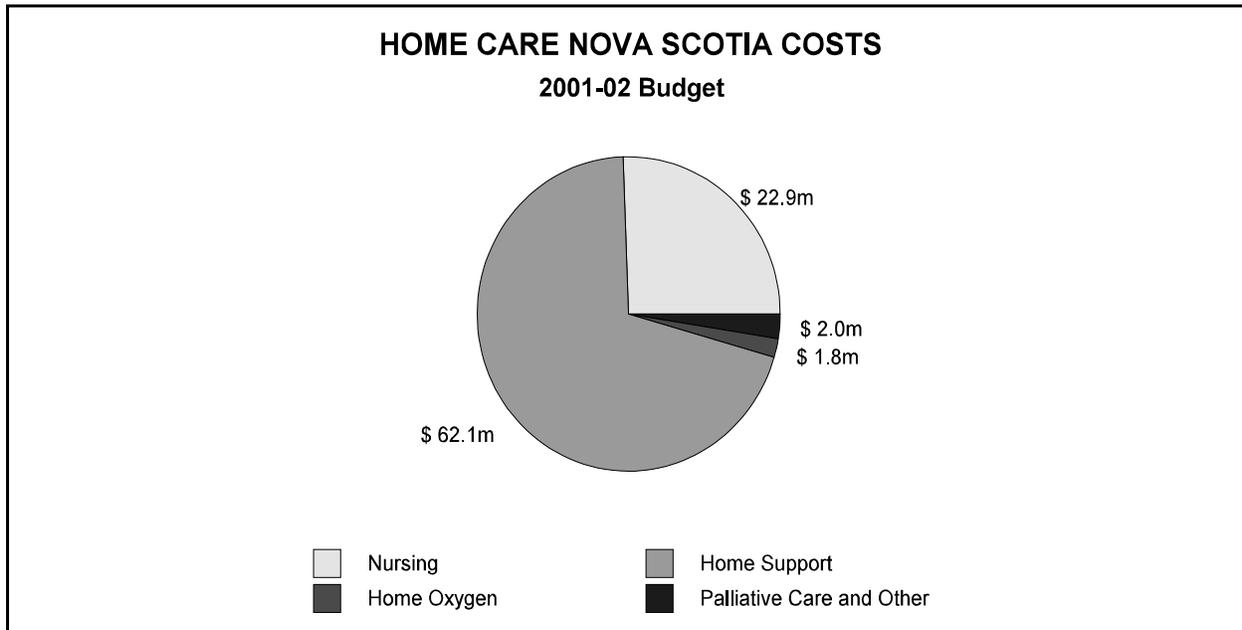
Note: Does not include the costs of administration, assessment or former community services programs now administered by HCNS.

Exhibit 10.2



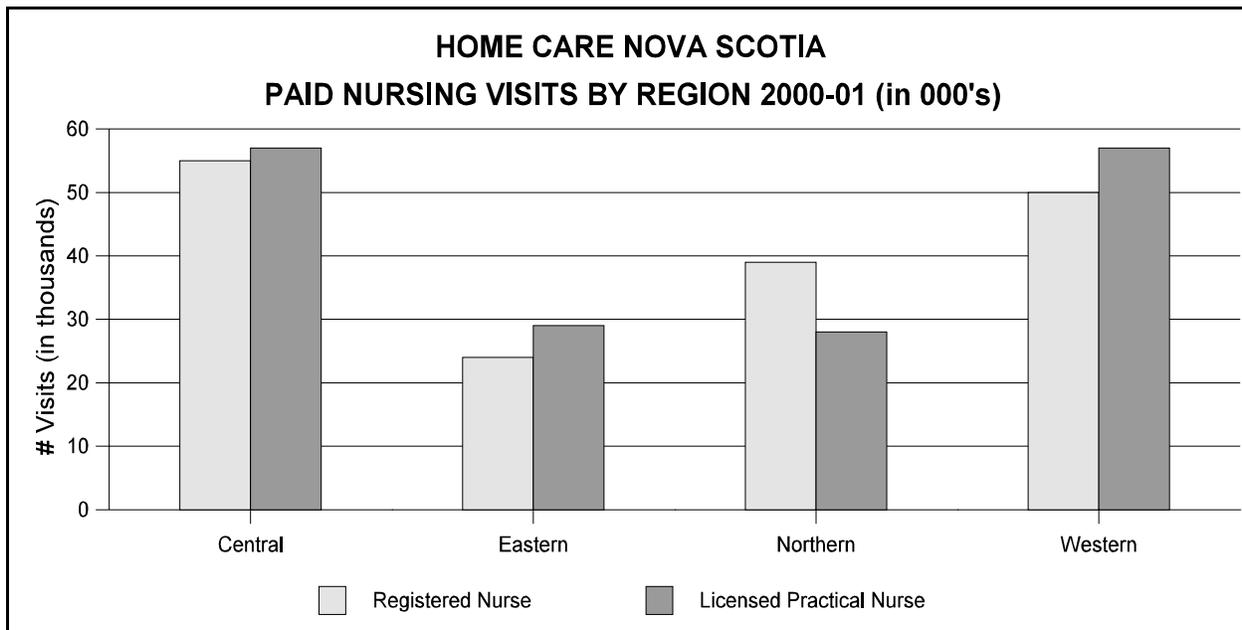
Source: Department of Health

Exhibit 10.3



Note: Does not include the costs of administration, assessment or former community services programs now administered by HCNS.

Exhibit 10.4



Source: Department of Health

*Exhibit 10.5**Schedule 1*

EXTRACT FROM HOME CARE FEE DETERMINATION TABLES 2001-02
Client Income Category Table

Income	Family Size							
	1	2	3	4	5	6	7	8
Annual								
\$0 to \$15,720	A	A	A	A	A	A	A	A
\$15,721 to \$31,440	B	A	A	A	A	A	A	A
\$31,441 to \$36,672	C	B	A	A	A	A	A	A
\$36,673 to \$41,904	D	C	B	A	A	A	A	A
\$41,905 to \$47,136	E	D	C	B	A	A	A	A
\$47,137 to \$52,368	F	E	D	C	B	A	A	A
\$52,369 to \$57,600	G	F	E	D	C	B	A	A
\$57,601 to \$62,832	G	G	F	E	D	C	B	A
\$62,833 to \$68,064	G	G	G	F	E	D	C	B
\$68,065 to \$73,296	G	G	G	G	F	E	D	C
\$73,297 to \$78,528	G	G	G	G	G	F	E	D
\$78,529 OR MORE	G	G	G	G	G	G	F	E

Personal Care/Home Support Services/Home Oxygen Services
Fee Determination Table 2001-02

Home Care Client Income (Code-from above table)	Charge per Hour Client Fees	Maximum Monthly Client Fee Charge	Monthly Home Oxygen Services Fee
A	---	---	---
B	\$8	\$80	\$60
C	\$8	\$160	\$120
D	\$8	\$240	\$180
E	\$8	\$320	Not eligible
F	\$8	\$400	Not eligible
G	\$8	\$480	Not eligible

Exhibit 10.6

**HOME CARE NOVA SCOTIA
FOLLOW-UP ON STATUS OF RECOMMENDATIONS FROM 1996 AUDIT**

Paragraph	Recommendations from 1996 Audit	Status per Department of Health
7.31	DOH has started working in partnership with the RHB's to define service delivery options. DOH is undertaking some changes and RHB's will continue to pursue any number of options to secure nursing services necessary for delivering the program. Although we understand DOH does not want to lock itself into a contract situation which may not meet the needs of the regional health boards, we believe the current contract rate should be reviewed to ensure it provides the most economical means of obtaining nursing services. To control costs between now and April 1999, DOH should explore other options for delivery and funding of nursing services to determine if costs can be reduced.	Department's business review process addressed these issues. Services provided under same arrangements while minimizing service provider costs.
7.35	We noted that the letter provided to home support agencies indicating their budget allocation for the year does not specifically require adherence to Home Care Nova Scotia policies and procedures, and it does not contain an audit provision. We recommend these features be incorporated into any agreements with service providers. We also recommend that DOH explore other options for delivery and funding of home support services to determine if costs can be reduced.	Mentioned specifically in Letters of Understanding with agencies and business review process addressed these issues. Services provided under same arrangements while minimizing service provider costs.
7.38	There is an informal Peer Review system at Home Care Nova Scotia which allows Care Coordinators to receive feedback as to the appropriateness of their assessments. We believe this system should be formalized and include a periodic review of selected Care Plans to ensure the appropriate provider has been authorized, and to ensure volunteer services have been appropriately considered.	Informal process augments formal documented processes.
7.38	There are documented time frames for completion of assessments for clients entering Home Care Nova Scotia through discharge from hospital or upon referral to Home Care Nova Scotia by a physician. These individuals are contacted by a Care Coordinator within 3-4 days of admission into Home Care Nova Scotia. We noted that there are standard response times for contacting clients who access Home Care Nova Scotia through the 1-800 number. We believe standards should also be established for the initial assessment of clients entering Home Care Nova Scotia, and for the reassessment of existing clients.	Initiated in 1998 and not completed, but is now reorganized in broader context of SEA. MDS-HC when implemented recommends quarterly assessments.

Exhibit 10.6 (Cont'd)

Paragraph	Recommendations from 1996 Audit	Status per Department of Health
7.38	<p>Some Chronic Home Care clients are charged for home support services. The maximum charges for home support services are \$6 per hour to a maximum of \$360 per month. There is no charge for nursing services for Chronic Home Care of Home Hospital Care clients. Home Hospital Care clients are also not charged for medication and supplies related to their acute condition. Chronic Home Care clients are not charged for supplies during nursing visits. Individuals who require nursing services through Home Care Nova Scotia are automatically eligible for home support services which may be billed. Home support services only are available to others who meet financial criteria. Policies state that "low risk individuals who require only cleaning and laundry, who are financially able to make provision for such service, are ineligible for admission to the program." We believe that this policy is not specific enough and that the term "financially able" should be more clearly defined.</p>	<p>Policy area is under review at present and the fee schedule is one of the key areas of review. SEA policy committee to review.</p>
7.38	<p>Home support charges to clients are based on Canada Assistance Plan income guidelines. However, clients are not required to provide any proof of income. The policy manual notes that income inquiries need not be made of individuals who are willing to pay the maximum home support fee per month (\$360).</p> <p>A system should be implemented by Home Care Nova Scotia to verify clients' income to external sources.</p>	<p>Not all Care Coordinators have direct on-line access to computers. In future, may be a consideration. At present, we request to see copy of Income Tax return and use line 236 figure.</p>
7.48	<p>Agency audits were performed for the first time in mid-1996. We were informed that the purpose of this first attempt at agency audits was to familiarize both the auditors and the agencies with the concept of testing compliance to standards. Contracts with these agencies do not presently include a provision for these audits to take place and we recommend that Home Care Nova Scotia obtain the proper authority.</p>	<p>VON contract not revised. Same one still in effect.</p>
7.52	<p>The Agency Audit Tool should provide guidelines for the number of client and personnel files to be examined during the audit.</p>	<p>Considered, but not documented in Tool.</p>

Exhibit 10.6 (Cont'd)

Paragraph	Recommendations from 1996 Audit	Status per Department of Health
7.52	The Agency Audit Tool should require that the documentation be examined for completeness and accuracy. For example, the required documentation for one standard is a supervision schedule. Checking for existence of the schedule is not sufficient. The Tool should require the auditor to review the schedule to determine whether all service providers have been observed, or will be observed, by the agency supervisor while performing their duties in a client's home. The standard should also be expanded to indicate whether the Supervisor has observed that the care giver is providing only those services authorized by the Care Coordinator.	Documented in Audit Tool Edition 3 - Standard 9.1 - Indicator 9.1.6 and page 18.
7.52	One of the finance standards requires the auditor to ensure all services billed to Home Care Nova Scotia have been provided by employees of the agency; all services invoiced have been provided; and that the agency complies with Home Care Nova Scotia program guidelines and its contractual obligations or funding agreements in connection with the submission of invoices. This standard presently applies only in nursing agencies. The standard should be reworded so that it is applicable to home support agencies as well.	Documented in Audit Tool Edition 3 - 5.3.3, Standard 5.2, and applies to all - see page 9 definition of agency.
7.53	We reviewed audit files and/or reports resulting from the 31 agency audits conducted to date. The results of agency audits are reported to the Director of Home Care Nova Scotia and to DOH senior management. There is a requirement to follow-up on the recommendations made to the agency as a result of the audit within three months of the audit. Follow-up procedures have not taken place to date and we recommend that these be performed during the next round of agency audits.	Spelled out in development/refinement of audit process, Edition 3 of Audit Tool.
7.56	The linkage between the survey questions and the objectives of the program was not strong....We recommend that survey questions and other evaluation methods be designed to relate to specific program objectives.	Use professional(s) to survey and develop.
7.64	Home support agencies provide monthly reports to Home Care Nova Scotia regional offices. The reports indicate the total number of service hours for Home Care Nova Scotia clients although they are not broken down by service hours per client. The service hours are not verified to service hours per the care plan and we recommend this be done as part of the agency audits as noted in paragraph 7.52.	Documented in Audit Tool Edition 3 - Standard 9.1 Indicator 9.1.5 and Standard 5.3 Indicator 5.3.3