

STATE OF LOUISIANA

**OFFICE OF
STATE INSPECTOR GENERAL**



LOUISIANA COMMISSION FOR THE DEAF

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Table of Contents

Letter to the Governor	
Executive Summary.....	1
Background.....	2
Scope and Methodology.....	2
Telecommunication Access Program.....	3
Sign Language Interpreting Services.....	7
Hearing Aid Program.....	8
Recommendations.....	9
Appendix A Responses	
Appendix B Inspector General Comment	

BOBBY JINDAL
GOVERNOR



STEPHEN B. STREET, JR.
STATE INSPECTOR GENERAL

State of Louisiana
Office of the Governor

Office of State Inspector General

June 2, 2015

Honorable Bobby Jindal
Governor of the State of Louisiana
P.O. Box 94004
Baton Rouge, LA 70804-9004

Re: Case No. CID-13-015

Dear Governor Jindal:

This report addresses concerns raised about expenditure of funds from the Louisiana Commission for the Deaf (LCD) to its contractors for services which could be provided by the Commission itself. This report includes recommendations to help minimize the waste of public funds while still providing the same services to the public. These recommendations, which LCD does not completely agree with, could serve to help prevent future wasteful spending of state funds.

We provided drafts of the report to LCD's staff, LCD's Chairwoman, and DHH Interim Secretary, and DHH Chief Compliance Officer. The response we received is included as Appendix A.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Stephen B. Street, Jr.", written over the typed name.

Stephen B. Street, Jr.
State Inspector General

SBS/js

Enclosure

Executive Summary

The Louisiana Office of Inspector General (OIG) received complaints about the Louisiana Commission for the Deaf (LCD) and its Director, Naomi DeDual. Our investigation revealed that LCD spent \$690,527 for unnecessary services and spent another \$228,156 on unsupported expenses and equipment that cannot be located. Those amounts include the following:

- During fiscal years 2013 and 2014, LCD paid contractors \$439,759 to distribute free telecommunication devices to deaf and hard of hearing persons, a service that at least five other states perform independently without the additional cost of private contractors. Eliminating this avoidable expense would increase the amount of funds available to provide additional equipment and services to qualified Louisiana residents. During 2012, LCD paid contractors \$219,720 for telecommunication related services which were supported by inauthentic signatures and insufficient documentation. Due to inadequate inventory procedures, LCD cannot locate telecommunications equipment valued at \$14,363.
- LCD guidelines allow the use of public funds for sign language interpreters during the delivery of emergency medical services. During the period of our review, 61% of all interpreting assignments were for non-emergency medical services totaling \$58,136. Ms. DeDual authorized payment for these services and classified them as "Other situations."
- LCD pays contractors up to \$150 per consumer to verify income and assist with scheduling appointments for audiology exams. During fiscal years 2013 and 2014, LCD paid the contractors \$186,655 to provide this service, which does not include the cost of hearing aids. Eliminating this avoidable expense would increase the amount of funds available to provide hearing aids to more qualified Louisiana residents. LCD also uses the Federal Poverty Guidelines from 2002 instead of the current guidelines to determine financial qualifications in the Hearing Aid Program.
- Ms. DeDual authorized the use of public funds totaling \$5,933 to pay private, uncollected debts owed by a private entity to an LCD contractor, even though LCD had no obligation to pay the debts.

Background

The Louisiana Commission for the Deaf was created under La. R.S. 46:2351 within the Department of Health and Hospitals. The purpose of the Commission is to implement the provision of services relating to accessibility for Louisiana citizens with hearing and/or speech impairments.

The Commission is funded through La. R.S. 47:1061, which established a tax in the amount of “five cents per month on each residence and business customer telephone access line” in Louisiana.

The Commission contracts with Regional Service Centers in Shreveport, Monroe, Alexandria, Lafayette, Lake Charles, Baton Rouge, New Orleans, and Covington to provide services to the deaf, hard of hearing, deaf/blind, and those with speech impairments. Contracts with the Centers are for three fiscal years. These contracts and LCD’s Guidance Manual outline the services that are to be provided.

Scope and Methodology

We conducted our audit in accordance with Principles and Standards for Offices of Inspector General as promulgated by the Association of Inspectors General.

The scope of the audit included LCD’s programs and processes for Fiscal Years 2012–2014.

Telecommunication Access Program (TAP)

LCD provides amplified telephones, signaling equipment, text telephones, loud bell ringers, and other equipment at no charge to persons with hearing or sight impairments. The costs of these devices range from \$14 for a phone amplifier to \$355 for a text phone. LCD purchases the equipment in bulk, stores it, and delivers it to Regional Service Centers throughout the state. The Centers are paid \$120 to distribute equipment to new customers and \$40 for existing customers. To acquire a device, one must show proof of Louisiana residency and disability.

TAP Payment Process

During fiscal years 2013 and 2014, LCD paid \$516,686 to purchase TAP equipment. An additional \$439,759 was paid to Service Centers to distribute that equipment. During FY 2014, LCD distributed equipment to 2,093 consumers. We sampled how some other states implement their telecommunication programs and found that equipment is provided directly to consumers, eliminating any added contractor cost.

The State of New Mexico evaluates its applications and has its vendor, TelTex, which is also an LCD vendor, mail 800 – 1,000 pieces of equipment directly to qualified consumers each year.

Arizona issues caption telephones directly and issues vouchers for all other equipment, which consumers redeem with the vendor. The two employees who operate this program distributed 824 devices in 2013.

Texas contracts with seven private agencies for its telecommunication program. They are not paid to distribute equipment but are reimbursed for actual travel costs associated with helping applicants choose a device and fill out applications. The agencies submit qualifying applications to the state, which sends the consumer a voucher to purchase the equipment.

In Arkansas, two staff members review consumer applications for equipment. Due to a history of overstocked, outdated inventory, Arkansas arranged for its vendor to tag new equipment with a state seal and send it directly to the consumer. Arkansas distributed 1,410 pieces of equipment in fiscal year 2014.

Mississippi has an online application process which allows applicants to send certifying documents to an in-house staff member who reviews applications and sends approximately 180 pieces of equipment directly to consumers each year.

LCD's Director, Naomi DeDual, claimed that LCD does not employ similar processes because Louisiana purchasing law prohibits the use of vouchers and the mailing of equipment. Neither we nor the Assistant Director of the Louisiana Office of State Purchasing and Travel could find any such statute, rule, or regulation. Ms. DeDual was similarly unable to cite the law to which she referred.

Ms. DeDual stated that LCD purchases equipment and stores it until a qualified consumer needs it. She also stated that the equipment sometimes becomes outdated and unwanted during the time between its purchase and its delivery. As

of January 2015, LCD had 2,378 items in storage. Providing equipment or vouchers directly to approved consumers would avoid the need to purchase and carry an inventory of outdated equipment, pay storage costs, and may reduce the number of devices requested annually to a quantity comparable with those other states.

Supporting Documentation

LCD receives monthly invoices from Regional Service Centers for work performed. LCD's Guidance Manual and its contracts list the supporting documentation that is to be submitted with contractor invoices. It appears that LCD inconsistently applies its own rules for TAP eligibility documentation. For example, some Centers are not required to submit Interpreter Verification Forms, which provide independent verification that an interpreting assignment was completed. Ms. DeDual stated that LCD ensures compliance by randomly reviewing invoices and supporting documentation during yearly site visits.

Our review of FY 2012 invoices revealed that LCD paid the Centers \$169,680 for 1,414 invoices related to TAP equipment which contained supporting documentation that did not comply with LCD's own requirements. Similarly, LCD paid \$49,361 for 365 interpreting assignments which were supported by documentation that was insufficient based on LCD's requirements.

The amount paid for the delivery of TAP equipment includes \$44,400 paid to the Southwest Louisiana Independent Living Center. During FY 2012, LCD paid Southwest for 479 invoices which contained verification signatures used without the knowledge of the person whose signature was affixed to the documents. Multiple copies of a blank document containing the signature were made and used to support payment.

In many cases, Southwest employees submitted the signature of a council on aging representative to document the qualifying hearing loss, which is allowed. However, the signature of a council on aging director was copied at least 204 times and used for eight months past the director's retirement date. Copied signatures were used on invoices between 2009 and 2013.

LCD also accepted the signatures of a Walgreen's manager and of Southwest employees as support for the payment of invoices. LCD's rules do not authorize the Walgreen's manager or the Southwest employees to certify a hearing loss.

The TAP Coordinator at Southwest stated that she was trained to copy the pre-signed documentation of hearing loss and use it for multiple consumers. She also stated that the documents were copied so that council on aging directors would only have to sign their names once. Many of the directors were not aware that their signatures were being copied, but we were unable to identify any fraudulent use of the copied signatures.

An example of a document used by Southwest to re-create someone's signature without that person's knowledge is shown below. The word "Master" is written in yellow highlighter ink.

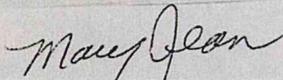
Pryce Miller Recreation Center
216 Albert Street
Lake Charles, La 70601
(337) 502-5231

Dear Regional Service Coordinator for LCD,

I have spoken to _____ on _____ and found that they are in need of telecommunication equipment designed for those with hearing loss so that they can better understand and communicate. This equipment will make their lives easier as well as give them greater independence.

Thank you for your attention in this matter.

Sincerely,



Mary Jean
Senior Facility Coordinator
Pryce Miller Recreation Complex

TAP Equipment Deliveries

According to LCD's own records, during fiscal years 2012 and 2013, Regional Service Centers did not remit serial numbers on 288 pieces of telecommunication equipment valued at \$14,363, making an inventory of the equipment impossible once distributed. The equipment remains the property of the State of Louisiana even after its distribution to the end user.

LCD purchases and stores telecommunication equipment in a leased warehouse until LCD staff delivers it to the Regional Service Centers. LCD uses the equipment's serial number, its make and model, and its date of delivery to track its change of location. LCD does not consistently log the serial numbers, but relies upon the Service Centers to send the serial numbers of distributed equipment back to LCD. However, when neither LCD nor the Service Centers document the equipment distributed, there is no means to locate, identify, and inventory that equipment. Ms. DeDual stated that LCD's current tracking system does not allow LCD to identify what equipment each Service Center has on hand.

When equipment is given to a consumer, the Service Center is supposed to input the serial number and consumer information into LCD's Web Tracking System. LCD uses this system to track its equipment and to distinguish between new and existing consumers for payment purposes.

Sign Language Interpreting Services

LCD provides sign language interpreting services through contracts with Regional Service Centers that subcontract with interpreters throughout the state. LCD pays the Centers \$45 per hour for certified interpreters and \$30 per hour for uncertified interpreters.

Payment for Interpreting Assignments

Although the LCD manual restricts medical payments to emergency medical and emergency behavioral health services, Ms. DeDual allows for the payment of interpreting services for non-emergency medical appointments. During FY 2012, LCD paid the Service Centers \$58,136 for non-emergency medical services, which were categorized under "Other situations" instead of "Medical." Ms. DeDual admitted that LCD pays for services not included in the manual and classifies them as "Other situations".

The services for which the LCD manual allows reimbursement are listed below:

Allowable LCD Interpreting Services:

1. **Governmental Services** – services of state and local human service agencies when interpreter services are essential to the provision of services (public access).
2. **Medical** – Emergency medical services when other prior contractual arrangements have not been made or are otherwise unavailable.
3. **Occupational** – Job interviews, job orientation, and other job-related situations in cooperation with Louisiana Workforce Commission, and other state agencies.
4. **Public/Community Services** – Public meetings and/or functions which pertain to or provide information considered essential for persons who are Deaf.
5. **Behavioral Health** – Emergency behavioral health services when other prior contractual arrangements have not been made or are otherwise unavailable.
6. **Other situations** – Other situations not provided for above; by L.R.S. 46:2361 (Louisiana Interpreter's Law) through L.R.S. 46:2372; or other provisions, or where circumstances do not allow for the provision of an interpreter by other sources even if mandated by law, where an interpreter is needed to protect the deaf citizens' interest, rights, and privileges.

LCD Paid Private Debts with Public Funds

During 2011 and 2012, Ms. DeDual authorized the use of public funds totaling \$5,933 to pay invoices from Deaf Services Center for private, uncollected debts that LCD had no statutory or contractual obligation to pay. When Deaf Services could not collect from its customers, it submitted the invoices to LCD for payment. Deaf Service's Director stated that this was standard practice before he started working for Deaf Services. Although there is no policy which allows for the payment of private, uncollectable debts, Ms. DeDual stated that if an interpreting service was provided and the responsible party refused to pay, she considers it a valid invoice for LCD to pay. This practice may be a violation of Article VII Section 14 of the Louisiana Constitution¹.

¹Article VII Section 14, "The funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

Hearing Aid Program

LCD pays up to \$1,150 per person to purchase hearing aids for qualified Louisiana residents. This amount also includes evaluation, ear molds, batteries, fittings, and follow up appointments. During fiscal years 2013 and 2014, LCD paid the Regional Service Centers \$186,655 to administer the hearing aid program. As provided in LCD's manual, the Centers receive up to \$150 per consumer to assist with the three phases of the program:

Phase 1: Payment of \$50.00 for application; ~~pre-qualification~~ according to age, income, residency;

Phase 2: Payment of \$50.00 for scheduling of audiology examination appointment; receipt of audiology report; **determination of eligibility;** and scheduling hearing-aid fitting appointments as applicable

Phase 3: \$50.00 payment for coordinating final hearing-aid fitting; collection of original vendor invoice, copy of manufacturer's invoice; and Hearing Aid Vendor's Product and Service Information/Verification of Consumer's Receipt and Satisfaction with Products and Services..

During Phase I of the process, the Center is paid \$50 to verify an applicant's income and assist with choosing a hearing aid vendor. The Center is paid another \$50 to contact the vendor to schedule an appointment for the applicant. After the appointment, the vendor sends the audiogram results to the Center to verify the consumer's level of hearing loss. The final \$50 is paid during Phase III when the Center notifies the vendor of the consumer's approval to receive the hearing aids. The vendor orders the hearing aids, contacts the consumer to arrange the next appointment, and notifies the Service Center when the consumer is fitted for the hearing aids.

HAP Income Limits

Title 67 Part VII Chapter 3 §305 of the Louisiana Administrative Code allows persons with an income level of 250 percent of the Federal Poverty Guidelines to qualify for assistance with hearing aid purchases. The federal poverty levels change each year, but Ms. DeDual continues to use the 2002 income limits to restrict access to program funds in order to serve those in greatest financial need. As a result, persons who legally qualify for assistance are excluded even if funds remain available from the finite amount allocated to the program.

Persons in Household	250% of 2002 Federal Poverty Guidelines	250% of 2014 Federal Poverty Guidelines
1	\$22,150	\$29,175
2	\$29,850	\$39,325
3	\$37,550	\$49,475
4	\$45,250	\$59,625
5	\$52,950	\$69,775
6	\$60,650	\$79,925

Recommendations

1. During 2013 and 2014, LCD paid subcontractors \$439,759 to distribute telecommunications equipment while other states avoid this expense by issuing equipment or vouchers themselves. LCD should consider alternative methods of delivering equipment to its consumers to avoid the unnecessary expense of paying a third party for such a service. Doing so would allow LCD to purchase more equipment to serve more citizens in need of assistance and prevent the accumulation of outdated, unwanted equipment.
2. LCD should consider recording the serial numbers of its telecommunication equipment before it is delivered to Regional Service Centers. Upon receipt of the delivery, the Centers should confirm that the delivery is accurate and verify such with a signature.
3. LCD should abide by its own rules and require that its Regional Service Centers submit the required documentation with their invoices. Supporting documentation from all the Centers should be consistent, reliable, and complete. Requiring accurate documentation ensures that only qualified persons receive equipment and services through LCD.
4. The category of "Other situations" in the LCD Technical Guidance Manual is broad in scope and is used to justify paying for unqualified interpreting assignments. LCD should consider revising its guidance manual to more narrowly define the allowable services which qualify to be provided with public funds and only pay for those services.
5. Public funds amounting to \$5,933 were paid to an LCD vendor for interpreting assignments provided to private entities unrelated to LCD. The Louisiana Constitution prohibits the donation of public funds. There is no provision in law which authorizes LCD to use public funds to pay private, uncollected debts owed to its contractors. LCD should follow state law and cease donating public funds to private entities.
6. LCD should abide by Louisiana law which sets income requirements for the Hearing Aid Program at 250% of the Federal Poverty Guidelines. LCD should also consider eliminating the unnecessary third party involvement in the program, which cost \$186,655 in 2013 and 2014. Doing so would increase the pool of funds available to purchase hearing aids for qualified applicants.

APPENDIX A

Responses

Bobby Jindal
GOVERNOR



Kathy H. Kliebert
SECRETARY

State of Louisiana
Department of Health and Hospitals
Office of the Secretary

April 27, 2015

Mr. Stephen B. Street, Jr.
State Inspector General
Post Office Box 94095
Baton Rouge, Louisiana 70804

RE: Case No. CID-13-015

Dear Mr. Street:

Pursuant to L.R.S. 46:2351, 46:2352, and 47:1061, the Louisiana Commission for the Deaf (LCD) is the state agency expressly authorized in legislation to promote, coordinate, and facilitate accessibility to all public and private services for persons with deafness, deaf-blindness, hearing loss, and speech impairment.

In 2012, the Louisiana Office of Inspector General (LOIG) staff initiated this investigation. For over two years, the LCD staff has responded with full and complete cooperation to any and all requests from the LOIG's office. These responses have included: any authorizing legislation; any Louisiana Administrative Code and/or technical guidelines; contracts; budgets; expenditures; a copy of an entire database of consumers' demographic information; and the systemic process of every LCD function as it relates to the provision of accessibility services for persons with deafness, hearing loss, and speech impairment coordinated and/or provided by LCD for State Fiscal Years 2008 to present. Additionally, LCD has provided the LOIG staff with the public announcements of any Louisiana Commission for the Deaf open meetings to ensure that they had an opportunity to attend and observe the deliberations on public issues pertaining to the accessibility of public and private services for persons with deafness, hearing loss, and speech impairment.

The Department disagrees with most of the findings outlined by the LOIG. LCD has consistently provided a high-level of service to Louisiana residents with deafness, deaf-blindness, hearing loss and speech impairment. Several of the assumptions made by the LOIG contradict existing Louisiana Statute or the existing LCD manual. While the Department appreciates the recommendations to clarify language in the manual and improve some systems, we strongly believe the LCD has operated effectively and has abided by all applicable state and federal laws. Accordingly, we respectfully offer this response to the LOIG investigative report CID-13-015:

LOIG Executive Summary: *Our investigation revealed that the LCD spent \$690,527 for unnecessary services (\$439,759 for equipment distribution, \$186,655 for hearing aid*

Mr. Stephen B. Street, Jr.
April 27, 2015
Page 2

administration, \$58,136 for unauthorized interpreting assignments, and \$5,977 for private debts) and spent another \$228,156 on unsupported expenses and equipment that cannot be located.

DHH/LCD Response: A number of issues are cited in the LOIG Executive Summary. The responses to each are included below following the corresponding Recommendation.

***LOIG Recommendation 1:** During fiscal year 2013 and 2014, LCD paid contractors \$439,759 to distribute telecommunication devices to deaf and hard of hearing persons, a service that at least five other states perform independently without the additional cost of private contractors (or by issuing equipment or vouchers themselves). Eliminating this avoidable expense would increase the amount of funds available to provide additional equipment and services to qualified Louisiana residents.*

DHH/LCD Response: We do not concur with your finding that contracting for these professional DHH/services is an “unnecessary” or “avoidable expense”. The design of the LCD program was established decades ago to provide for “community-based” professional services to direct users. In addition to equipment distribution, these services include training recipients in use of the equipment, providing a community-based, local presence, and performing certain administrative functions required by federal and state law of programs serving persons with disabilities.

These services have also been authorized and paid for with statutorily-dedicated funds (L.R.S. 47:1061) in accordance with federal law (Americans with Disabilities Act), state statutes, the Louisiana Administrative Code, contracts approved by Department of Health and Hospitals and Louisiana Division of Administration, as well as in accordance with the LCD annual budget and the LCD Technical Guidance Manual. The LCD annual budget and the LCD Technical Guidance Manual were both approved by the Louisiana Commission for the Deaf, the seventeen-member board comprised of representation from: Louisiana Association of the Deaf; Louisiana Registry of Interpreters for the Deaf; Louisiana School for the Deaf; Department of Health and Hospitals; Department of Children and Family Services; Department of Education; Louisiana Workforce Commission; Louisiana Rehabilitation Services; Speaker of the House of Representatives; President of the Senate; two persons who are deaf; one person who is hard of hearing; two parents of deaf persons; and two professionals who serve deaf persons.

The LCD telecommunication-access-equipment loan services were developed in accordance with the State of Louisiana Procurement Handbook. Although neither LCD staff nor Division of Administration procurement staff can cite the specific state law/code/rule that prohibits direct “receipt” of goods and services, LCD staff have been required to adhere to this process, which has been in place within state government for numerous years.

At the recommendation of the LOIG, LCD staff will continue to research the Louisiana Procurement Code/Rule regarding “receipt” of goods and services to determine whether the current practice can be changed in a manner that improves services while also ensuring adherence to federal and state laws.

It is also important to note that the other states highlighted by the LOIG actually serve fewer individuals and distribute fewer critical assistive devices to their residents annually than does the LCD.

***LOIG Executive Summary:** Due to inadequate inventory procedures, LCD cannot locate telecommunications equipment valued at \$14,363.*

***LOIG Recommendation 2:** LCD should consider recording serial numbers of its telecommunication equipment before it is delivered to Regional Service Centers. Upon receipt of the delivery, the Centers should confirm that the delivery is accurate and verify such with a signature.*

DHH/LCD Response: We concur in part with this LOIG finding, which relates to amplified/adaptive telecommunication equipment purchased since 1980 which is on loan to Louisiana residents with deafness, hearing loss, or speech impairment. The LCD database, which contains demographic information on thousands of Louisiana residents and the make, model, and serial number of the issued adaptive equipment, is over 10 years old and upgrades to this web system have been few.

A staff with each regional contractor inputs and codes services provided to consumers in each region of the state; as this information is manually entered, it is subject to user error. Also, given the thousands of LCD consumers who relocated and/or lost LCD equipment in hurricanes Katrina, Rita, Isaac, Gustav or other occurrences, LCD equipment was issued to consumers to replace lost equipment without a consumer's sworn statement or a police/fire/insurance report attesting to their loss. This process was done to facilitate, not impede, provision of access to telecommunication services by residents of our state with a sensory impairment.

LCD accepts this recommendation and notes that LCD staff already routinely record serial numbers of telecommunication equipment prior to issue to Regional Service Centers. No later than June 30, 2015, Ms. DeDual will meet with LCD staff to conduct appropriate training on adherence to guidelines pertaining to state property.

***LOIG Executive Summary:** During 2012, LCD paid contractors for telecommunication-related services which were supported by inauthentic signatures and insufficient documentation.*

***LOIG Recommendation 3:** LCD should abide by its own rules and require that its Regional Service Centers submit the required documentation with their invoices. Supporting documentation from all the Centers should be consistent, reliable, and complete. Requiring accurate documentation ensures that only qualified persons receive equipment and services through LCD.*

DHH/LCD Response: We concur in part with this LOIG finding of a staff member of one contractor who utilized an "inauthentic signature" on letterhead of a non-profit organization to

Mr. Stephen B. Street, Jr.
April 27, 2015
Page 4

substantiate hearing loss of numerous senior citizens and their subsequent need for amplified or adaptive telecommunication equipment. While this incident occurred with one contractor's employee, other supporting documentation attested to the provision of services and was considered sufficient for authorization of payment for provided services. In order to address this concern, LCD conducted training of contractors to help ensure proper documentation with authentic signatures were submitted.

LCD accepts this recommendation; LCD staff will continue to provide technical guidance to contractors and their staff on requirements for service delivery and documentation. In order to assess programmatic integrity with provision of services and commensurate supporting documentation, Ms. DeDual will have LCD staff conduct both scheduled and impromptu site reviews of contractors beginning July 1, 2015.

***LOIG Executive Summary:** LCD guidelines allow the use of public funds for sign language interpreters during the delivery of emergency medical services. During the period of our review, 61% of all interpreting assignments were for non-emergency medical services totaling \$58,136. Ms. DeDual authorized payment for these services and classified them as "other situations".*

***LOIG Recommendation 4:** The category of "Other Situations" in the LCD Technical Guidance Manual is broad in scope and is used to justify paying for unqualified interpreting assignments. LCD should consider revising its guidance manual to more narrowly define the allowable services which qualify to be provided with public funds and only pay for those services.*

DHH/LCD Response: We do not concur with the LOIG finding. The category of "other situations" exists within the LCD Technical Guidance Manual in order to allow LCD to provide services that do not fall in another category but that are consistent with the LCD program's authorization in statute to promote, facilitate and coordinate accessibility of all public and private services for persons with deafness. Approval of interpreting assignments for non-emergency medical services is perfectly acceptable under the existing definition of "other situations".

As to the recommendation of the LOIG to "more narrowly define allowable services which qualify to be provided with public funds", Ms. DeDual will present this issue to the Louisiana Commission for the Deaf (the Board) as an agenda item for its consideration at its next meeting on May 15, 2015.

It is important to note that "Other Services" allow LCD to provide critical interpreter services that help ensure the protection of the interests, rights and privileges of individuals who are deaf.

***LOIG Executive Summary:** During 2011 and 2012, LCD used public funds totaling \$5,933 to pay invoices from Deaf Services Center for private, uncollected debts that LCD had no statutory or contractual obligation to pay. When Deaf Services could not collect from its customers, it submitted the invoices to LCD for payment. ... Although there is no policy which allows for the payment of private, uncollectable debts, Ms. DeDual stated that if an interpreting service was*

Mr. Stephen B. Street, Jr.
April 27, 2015
Page 5

provided and the responsible party refused to pay, she considers it a valid invoice for LCD to pay. This practice may be a violation of Article VII Section 14 of the Louisiana Constitution.

LOIG Recommendation 5: *Public funds amounting to \$5,933 were paid to an LCD vendor for interpreting assignments provided to private entities unrelated to LCD. The Louisiana Constitution prohibits the donation of public funds. There is no provision in law which authorizes LCD to use public funds to pay private, uncollected debts owed to its contractors. LCD should follow state law and cease donating public funds to private entities.*

DHH/LCD Response: We do not concur with the LOIG finding or recommendation. The LOIG's report fails to articulate with any specificity the source or the nature of the "private, uncollected debts" that LCD paid to its contractor, Deaf Services Center. It should be noted that these payments were made for American Sign Language interpreting services which were provided by Deaf Services Center to deaf persons in Louisiana. As such, these expenditures would likely not be considered a violation of Article VII, Section 14 of the Louisiana Constitution.

First, at the time in question, LCD had a valid social services contract in place with Deaf Services Center to "promote, coordinate, and facilitate accessibility of all **public and private services** for persons who are Deaf, deaf-blind, hard of hearing, or whom have speech impairment to include: provision of American Sign Language interpreting..." The provision of such services through this contract is entirely consistent with the provision of numerous other social services offered through the various agencies, programs, and contracts of the Louisiana Department of Health and Hospitals.

Second, pursuant to statute (L.R.S. 46:2352) and LCD's own rules (LAC 67.VII.305(A)), LCD's mission includes the duties to "(1) promote, coordinate, and facilitate accessibility of all public and private services to deaf people" and "(9) provide interpreter services to the deaf in accordance with rules and regulations adopted by the commission." Assuming the payments to Deaf Services Center were made for services that were provided by properly certified and qualified interpreters in accordance with the LCD contract and the LCD statute and rules, such payments are consistent with LCD's core mission and broad mandate to facilitate accessibility of all public and private services to deaf and hearing-impaired individuals.

Finally, the LOIG's report alleges that these payments "may be a violation of Article VII Section 14 of the Louisiana Constitution". It should be noted, however, that Subsection B of that Constitutional provision provides, "Nothing in this Section shall prevent (1) the use of public funds for programs of social welfare for the aid and support of the needy..." Considering LCD's broad mandate described above and this exception permitting the use of public funds for programs serving "needy" individuals, the LCD was likely acting within its contractual, legal, and constitutional authority when paying Deaf Services Center for American Sign Language interpreter services for deaf and hearing-impaired individuals within the State. As such, it would be inaccurate to characterize those payments as being for "private, uncollected debts that LCD had no statutory or contractual obligation to pay".

Mr. Stephen B. Street, Jr.
April 27, 2015
Page 6

***LOIG Executive Summary:** LCD pays contractors up to \$150 per consumer to verify income and assist with scheduling appointments for audiology exams. During fiscal years 2013 and 2014, LCD paid the contractors \$186,655 to provide this service which does not include the cost of hearing aids. Eliminating this avoidable expense would increase the amount of funds available to provide hearing aids to more qualified Louisiana residents.*

LCD also uses the Federal Poverty Guidelines from 2002 instead of the current guidelines to determine financial qualifications in the Hearing Aid Program.

***LOIG Recommendation 6:** LCD should abide by Louisiana law which sets income requirements for the Hearing aid Program at 250% of the Federal Poverty Guidelines. LCD should also consider eliminating the unnecessary third party involvement in the program, which cost \$186,655 in 2013 and 2014. Doing so would increase the pool of funds available to purchase hearing aids for qualified applicants.*

DHH/LCD Response: Regarding the \$186,655, we do not concur with the LOIG finding or recommendation that “eliminating this avoidable expense would increase the amount of funds available to provide hearing aids to more qualified Louisiana residents”. The LCD pays contractors to administer professional services including documentation of receipt and satisfaction with hearing aid services in accordance with L.R.S. 37:2444.1, as well as documentation of HIPAA disclosure and NVRA. The rate paid by LCD to contractors since inception of the LCD Hearing Aid Program in 2002 has not changed in 13 years. If services are not contracted with community-based centers, additional LCD staff would be required to perform the administrative and direct-consumer services at a commensurate expense.

The LCD Hearing Aid Program rule was promulgated in 2002 and initiated based on eligibility requirements, which included a household income below 250% of the Federal Poverty Guidelines. Since 2002, the demand for services has exceeded availability of funds within the LCD budget, so a waiting list for services is required. Given the vast number of Louisiana senior citizens with incomes below federal poverty guidelines, the Louisiana Commission for the Deaf (the Board) approved retention of the older (2002) HHS Federal Poverty Guidelines for the economic-need requirement so as to serve the greatest number of those individuals who are most in need within the allocated budget.

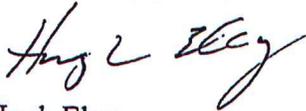
Although the HHS Federal Poverty Guidelines may change every few years, the LCD Hearing Aid Program income requirement has not, and LCD is under no legal mandate to change its guidelines. Doing so would not increase revenues and available services, but would only result in longer waiting lists. The eligibility requirement for household income remains at 250% of the 2002 HHS guidelines same as when promulgated; and the LCD Hearing Aid program is in full accordance with Louisiana law/code on this matter.

In conclusion, it is incumbent upon me to state that the LCD staff take their job responsibilities most seriously and have performed their duties of public service diligently and honorably. The

Mr. Stephen B. Street, Jr.
April 27, 2015
Page 7

mission of ensuring accessibility to public and private services for persons in Louisiana who have deafness, deaf-blindness, and speech impairment is no easy task, yet it has been accomplished while also maintaining a very low administrative rate - below 14% for the past eight years. LCD staff have also conducted themselves in a most professional manner and done the absolute utmost to build integrity of the LCD program in accordance with state and federal laws. I am extraordinarily proud of the LCD Director and staff's achievements in this regard.

Respectfully yours,

A handwritten signature in cursive script, appearing to read "Hugh Eley".

Hugh Eley
Interim Deputy Secretary

cc: Tom Boulton, Inspector General Investigator - OIG
William Root, Chief Compliance Officer - DHH
Naomi DeDual, Executive Director - LCD

APPENDIX B

Inspector General Comment

Inspector General Comments

Louisiana Commission for the Deaf

In his response to the OIG report, Hugh Eley wrote on DHH's behalf that the OIG's assumptions "contradict existing Louisiana Statue or the existing LCD manual," but did not identify any assumptions or statute. LCD personnel were given numerous opportunities to cite the controlling statute or policy upon which they based their belief that they had no choice but to contract with third parties for the delivery of telecommunications equipment and hearing aids. For unknown reasons, Mr. Eley cited La. R.S. 37:2444.1 (Testing Period for Hearing Aids) as LCD's guide for the delivery of hearing aid services. That statute merely requires hearing aid vendors to provide consumers with receipts and allows a 30 day testing period for the devices. It makes no mention of LCD or any other public agency, and certainly does not require contracts with third parties to deliver hearing aids.

Nowhere in our report do we recommend that LCD "continue to research the Louisiana procurement code," as Mr. Eley wrote. LCD has searched the procurement code for a regulation that the Office of State Purchasing and Travel has stated does not exist. Continuing to do so serves no public purpose.

LCD's acceptance of insufficient and inauthentic documentation to support the delivery of equipment is not isolated to "one contractor's employee" as Mr. Eley incorrectly stated in his response. Our report clearly recounts LCD's systemic failure to adhere to its own basic policies intended to ensure the integrity of a program designed to benefit our most needy citizens.

OIG has carefully examined the remainder of Mr. Eley's response, and stands by its report and recommendations.

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A copy of this report has been made available for public inspection at the Office of State Inspector General and is posted on the Office of State Inspector General's website at www.oig.louisiana.gov. Reference should be made to Case No. CID-13-015. If you need any assistance relative to this report, please contact Stephen B. Street, Jr., State Inspector General at (225) 342-4262.

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