



Impact of JLARC Studies, May 2009

The 2009 General Assembly and several executive branch agencies took significant action in response to the study recommendations reported in 2008 and prior years by the Joint Legislative Audit and Review Commission (JLARC).

EVALUATION OF CHILDREN'S RESIDENTIAL SERVICES DELIVERED THROUGH THE COMPREHENSIVE SERVICES ACT

In 2006, JLARC staff were directed to evaluate the administration of the Comprehensive Services Act (CSA) because of concerns about rising program expenditures and the safety of children served through CSA in residential facilities. (Residential services account for the majority of CSA spending.) The report recommended closer monitoring of residential placements and better access to information about program expenditures and outcomes. In addition, the study found that addressing gaps in the availability of community-based services and increasing the number of foster families could yield substantial cost savings to the State while allowing more high-risk youth to remain in their homes and communities. The report also indicated that the State's process for licensing and enforcing standards in residential facilities did not adequately protect the health and safety of children and that services provided in those facilities produced mixed outcomes. Several legislative and executive actions were taken to address these issues in 2008, and additional action was taken by the 2009 General Assembly.

Actions by the 2009 General Assembly

The General Assembly enacted

- Senate Bill 1180 (Hanger), which requires the State Executive Council (SEC) to report all expenditures associated with children who go through the CSA process but do not receive CSA funding, so that the full cost of serving children with emotional or behavioral problems can be calculated.
- Senate Bill 1181 (Hanger), which requires the Office of Comprehensive Services (OCS) to (1) report the Medicaid and Title IV-E costs associated with children who receive CSA

funding so that the full cost of serving children through CSA can be calculated; (2) collect information about the nature and cost of all services provided, (3) develop and distribute job descriptions for CSA coordinators to maximize program effectiveness and minimize spending, and (4) create guidelines for the use of multidisciplinary teams in cases that do not require the expertise of Family Assessment and Planning Teams.

MITIGATING THE COSTS OF SUBSTANCE ABUSE IN VIRGINIA

House Joint Resolution 683 and Senate Joint Resolution 395 from the 2007 General Assembly directed JLARC staff to study the impact of substance abuse on the State and localities. The study found that the adverse effects of substance abuse cost the State and local governments at least \$613 million in 2006, incurred primarily in public safety, and that \$102 million were spent providing substance abuse services. Most populations that completed substance abuse treatment imposed lower net costs on the State and localities, and the majority experienced better outcomes. Still, the report indicated that the State may be able to maximize the benefits of substance abuse treatment. To further reduce the costs of drug and alcohol abuse, the report suggested first ensuring the effectiveness of existing substance abuse services, and then expanding their availability to individuals who are currently unserved, starting with offenders.

Actions by the 2009 General Assembly

The General Assembly enacted

- Senate Joint Resolution 318 (Hanger), extending by one year the work of a joint legislative subcommittee tasked with considering report recommendations.

Actions by the Executive Branch

The Department of Mental Health, Mental Retardation and Substance Abuse Services promptly began to address several report recommendations, including

- proposing budget amendments to improve the department's ability to conduct research and evaluation activities, and to help local providers identify and accurately use evidence-based practices;
- modifying the performance contract with community services boards (CSBs) to include more specific program outcomes; and

- collecting information and exploring options to ensure the adequacy of CSB fee structures.

TWO-YEAR REVIEW OF INITIAL HIGHER EDUCATION MANAGEMENT AGREEMENTS

JLARC examined the successes and problems of the higher education management agreements between the State and the University of Virginia, Virginia Tech, and the College of William and Mary. These agreements, which gave the universities general autonomy in their financial and administrative operations, were up for review by the 2009 session of the General Assembly. Overall, the JLARC review of the management agreements was positive, noting that the covered institutions met their benchmarks and generally complied with the terms of their agreements. However, the review noted disagreement between university officials and staff from the Department of General Services regarding the position of the university building official and his relationship with ongoing capital projects and the university's administration.

Actions by the 2009 General Assembly

The General Assembly enacted

- House Bill 2464, which extended the management agreements until June 30, 2015 (unless the Governor chooses to renegotiate the agreements prior to November 15, 2011). The JLARC review was a factor in the extension of the management agreements. Recognizing the concerns raised about the universities' building officials, HB 2464 amended the agreements to require the university building official to report solely to the Board of Visitors, but the position need not be full-time.

SPECIAL REPORT: VCU DEGREE AWARD

As a result of concerns surrounding the award of an undergraduate degree to a student (the former police chief of the City of Richmond) by Virginia Commonwealth University (VCU), the House Appropriations Committee directed JLARC to examine the events leading up to and following the award. The study found that certain VCU administrators intentionally circumvented policies and requirements in awarding the degree and, in doing so, afforded the student preferential treatment. The study concluded that the decision not to revoke the student's degree was a reasonable one even though the student had not earned it, but that the university needed to adopt a less restrictive policy that would enable it to revoke degrees that have been improperly awarded. The study also found that the degree-granting process works well generally, but

additional controls could be put in place to reduce the possibility of similar situations in the future.

Actions by VCU

In November 2008, the university adopted several changes to policy and procedure, including

- a broader degree revocation policy that allows for any degree to be revoked for “just cause” and not just for academic misconduct; and
- process and control changes to further reduce the possibility that a student will be awarded an unearned degree. These include revising the graduation application to ensure that the student advisor, department chair, and dean all attest to fulfillment of the degree requirements and increasing the role of the records and registration office in verifying the completion of graduation requirements.

EVALUATIONS OF PROPOSED HEALTH INSURANCE MANDATES

The *Code of Virginia* directs JLARC to evaluate proposed mandated health insurance benefits and report its findings to the Special Advisory Commission on Mandated Health Insurance Benefits. The 2009 General Assembly’s actions were consistent with the findings of two recent JLARC evaluations.

Mandated Coverage of Prosthetic Devices and Components

In 2007, JLARC reviewed a proposed mandate (Senate Bill 931) requiring health insurers to cover prosthetic devices and components at a level that, at a minimum, would be comparable to the Medicare program. The JLARC evaluation concluded that the mandate would establish a minimum level of coverage not presently available to some individuals with insurance and increase access to prosthetics given their potentially high costs. The Special Advisory Commission voted to recommend the proposed mandate to the General Assembly.

Actions by the 2009 General Assembly

The General Assembly enacted

- Senate Bill 1116 (Ticer), requiring health insurers to offer and make available coverage for prosthetic devices and components. The legislation also stipulates that insurers may

not impose a coinsurance obligation in excess of 30 percent of the cost of the prosthetic device or related service.

Mandated Coverage of Treatment for Infertility

In 2008, JLARC reviewed a proposed mandate (Senate Bill 631) requiring health insurers to cover treatment for infertility for individuals less than 50 years old. The JLARC evaluation concluded that the need for the mandate was largely a policy decision balancing the benefits to infertile individuals and couples with the impact of increased premiums on all purchasers of insurance. The report also noted that treatment for infertility is not life sustaining nor is it required for individuals to undertake normal activities of daily living (though many medical experts point out that reproduction is considered a normal life activity). The Special Advisory Commission voted to not recommend the proposed mandate to the General Assembly and no mandate was introduced in the 2009 Session.



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