

November 20, 2006
ILR 2006-C

Representative Roz McGee
Utah House of Representatives
W030 State Capitol Complex
Salt Lake City, UT 84114

Subject: Adoption Expense Reporting Survey

Representative McGee:

The Office of the Legislative Auditor General was asked to conduct a survey to analyze data that is collected from reports that adoption agencies send to the Office of Licensing. HB 276, passed during the 2004 legislative session, requires all child-placing agencies to submit itemized reports detailing all expenses accrued during an adoption.

The following key issues were discovered during the audit survey:

- Not all reports are being sent into the Office of Licensing.
- Many reports that are submitted are incomplete.
- There is no requirement that private adoptions reports be submitted to the Office of Licensing.

The Office of Licensing has been collecting adoption expense reports since the passage of HB 276. The bill was enacted May 3, 2004. Officials from the Office of Licensing and the Office of the Courts decided that the adoption agencies and private attorneys would send the same affidavit reports that were being submitted to the courts to the Office of Licensing. Among other things, the reports list the expenses involved in processing the adoption of a child.

As shown in Figure 1, the office is not receiving all of the adoption reports. The office does not know if every adoption agency licensed with them is sending in adoption expenses forms

for every adoption. The office does not have a process in place to validate the adoption totals of those agencies that are licensed with them. If the office had an adoption total reported to them (either quarterly or annually) from the adoption agencies, they could reconcile it with the reports that are submitted to them from the same agencies.

Figure 1. Total Number of Adoptions. Comparison of adoptions recorded at the Office of Vital Statistics versus adoptions reported to the Office of Licensing.

	2004	2005
Adoption Expense Reports Received by the Office of Licensing	131*	279
Total Adoptions Reported by the Office of Vital Statistics	2004	2465
Percent of Total Reports Received	6.5%	11%

* Data for year 2004 is from May - Dec. 2004.

As seen in Figure 1, about 90 percent of the adoptions are not being reported on the adoption expense form to the Office of Licensing. Office of Licensing officials believe this is mostly attributed to private adoptions whose data is not captured in their reporting process. However, it is hard for us to believe that approximately 90 percent of all adoptions in the state are private adoptions. Consequently, the legislature is interested in validating the exact number of adoptions through licensed adoptions agencies versus private adoptions.

Reconciling the accumulated data would enable the office to know who is not responding to the required adoption expense forms. Having an accurate total would also help the office determine how many reports are not being submitted by private adoptions. Since attorneys are not required to be licensed with the office, the office cannot require individuals pursuing private adoptions to comply with the law and submit an adoption expense report.

Most of the reports submitted to the Office of Licensing are incomplete and do not follow the intent of HB 276. The bill specifies that all fees and expenses must be itemized. Additional requirements include listing the state of residence of the adoptive parents and birth mother and stating whether or not Medicaid funds were used for birthing expenses.

Figure 2. Adoption Expenses from Various Forms. The following is a sample of 15 adoption expense reports sent into the Office of Licensing.

Required Items	Percent of Item Listed	Percent of Item Not Listed	Percent of Expenses Grouped
Date on the Form	100%	0%	n/a
Form Signed by the Adoptive Parents	100	0	n/a
Form Signed by Agency or Case Worker	100	0	n/a
Fees paid by Adoptive Parents to Agency	93	7	n/a
Items Exchanged	47	53	n/a
State of Residence of Birth Mother	67	33	n/a
State of Residence of Adoptive Parents	80	20	n/a
State Where the Services Were Rendered	87	13	n/a
Legal Expenses	53	13	33%
Maternity Expenses	47	20	33
Medical Expenses	67	0	33
Hospital Expenses	60	7	33
Living Expenses	47	20	33
Misc. Fees Paid	47	33	20
All Gifts	87	7	7
Any Given Property	47	47	7
Public Funds Used for Medical Expenses	80	20	0
Counseling Expenses	33	40	27
Living Expenses	33	40	27
Expenses for Travel	20	47	33
State Where Birth Took Place	67	33	0

The data in Figure 2 is a random sample of 15 reports with the percentages of data that were reported to the Office of Licensing for each required item. This figure shows that not all adoption agencies are reporting the required data consistently. Many of the reports included adoption expenses, but these expenses were not itemized.

Unless all of the information is itemized in the report as requested, it is difficult to determine the actual individual costs of an adoption. Also, providing complete information on the reports can help determine how many out-of-state birth mothers are being covered by Medicaid. This is important because the state can determine the costs involved in paying for the birth expenses of women who are not residents of the State of Utah. If the office is able to keep an accurate account of the adoptions that are taking place from the licensed adoption agencies, this will help them determine the actual number of public and private adoptions that are taking place.

All agencies that register with the Office of Licensing are instructed to submit adoption expense reports. However, the office does not require the use of a standard form that collects all of the same information. Since the office is in charge of collecting the data they should determine what the report should contain, according to the standards set in HB 276. The form could be easily produced by the office, and agencies could download it when needed from the office's Web site. This would help alleviate the vast differences in the reporting now occurring among the different adoption agencies.

Recommendations

1. We recommend that the Office of Licensing provide a standard form listing expenses and information required by HB 276 and require the adoption agencies to use it.
2. We recommend that the Office of Licensing require adoption agencies that are licensed with the state to submit quarterly or annually adoption totals, and that the office use these totals to reconcile against the reports that are sent in.
3. We recommend that the Office of Licensing annually record the total number of both in- and out-of-state birth mothers who used Medicaid to pay for their birthing expenses in order to track trends.

We hope this report addresses your questions. If you have any further questions, please call our office at (801) 538-1033.

Sincerely,

John M. Schaff, CIA
Auditor General