

MINUTES OF  
Budget and  
Control Board  
Meeting

July 24, 1980

MINUTES OF BUDGET AND CONTROL BOARD MEETING

JULY 24, 1980

POLL

On this date, State Personnel Division Director Jack S. Mullins advised that he polled the Budget and Control Board in response to a request by Attorney Betty J. Gambrell on behalf of her client, Mr. Jacob Temple, an employee of the Department of Youth Services. Dr. Mullins advised that the Board approved the request of Attorney Gambrell to extend Mr. Temple's long-term disability leave beyond the 365-day period and further that the Board approved an additional period of up to six months until January 26, 1981. Dr. Mullins advised that at that time the Board will again review this situation for appropriate action.

Information relating to this matter has been retained in these files and is identified as Exhibit 1.



EXHIBIT

JUL 24 1980

NO. 1

STATE BUDGET & CONTROL BOARD

State of South Carolina  
BUDGET AND CONTROL BOARD  
PERSONNEL DIVISION  
1205 Pendleton Street  
Post Office Box 12547, Capitol Station  
Columbia, South Carolina 29211

Jack S. Mullins, Ph.D.  
Director

July 24, 1980

803-758-3334

Ms. Betty J. Gambrell  
Belser, Baker, Barwick, Toal & Bender  
Box 11848  
Columbia, South Carolina 29211

Dear Ms. Gambrell:

Your July 16, 1980, letter to Mr. William McGinnis, Deputy Executive Director of the State Budget and Control Board, has been referred to me.

I have reviewed the issue concerning the effective date of Mr. Temple's long-term disability leave and have concluded in light of Section 3.091 of the S. C. State Personnel Rules, that the July 26, 1980, expiration date which was determined by Mr. James Lewis, Personnel Director for Youth Services, is accurate. That regulation, a copy of which is attached, specifies that as long as disability is certified by a Physician, the amount of leave authorized shall not exceed (1) 180 calendar days of combined leave with pay and leave without pay, or (2) 180 working days of leave with pay. In extenuating circumstances, the agency head may extend the period of leave to a total of 365 days, which was done in Mr. Temple's case.

Since Mr. Temple's long-term disability leave began on July 26, 1979, in accordance with the above regulation, such leave would expire 365 days later, or July 26, 1980.

Accordingly, I polled the Budget and Control Board and they have approved your request to extend Mr. Temple's long-term disability leave beyond the 365-day period. The Board approved an additional period of up to six (6) months until January 26, 1981. At that time the Budget and Control Board will again review this situation for appropriate action.

Please let me know if I can provide additional assistance.

Sincerely,

*Jack S. Mullins*

Jack S. Mullins  
Director

RECEIVED

JUL 28 1980

BUDGET AND CONTROL BOARD  
OFFICE OF EXECUTIVE DIRECTOR

JSM/mpg  
Enclosure  
cc: Mr. W. T. Putnam ✓

1230

**THE END**



MINUTES OF  
Budget and  
Control Board  
Meeting

July 24, 1980

MINUTES OF BUDGET AND CONTROL BOARD MEETING

JULY 24, 1980      10:30 A. M.

The Budget and Control Board met at 10:30 a.m. on Thursday, July 24, 1980 in the Governor's conference room with the following members in attendance:

Governor Richard W. Riley  
Mr. Grady L. Patterson, Jr.  
Representative Tom G. Mangum

Mr. Morris and Senator Dennis were absent.

Also attending were members of the Board of Social Services including Chairperson Mary Dusenbury, Dr. Agnes Wilson, Mr. W. Jerry Fedder, Mrs. Lucy Thrower, Dr. Oscar P. Butler, Jr., and Mr. John C. Williams, Jr. DSS Commissioner Virgil Conrad and staff member J. Kenneth Shealy also were present.

Also attending was Representative Robert Helmly.

Staff members attending included Executive Director William T. Putnam; Governor's Executive Assistants Donald R. Hinson, Katherine M. Clarke and Milton Kimpson; Ways and Means Committee staff member Robert Toomey; and Board Secretary William A. McInnis.

EXECUTIVE SESSION - Governor Riley opened the meeting by stating that it is held at the request of the Budget and Control Board and that it is a meeting of the Budget and Control Board which involves several personnel and contractual matters. Upon a motion by Representative Mangum, seconded by Mr. Patterson, the Board agreed to consider these matters in executive session.

Mr. Putnam noted that several questions are to be considered, any one of which could lead into a discussion of individual personnel and contractual

items which, without warning, could compromise pending contractual and/or personnel matters.

[Secretary's Note: A member of the press, Mr. Douglas Mauldin, questioned Governor Riley on whether or not a quorum of the Board was present and he was advised that three members of the five-member Board do constitute a quorum.]

Following these comments, Governor Riley declared the meeting to be in executive session.

RATIFICATION OF EXECUTIVE SESSION ACTIONS - Following the Board's consideration of executive session items, the meeting was opened and Governor Riley advised those present that Executive Director Putnam would report on the items discussed. He also stated that no matters had been voted on and no official action taken and that, theoretically, there is no report to be made.

Mr. Putnam then reported that the following subjects were discussed during the executive session: (1) Title XX, (2) MMIS (Medicaid Management Information System), (3) computer operations and acquisition, (4) personnel study, (5) audit and accounting procedures, (6) cost containment plan, and (7) fiscal accountability.

Following Mr. Putnam's statement, upon a motion by Mr. Patterson, seconded by Representative Mangum, the Board confirmed that no actions were taken in executive session.

The meeting was adjourned at 12:55 p.m.

[Secretary's Note: In compliance with Section 9 of Act 593 of 1978 (the Freedom of Information Act), public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary in the State House and near the Board Secretary's office in the Wade Hampton Office Building on July 23, 1980.]



MINUTES OF BUDGET AND CONTROL BOARD MEETING

JULY 24, 1980

EXECUTIVE SESSION

MEETING WITH BOARD OF SOCIAL SERVICES - Governor Riley opened the discussion by noting that the Budget and Control Board has observed that several crises of mutual interest have developed but that the meeting today is not a crisis meeting. He indicated that he hears mixed signals with regard to activities within the Department of Social Services and stated that he and other members of the Board thought that a meeting of the two Boards would be helpful. Governor Riley recognized the presence of Representative Robert Helmly and asked Executive Director Putnam to present his analysis of the problem areas.

Mr. Putnam prefaced his remarks by noting that the statement made to the press may have sounded ominous and expressed the view that, in the course of the discussion, names of personnel can come up and that, while no particular contract is scheduled for discussion, any reference to existing contracts could be a problem. Mr. Putnam concluded his preliminary remarks by expressing the view that holding the meeting in executive session was completely in keeping with the spirit of the Freedom of Information Act.

Mr. Putnam indicated that he had called each DSS Board member personally to review briefly the common concerns to be discussed at this meeting in the interest of assuring all interested persons that nothing nefarious is intended. He also noted that some of the items to be discussed are things the two Board need to work together on and that neither Board may want to



hear everything which may be said in the course of today's discussion. Mr. Putnam emphasized that Budget and Control Board staff have a good relationship with DSS Commissioner Conrad.

Mr. Putnam, as background, stated that the Governor's Office had requested a report on certain of the matters to be discussed and that Mr. Putnam had pointed out additional topics for consideration. He also stated that Governor Riley then suggested that both Boards should hear the matters to be presented. Mr. Putnam then proceeded with what he described as his staff report to his Chairman, Governor Riley.

A. TITLE XX

Mr. Putnam indicated that the Budget and Control Board is very interested in Title XX because of its budgetary implications. He pointed out that the Title XX program last year got into the budget in a very messy fashion and that, as a result, eight or nine million dollars more than reasonably could be expected was included in agency budgets. Mr. Putnam noted Governor Riley's letter approving the Title XX program and emphasized the urgent necessity to get specific information on that program into the budget process not later than November of each year. He noted that a July 15 letter from the Chairman of the Human Services Coordinating Council supports the notion being pursued in getting the Title XX data into the budget in the current year. He stressed that work on the Title XX program is virtually a year-long process.

B. MEDICAID MANAGEMENT INFORMATION SYSTEM

Mr. Putnam noted that most members of both Boards are likely to be painfully aware of problems associated with this subject. He recalled that many complaints were received in the spring by Budget and Control Board members

and noted that the DSS staff identified some fifty areas of concern in an April meeting with Governor Riley at the Governor's mansion. Following that meeting, Governor Riley asked that two Budget and Control Board staff members sit with DSS staff in an overview capacity and Mr. Putnam noted that Commissioner Conrad cleared the participation of Colonel Burr and Mr. Crossscope. These two members of the Board's staff, Mr. Putnam noted, were less than impressed with the committees working on the problem at DSS and expressed the view that, unless changes were made at the lower levels of operations, the agency would continue to have major problems. Mr. Putnam noted that items of suspense continued to mount and that, on July 16, the president of the Medical Association expressed extreme dissatisfaction with the system's performance on payments to Commissioner Conrad.

#### C. COMPUTER OPERATIONS

Mr. Putnam noted that two Budget and Control Board responsibilities relate to this subject, i.e., review of federal grant applications and computer acquisitions generally.

With regard to the Board's review of federal grant applications, Mr. Putnam noted that a \$300,000 proposal to develop a pilot computer program had been reviewed by the Board's Computer Systems Management group who felt strongly that the load on DSS in the computer area was such that this added burden could not be successfully implemented and had recommended that the application not be approved. Subsequently, the Joint Appropriations Review Committee disapproved the application and the Budget and Control Board concurred in the Committee's action.

Mr. Putnam then noted that another grant application to bring the AFDC and Food Stamp programs together and tie with other DSS programs is under consideration.

With regard to computer acquisitions generally, Mr. Putnam noted that a proposal is being evolved for an extremely powerful computer but that the Budget and Control Board staff feels that it would be a mistake to shift from a very low level of computer operations in DSS and to jump two or three generations of computers with the same staff. He advised that Budget and Control Board staff strongly feel that DSS should consider another approach in that DSS could be in the position of paying Clemson University \$200,000 a month and having a \$100,000 a month computer on its hands.

#### D. PERSONNEL STUDY

Mr. Putnam stated that differences were almost certain in the personnel area but that some persons within the Department of Social Services had given DSS employees very high expectations with regard to the anticipated results of the personnel study before the study had been completed. He also stated that, apparently, the question of race was being injected into the situation. He expressed the view that the State Personnel Division diligently seeks not to let racial considerations be injected into its evaluations of positions and he urged the Board of DSS to make every effort to keep race out of this question. He expressed the view that it is totally inappropriate and that, if it is brought in, the DSS Board could expect to find itself faced with numerous grievances.



#### E. AUDITS AND ACCOUNTING

Mr. Putnam noted that, during the time the two Board staff were sitting in the overview capacity with staff of DSS, a DSS employee noted that a check in the amount of approximately \$92,000 had been prepared as payment to a doctor when the amount due was about \$223 and that Mr. Burr had expressed the very strong suspicion that the DSS system did not have sufficient restrictions on accessing check files. Mr. Putnam noted that members of the Budget and Control Board were very strongly concerned about this situation. He also stated that, last fall, a number of DSS checks were issued in excess of amounts due because certain check and balance routines in the computer system were turned off in the interest of expediting the processing of checks.

Mr. Putnam expressed the view that these situations point up the need for an auditor to become involved in the interest of seeking to recoup any overpayments of State funds. Mr. Putnam also noted that the maintenance of bank accounts outside of the State Treasurer's purview has prompted the Comptroller General's Office to raise questions on the pre-audit routines followed in issuing checks on these accounts.

Mr. Putnam then stated that these matters indicate a need for the audit staff to become involved in an effort to get these situations rectified.

#### F. COST CONTAINMENT PLANS

Mr. Putnam noted that nursing home costs apparently continue to rise in South Carolina but that the evidence is that Georgia and Florida pay significantly less per patient day than does South Carolina. He expressed amazement that federal officials in Washington don't know what accounts for South Carolina's nursing home costs to be thirty to thirty-five percent higher



than those paid in Georgia and expressed the view that a study of this by DSS (or perhaps in cooperation with the Budget and Control Board) is imperative.

G. FISCAL ACCOUNTABILITY

Mr. Putnam stated that he knows of no provision in the law which exempts the Department of Social Services from having to live within its means and he noted that it would be helpful if the DSS Board could urge the cost containment studies along. He indicated that, in many human service agencies, a philosophy seems to pervade that the job is to take care of human needs first and to worry about accountability secondly if at all. He expressed the view that this philosophy predates Commissioner Conrad and Mr. Shealy but he also indicated his feeling that some of this attitude is to be found within the Department of Social Services. Mr. Putnam concluded by observing that other South Carolina agencies in the human service field don't tolerate that philosophy and stated that if the DSS Board members will help to root out that philosophy they will have served their agency very well.

Governor Riley then recognized Chairperson Dusenbury of the DSS Board who expressed her appreciation for having been invited to this location to hear this information.

Commissioner Conrad, in a general commentary on Mr. Putnam's presentation, noted that: (1) he had warned the Budget and Control Board of the Title XX problem in his budget presentation and noted that it is a difficult process which requires a two-year cycle and which involves significant public review requirements; (2) he is still very concerned about the MMIS which is a very complex payment system; (3) the letter from Dr. Stone mentioned by

Mr. Putnam was motivated by a staff member who erroneously thinks prepayments are possible; (4) DSS will do with or without the federal grant for the computer system and that DSS will not be independent of Clemson by fiscal year 1981-82; and (5) the DSS soon will have a computer match capability on its computers and that the Department did turn off some control systems in order to get checks out even though he is greatly concerned about the system security.

Commissioner Conrad also noted that, with regard to nursing home costs, the present system rewards efficiency in that it pays nine and a half percent profit on operating costs and that the DSS Board had urged DHEC to establish a system for capping nursing home growth in the State. He also pointed out that in November of 1978 DSS had requested that DHEC stop issuing certificates of need for nursing homes until a financing plan was developed.

Commissioner Conrad expressed a desire to review Mr. Putnam's presentation on an item by item basis and invited the Budget and Control Board to pursue a detailed review at the DSS offices.

With regard to Title XX, Commissioner Conrad indicated that DSS has tried to cooperate so as to avoid duplicative work but that the application of policy on the allocation of Title XX funds is where friction develops.

Commissioner Conrad expressed great concern about the MMIS and the need to operate it at one location instead of the three different operations which presently exist. He indicated that general confidence in DSS is increasingly related to its efforts with the MMIS. In that regard, he noted that suspense items now are being returned to providers rather than holding them at DSS while corrections are attempted.

A general discussion followed in which DSS Board members Thrower and Butler participated and commented on difficulties associated with the Title XX program. Commissioner Conrad noted that about sixty-four percent of the Title XX funds go to DSS with about thirty-six percent under contracts and that in the current year the figures may change to seventy percent for DSS and thirty percent for the contract portion.

With regard to the MMIS, Mr. Putnam noted that it infuses about everything DSS does and is probably of greatest concern to the Budget and Control Board. Commissioner Conrad observed that a good benchmark on the status of his Department's efforts in that regard is coming up late in August. He indicated that if DSS is not certified by the federal reviewers it will indicate that substantial problems do in fact exist.

A general discussion ensued in which Representative Mangum inquired about the numbers of doctors who refuse to see Medicaid patients. Commissioner Conrad expressed the view that the number is not alarming and Mrs. Dusenbury noted that the amount of Medicaid payments is infuriating to doctors and is more of a problem than late payments.

In a further discussion of the computer situation, Mr. Putnam proposed that DSS approach the problem in increments beginning with a small computer with expansion capabilities in the first year and ultimately transferring the operation from Clemson University. In response, Commissioner Conrad indicated that they had started out on an incremental approach and that this concept is not opposed.

With regard to the personnel study, Mr. Putnam, acknowledging it is very presumptuous on his part, suggested to the DSS Board that it establish



a personnel subcommittee like the Budget and Control Board has done and consider the possibility of joint meetings of the two subcommittees.

DSS Board member Butler, in commenting on the question of race having been injected into the personnel study, stated that it had not been injected by the Board of DSS but that patterns of employment are racially structured and, as a result, when the study got underway it appeared that blacks were locked in. He noted that the study did not take into account how those structures evolved from traditional hiring patterns.

Mr. Putnam suggested that the staffs work out the problem as best they can and bring it to the subcommittee level for consideration. Mr. Patterson noted that he had received a number of letters on that study and Commissioner Conrad stated that the matter had come up in a private conversation with Dr. Mullins. He further indicated that the impact of how the study would be perceived was the DSS Board's concern. DSS Board member Agnes Wilson noted that just considering the problem has very positive effects on the staff involved.

With regard to the audit situation, Mr. Putnam stated that auditors from the Finance Division would be coming in to DSS to look at the three problem areas indicated and Commissioner Conrad expressed no disagreement with that.

With regard to cost containment, Governor's Executive Assistant Kimpson noted that, if DHEC will reexamine the staffing requirements involved, it may be timely to undertake a study of the whole nursing home situation.

On the matter of fiscal accountability, Mr. Putnam stated that it may be the most important subject under discussion. He indicated that Commissioner Conrad and Mr. Shealy were not directly involved in the situations selected to illustrate this problem and emphasized that the concept of accountability



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seems to come second still to certain DSS staff. DSS Board member Butler agreed that these thoughts may still be there but that the new leadership is overcoming that view.

Following this discussion, Governor Riley expressed appreciation to the DSS Board members for what he considered to have been a very positive session. Governor Riley also noted that, since no official action had been taken in the executive session, it would not be necessary under the Freedom of Information Act to take a vote. He did note that the Board could ratify a statement by Mr. Putnam that no action had been taken.

Information relating to this matter has been retained in these files and is identified as Exhibit 1.

# EXHIBIT

## PROBLEMS TO BE ADDRESSED

JUL 24 1980

NO. 1

STATE BUDGET & CONTROL BOARD

- I. Title XX
  - A. Need for current information
  - B. Agreement on plan
  - C. Present procedures
- II. MMIS
  - A. Recent complaints
  - B. Staff overview
  - C. Staff evaluation
  - D. Current status
- III. Computer Operations and Acquisition
  - A. Denial of federal grant
  - B. New grant application
  - C. Prospects for computer acquisition
- IV. Personnel Study
  - A. Disagreements on basics of study
  - B. Questions of race being injected
- V. Audit and Accounting
  - A. Access to check tapes
  - B. Recouping of overpayments
  - C. Acceptable pre-audit routines
- VI. Cost Containment Plans
  - A. S. C. nursing home costs vs. Georgia & Florida

## JUL 24 1980

NO. 1  
CONTROL BOARD

## STATE BUDGET &amp; CONTROL BOARD

Strive to modify the agency philosophy pertaining to accountability

A. Governor, B & C Board and DSS Board should insist that staffs work closely and diligently to prepare realistic Title XX budgets prior to Budget and Control Board report.

- A. Renew efforts to bring payments to a current basis
- B. Consider outside help to review internal processing methods

- A. 1980-81
  - 1. Acquisition of small computer with expansion capabilities
  - 2. Improve data processing staff
  - 3. Continue work on MMIS at Clemson
- B. 1981-82
  - 1. Convert present in-house programs to new computer
  - 2. Continue data processing staff improvements
  - 3. Refine MMIS at Clemson
- C. 1982-83
  - 1. Expand computer at DSS
  - 2. Transfer MMIS from Clemson

A. Organize subcommittee of DSS Board to hear all details of study

B. Have meeting between personnel subcommittees of DSS Board and Budget and Control Board if desirable

A. Prompt review of finding of auditors and attention to correcting systems and/or recovery of overpayments

B. Regular reports to the DSS Board.

4/23/80

## EXHIBIT

## WEEKLY MMIS PROCESSING BACKLOG

JUL 24 1980

NO. 1

( Week Ending 4/20 )

## STATE BUDGET &amp; CONTROL BOARD

	CROSSOVER	DRUGS	HIC	DENTAL	M-T	I/P	O/P	N/H
a) Forms Received	15,000	40,250	13,275	1,300	206			
b) Old Backlog	60,000	118,717	66,612	6,004	135			
c) Adjustments to Backlog		+40,308	+14,451	+2,113	+45			
d) Processing Base	75,000	199,275	94,338	9,417	386			
e) Forms Processed	0	7,265	51,942	5,872	135			
f) New Backlog	75,000	192,010	42,396	3,545	251			
g) Claims/forms Ratio	1/1	1/1	1/1	1/1	1/1	1/1	1/1	
h) Claims Backlog								
i) Old Suspense	47,850	56,777	90,451	7,264	841			
j) Claims Resolved	0	20,450	47,621	3,420	288			
k) Claims Suspended	0	694	13,107	2,693	41			
l) New Suspense	47,850	37,021	55,937	6,537	594			
m) Total Processing Backlog (h+1)	122,850	229,031	98,333	10,082	845			
2/11/80								
New Backlog	313,202							
Suspense	147,939							
Total	461,141							

100,089

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EXHIBIT

NO. 1

JUL 24 1980

STATE BUDGET &amp; CONTROL BOARD


 SOUTH CAROLINA  
 DEPARTMENT OF SOCIAL SERVICES

## WEEKLY MMIS PROCESSING SUMMARY

Date

Week Ending 7/13/80

	CROSSOVER	DRUGS	HIC	DENTAL	M-T	I/P	O/P	N/H
(A) Forms Received	0	46,900	15,000	1,250	135			
(B) Old Backlog	0	61,383	23,322	3,804	472			
(C) Adjustments to Backlog	0	-10,389	-3,740	-71	-101			
(D) Processing Base	0	97,894	34,582	4,983	506			
(E) Forms Processed	0	7,547	12,238	3,182	222			
(F) New Backlog	0	90,347	22,344	1,801	284			
(G) Claims/Forms Ratio	1/1	1/1	1/1	1/1	1/1			
(H) Claims Backlog	0	90,347	22,344	1,801	284			
(I) Old Suspense		73,884	47,560	10,760	1,025			
(J) Claims Resolved		652	1,155	314	2			
(K) Claims Suspended		25	2,774	1,074	183			
(L) New Suspense		73,207	49,179	11,520	1,206			
					135,112			
(M) Total Processing Backlog (H + L)		163,554	71,523	13,321	1,490			

7/16/80

1243

**THE END**