



SUMMARY

HEALTH

South Carolina Health and Human Services Agencies: A Review of Non-Medicaid Issues

INTRODUCTION

Members of the General Assembly asked the Legislative Audit Council to conduct an audit of the eight agencies assigned to the health, human services, and Medicaid budget subcommittee of the House Ways and Means Committee. The agencies' budgets for FY 02-03 totaled \$5.7 billion, comprising nearly 38% of the state's budget.

The audit requesters asked us to make recommendations for reorganization of these agencies to eliminate duplication and improve services. They were also concerned about funding, controls over client eligibility, and the agencies' outcome measures. Although many of the programs we reviewed are funded by Medicaid, we did not review administration of the Medicaid program in this review, as it is covered in a concurrent LAC review, *Options for Medicaid Cost Containment* (January 2003).

FRAGMENTED ORGANIZATIONAL STRUCTURE

We reviewed the organizational structure of South Carolina's health and human services agencies and found that similar services are often provided by multiple agencies with no central point of accountability for their performance. This structure can have several effects:

- ! It can be more difficult for clients to determine where to apply for help.
- ! Agencies may spend extra resources on interagency referrals and service coordination.
- ! There are duplicative administrative costs in areas such as finance, personnel, and information technology.
- ! Planning and budgeting are conducted in a fragmented manner.

If programs with similar services were consolidated into fewer agencies, under the authority of a single cabinet secretary, obtaining help from state government would be made less complex. The need for different agencies to make referrals to each other and to coordinate their similar services would be reduced. Administrative costs could be lower, while planning and budgeting would be done more comprehensively.

SIMILAR SERVICES PROVIDED BY MULTIPLE AGENCIES

Senior and Long Term Care Programs

Caseloads for agencies that serve the elderly are projected to grow. The U.S. Census Bureau has projected a population increase of more than 100% for South Carolinians aged 60 and over between 2000 and 2025.

DHHS, DSS, and DMH operate various senior and long term care programs. We recommend placing these programs in a newly-created freestanding agency specializing in senior and long term care. Although central administrative costs could increase with a new agency, they

could be partially offset through consolidation of the more than 100 offices that provide senior and long term care throughout the state.

For example, the state could reduce the number of area agencies on aging (AAAs). Currently 10 area agencies distribute funds from the state office to local providers of services for seniors. The administrative savings from consolidation could be used to expand client services. Also, the AAAs do not use competitive procurements to ensure that providers are cost-effective and high quality.

HEALTH AND HUMAN SERVICES AGENCIES REVIEWED

DEPARTMENT OF ALCOHOL AND OTHER DRUG ABUSE SERVICES	DAODAS
COMMISSION FOR THE BLIND	SCCB
DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS	DDSN
DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL	DHEC
DEPARTMENT OF HEALTH AND HUMAN SERVICES	DHHS
DEPARTMENT OF MENTAL HEALTH	DMH
DEPARTMENT OF SOCIAL SERVICES	DSS
VOCATIONAL REHABILITATION DEPARTMENT	VR

Amend
Council



Health & Human Services -

8 agencies serve - 3 accountable to one person -

5 agencies to 5 different boards, run by 35 hand