



United States  
General Accounting Office  
Washington, D.C. 20548

Health, Education, and  
Human Services Division

B-271660

May 24, 1996

The Honorable Luis V. Gutierrez  
House of Representatives

Dear Mr. Gutierrez:

In response to recent reports of inadequate care in certain state-operated psychiatric hospitals, you asked us to provide information on federal and state oversight of these institutions. The Health Care Financing Administration (HCFA) of the Department of Health and Human Services is responsible for setting standards and monitoring state oversight of public and private psychiatric hospitals certified to participate in Medicare and Medicaid. States have primary responsibility for conducting, or arranging for, inspections—called surveys—of these facilities and enforcing federal standards. As of 1993, about 75 percent of state and private psychiatric hospitals were certified to participate in Medicare and Medicaid. In this correspondence, we describe the HCFA certification process for psychiatric hospitals and provide information on quality of care deficiencies identified in both state and private institutions.

In summary, HCFA's certification process is intended to ensure that state and private psychiatric hospitals meet federal standards for health and safety and that they carry out an active program of treatment for their patients. Surveyors reported that most certified state and private psychiatric hospitals were in compliance with HCFA's requirements for medical records and staffing at the time of their most recent survey. HCFA's data show, however, that while surveyors reported some deficiencies at most facilities, they reported slightly fewer deficiencies on average at state psychiatric hospitals.

To conduct our work, we interviewed HCFA officials, reviewed federal regulations and guidance, and analyzed HCFA data on facilities' compliance with HCFA's special medical records and staffing requirements for psychiatric hospitals. We did not review survey reports of individual facilities or examine quality of care concerns in psychiatric hospitals not certified to participate in Medicare or Medicaid. We performed our work from February through April 1996 in accordance with generally accepted government auditing standards.

## HCFA Certification

As of August 1995, 702 psychiatric hospitals were certified by HCFA for participation in Medicare and Medicaid. Certification can apply to the entire facility or to a distinct part or wing that houses Medicare or Medicaid patients. (See table 1.)

**Table 1: HCFA-Certified Psychiatric Hospitals, August 1995**

	Number of certified hospitals	Total beds	Total certified beds	Percentage of beds certified
State	199	62,604	47,599	76
Private	474	40,684	38,271	94
Other government	29	3,554	2,309	65
<b>Total</b>	<b>702</b>	<b>106,842</b>	<b>88,179</b>	<b>83</b>

Source: GAO analysis of HCFA's Online Survey and Certification Reporting System (OSCAR) database

In order to become certified for participation in Medicare and Medicaid, state and private psychiatric hospitals must meet two sets of federal requirements—general hospital requirements for health and safety and special psychiatric hospital requirements for active treatment. Hospital requirements for health and safety include those pertaining to medical staff, quality assurance, infection control, dietary services, and physical environment. A facility can meet these health and safety requirements either by having the state health department survey the facility and certify that it meets federal standards or by meeting the similar accreditation standards of the Joint Commission on Health Care Organizations (JCAHO).<sup>1</sup> As of August 1995, almost 90 percent of certified state and private psychiatric hospitals met federal health and safety requirements through JCAHO accreditation.

To determine whether psychiatric hospitals meet the specific federal requirements for active treatment, all facilities must undergo a separate survey to assess compliance with two special psychiatric conditions of participation: medical records and staffing. The medical records must reflect the degree and intensity of active treatment provided to residents. In addition, the hospital must have adequate numbers of qualified staff to evaluate patients, prepare comprehensive individualized treatment plans, provide treatment, and engage in discharge planning.

<sup>1</sup>JCAHO is a private, nonprofit agency that, at the invitation of a hospital, sends a team of professionals to inspect the facility and determine whether it meets JCAHO standards. The hospital itself pays for the survey. If the hospital is found to be in substantial compliance, it is given a 3-year accreditation.

The psychiatric survey is conducted on-site by teams that are generally composed of either state survey agency employees or consultants under contract to HCFA. State survey agencies may request the assistance of HCFA contract surveyors if they do not have sufficient expertise to conduct the psychiatric survey.<sup>2</sup> HCFA contract survey teams include board-certified psychiatrists and masters-prepared psychiatric nurses. Depending on the size of the facility, teams may also include masters-prepared psychiatric social workers. HCFA does not specify the frequency with which states must inspect psychiatric hospitals for the two conditions of participation.

The psychiatric survey includes an examination of hospital and individual patient records, direct observations of patients, and interviews with patients and staff. Surveyors may cite the facility for failure to meet one or both of the conditions of participation, or they may cite the institution for deficiencies in the specific standards or elements that make up the more global conditions of participation. (See enclosure.) In order to remain certified, a cited institution must develop and implement a corrective action plan that responds to deficiencies cited on the survey. For the most serious violations, those cited as condition of participation violations, the facility is required to take immediate corrective action or risk termination from the program within 90 days.

## Deficiencies in State and Private Hospitals

HCFA reported that as of August 1995 most certified state and private psychiatric hospitals were in compliance with the conditions of participation on their most recent survey.<sup>3</sup> Surveyors reported condition of participation violations at 3.5 percent of state psychiatric hospitals and at 7.4 percent of private hospitals.<sup>4</sup> (See table 2.)

<sup>2</sup>HCFA gives priority for contract surveys to inspections of state-owned hospitals and to both public and private facilities with a history of problems. This contract mechanism allows state agencies to draw upon clinical expertise that they may not always possess, and it removes the conflict-of-interest possibility if state-owned institutions are surveyed by state employees.

<sup>3</sup>HCFA's 1995 data are based on state surveys conducted according to HCFA's 1986 guidelines. In September 1995, HCFA published revised guidelines for surveying psychiatric hospitals.

<sup>4</sup>According to HCFA's August 1995 OSCAR data, 90 percent of state psychiatric hospitals and 67 percent of private facilities have had their most recent psychiatric survey since January 1993.

**Table 2: Condition of Participation Violations Cited on Most Recent Survey, August 1995**

	State	Private
Total number of hospitals	199	474
Hospitals with condition of participation violations		
<b>Total</b>	<b>7</b>	<b>35</b>
Percent	3.5	7.4
Condition 1: medical records		
<b>Total</b>	<b>4</b>	<b>25</b>
Percent	2.0	5.3
Condition 2: staffing		
<b>Total</b>	<b>3</b>	<b>10</b>
Percent	1.5	2.1

Source: GAO analysis of HCFA's OSCAR database

Surveyors reported that 60 percent of state and 66 percent of private psychiatric hospitals had at least one deficiency on a specific standard or element contained in one of the two conditions of participation. State hospitals had slightly fewer of these deficiencies on average than private facilities. (See table 3.)

**Table 3: Deficiencies on Standards and Elements Cited on Most Recent Survey, August 1995**

	State	Private
Total number of hospitals	199	474
Number with any deficiency	120	314
Percentage with any deficiency	60%	66%
Total number of deficiencies	455	1,734
Average number of deficiencies per hospital	3.8	5.5

Source: GAO analysis of HCFA's OSCAR database

The same deficiencies in standards and elements were most frequently cited in both state and private psychiatric hospitals. These deficiencies included failure to (1) evaluate patients' strengths when developing a treatment plan; (2) specify each individual patient's treatment goals in observable, measurable and relevant terms; and (3) indicate the methods and individualized approaches of treatment used to accomplish those goals.

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## Agency Comments

Officials from HCFA's Health Standards and Quality Bureau reviewed a draft of this correspondence and generally agreed with its contents. They provided clarification on the composition of the hospital survey teams, which we have incorporated.

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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this letter until 15 days from its date. We will then send copies to the Secretary of Health and Human Services; the Administrator, Health Care Financing Administration; and other interested parties. We will make copies available to others on request.

If you have any questions about this correspondence, please call me at (202) 512-7119 or Bruce D. Layton, Assistant Director, at (202) 512-6837. Other major contributors to this correspondence were Eric R. Anderson and Paula J. Bonin.

Sincerely yours,



William J. Scanlon  
Director  
Health Systems Issues  
Enclosure

# Special Conditions of Participation for Psychiatric Hospitals Participating in the Medicare and Medicaid Programs

In order to be certified for Medicare and Medicaid, psychiatric hospitals must comply with two special psychiatric conditions of participation: medical records and staffing. Each condition is composed of standards, and each standard may have specific elements. State agency or HCFA contract surveyors assess facilities' compliance with conditions, standards, and elements.

## Condition 1: Special Medical Records for Psychiatric Hospitals

The medical records must reflect the degree and intensity of active treatment provided to residents.

### Standard: Development of Assessment/Diagnostic Data

- Element: Identification of patient's legal status
- Element: Admission diagnosis
- Element: Documentation of patient's and others' understanding of reason for admission
- Element: Social service records
- Element: Recorded neurological examination when indicated

### Standard: Psychiatric Evaluation

- Element: Evaluation completed within 60 hours of admission
- Element: Medical history
- Element: Mental status record
- Element: Illness prompting admission described
- Element: Attitudes and behavior described
- Element: Intellectual functioning, memory, and orientation assessed
- Element: Descriptive inventory of patient's strengths

### Standard: Treatment Plan

- Element: Treatment plan based on patient's strengths and disabilities
- Element: Substantiated diagnosis
- Element: Short-term and long-range goals
- Element: Treatment methods
- Element: Treatment team responsibilities
- Element: Adequate documentation to justify treatment plans
- Element: Documentation of treatment

### Standard: Recording Progress

### Standard: Discharge Planning and Discharge Summary

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<sup>5</sup>Sources: 42 C.F.R. sections 482.60, 482.61, and 482.62 and HCFA's OSCAR database as of August 1995.

Condition 2: Special Staff Requirements for Psychiatric Hospitals

The hospital must have adequate numbers of qualified professional and support staff to evaluate patients; formulate written, individualized, comprehensive treatment plans; provide active treatment measures; and engage in discharge planning.

Standard: Adequate Numbers of Professional, Technical, and Consultative Personnel

- Element: Patient evaluation
- Element: Comprehensive individualized treatment plan
- Element: Active treatment measures
- Element: Discharge planning

Standard: Inpatient Psychiatric Services: Medical Staff

- Element: Number of psychiatrists
- Element: Clinical director qualifications
- Element: Monitoring of service and treatment quality

Standard: Availability of Medical Personnel

Standard: Nursing Services

- Element: Adequate nurse staffing
- Element: Psychiatric nursing director qualifications

Standard: Psychological Services

Standard: Social Services

- Element: Director of social work qualifications
- Element: Social services staff responsibilities

Standard: Therapeutic Activities

- Element: Restoration of physical and psychosocial functioning
- Element: Comprehensive therapeutic activities



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