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**Subject: DHCS COVID Retention Payments
 Report 2023-47**

University of California San Diego (UCSD) Audit & Management Advisory Services (AMAS) has completed a review of Department of Health Care Services (DHCS) COVID Retention Payments as a supplemental audit of the approved audit plan for Fiscal Year 2022-23. This report summarizes the results of our review.

Background

The State of California launched a program in 2022 to issue worker retention payments to stabilize and retain the state's health care workforce considering the impact of the COVID-19 pandemic. University of California (UC) medical centers were eligible to participate in the retention payment program. All employees of UCSD Health (UCSDH), excluding managers and supervisors, were eligible to receive retention payments if, during the qualifying work period, they worked onsite at least 100 hours. An employee was considered part-time for purposes of the program if they worked onsite between 100 to 399 hours, and full-time if they worked more than 400 hours onsite. The qualifying work period was July 30, 2022 through October 28, 2022, and the employees must still have been employed as of November 28, 2022.

The amount of the retention payments from the State were \$750 for part-time employees and \$1,000 for full-time employees. Additionally, the State matched up to \$500 paid to eligible employees by the health care organizations. The State had a finite pool of money to fund the retention payments and matching funds, so it was possible the actual payments received from the State would be less than indicated above. The State sends the program payments to each health care organization, and it is the responsibility of the organization to distribute the money to its eligible employees.

Health care organizations were required to upload a list of eligible employees that included the number of hours worked on site, the classification of part-time or full-time and the amount (if any) the entity had paid to the employee as part of the fund matching opportunity. This list was to be submitted along with the application for program participation to DHCS. The deadline for the application and list of eligible employees was 5PM January 6th, 2023. UC Health developed guidance for each location to follow to ensure the program requirements were met, and critical issues may be addressed consistently across the system.

The UC Office of the President requested that the internal audit office at each UC Health location perform a review to determine whether the list of eligible employees was consistent with the guidance provided by UC Health and did not include ineligible individuals.

Audit Objective, Scope and Procedures

This objective of our review was to review the list of employees submitted to the DHCS for the Hospital and Skilled Nursing Facility COVID-19 Worker Retention Payments to determine whether the list of eligible employees was consistent with the guidance provided by UC Health. In order to achieve our objective, we performed the following procedures:

- Reviewed DHCS retention payment updates provided to UC leadership (as of November 2022) and subsequent guidance from UC Legal, Office of the General Counsel;
- Interviewed the Director, Talent Acquisition, Compensation and Benefit Services and the Compensation Awards Analyst, UCSDH Human Resources (HHR);
- Examined the following:
 - Clinical employee and physician reimbursement files submitted to the State of California,
 - Comparable employee and physician rosters as of October 2022,
 - Comparable Distribution of Payroll Expense (DOPE) reporting from July to October 2022,
 - Ecotime timekeeping data files for August, September and October 2022; and
- Evaluated a sample of confirmations requested from UCSDH executives, directors and managers confirming on site presence of employees with remote work agreements.

Conclusion

Based on our review procedures, we concluded that the information to be submitted to the State and/or disbursed to UCSDH employees was generally consistent with the guidance provided by UC Health, although a limited number of administrative errors were made which required correction. These errors have since been corrected in the final data files submitted to the State and/or used for subsequent disbursements to UCSDH employees. Additional information on these adjustments is provided below.

Supporting Comments

The initial report submitted to the State of California by HHR contained 10,678 employees who were identified as eligible for the incentive payments. Based on our analyses of the this report and corresponding UCSD timekeeping, payroll and other data and a limited review of supporting documentation, we noted the following errors related to 115 employees (approximately 1% of the overall total):

- 67 UCSDH staff were identified as ineligible after the application;
- 48 UCSDH staff were identified that needed to be changed from full-time to part-time (after adjustments subsequently identified by the State¹);

The discrepancies above appeared to be administrative and clerical errors which were the result of a combination of the varied sources of information relied on for the different types of included employees, the manual nature of the process used to confirm employees with remote work

¹ Adjustments have been made subsequently by the State based on information submitted by California healthcare organizations. These adjustments account for individuals who were submitted by two unrelated organizations if they were employed by each during the eligible period of time.

agreements, the compressed timeframe over which the submitted information was prepared, and the evolving guidance on this topic. These errors have since been corrected in the final data files submitted to the State and/or used for subsequent disbursements to UCSDH employees.

We did not perform any procedures to corroborate adjustments made subsequently by the State, since that is reliant on information submitted by external organizations.

Audit & Management Advisory Services appreciates the cooperation and assistance provided during the review.

UC policy requires that all draft audit reports be destroyed after the final report is issued.

If you have any questions regarding this report, please call me at 534-1191.

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