

EXECUTIVE DIGEST

ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH SERVICES

INTRODUCTION

This report contains the results of our performance audit* of St. Clair County Community Mental Health Services (SCCCMHS), Department of Community Health (DCH)*.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

SCCCMHS was established in 1965 and operates under the provisions of the Mental Health Code, being Sections 330.1001 - 330.2106 of the *Michigan Compiled Laws*. SCCCMHS is an agency of county government and is subject to oversight by DCH.

SCCCMHS's mission* is to ensure that appropriate, quality mental health services are accessible to St. Clair County residents and their families.

For the fiscal year ended September 30, 1996, SCCCMHS expended approximately \$26.8 million. SCCCMHS operations are generally funded by 90% State and 10% local funds. SCCCMHS also receives first party* and third party* reimbursement for services. As of September 30, 1996, SCCCMHS had 163 full-time employees and served approximately 3,400 clients* through SCCCMHS-operated and contracted programs.

AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS

Audit Objective: To assess the effectiveness and efficiency of SCCCMHS's process for administering its residential services contracts.

Conclusion: SCCCMHS did not administer its residential services contracts in an effective and efficient manner. We noted material conditions* related to staffing levels and contract management:

- SCCCMHS did not have an effective mechanism to determine the appropriate level of staffing for residential services delivered in group home settings by contract providers. As a result, SCCCMHS funded a wide range of staffing levels among group homes without having a meaningful rationale for the differences. (Finding 1)

SCCCMHS agrees with the recommendation and will develop an effective mechanism to assess staffing patterns and utilization in residential group home settings that is consistent with the new Mental Health Code mandated, person-centered, planning process.

SCCCMHS needs to improve the effectiveness of its administration of residential services contracts in terms of timely execution of contracts, timely completion of audits and cost settlements, and minimization of erroneous financial reporting by residential services providers (Finding 2).

SCCCMHS agrees with the recommendation and will strengthen and further refine the timeliness of its execution of contracts, ensure timely completion of audits and cost settlements, and will ensure accurate financial reporting by residential services providers.

We also noted reportable conditions* related to SCCCMHS's internal control structure* over residential equipment and program performance goals* and objectives* for group homes (Findings 3 and 4).

Audit Objective: To assess the effectiveness and efficiency of SCCCMHS's reimbursement system related to rate setting, billing, and collecting for mental health services.

Conclusion: SCCCMHS's reimbursement system related to rate setting, billing, and collecting for mental health services was generally effective and efficient. However, we noted reportable conditions related to SCCCMHS's administration of Medicaid spend-down* procedures and billing for mental health services (Findings 5 and 6).

Noteworthy Accomplishments: In recent years, SCCCMHS has striven to maximize third party reimbursement revenues and to lessen its dependence on State funds. From fiscal year 1992-93 to fiscal year 1994-95, SCCCMHS increased its third party reimbursement revenues from \$13.6 million to \$16.1 million. SCCCMHS accomplished this, in part, by actively enrolling its clients in three Medicaid programs: Community Supported Living Arrangement, reNEWed Habilitation/Supports Waiver, and Home Based Services. In fiscal year 1994-95, Medicaid programs were generally funded by 56.84% federal and 43.16% State funds. SCCCMHS program costs not funded by third party reimbursements were generally funded by 90% State and 10% local funds.

Audit Objective: To assess the effectiveness and efficiency of SCCCMHS's efforts to evaluate and improve its delivery of mental health services.

Conclusion: SCCCMHS's efforts to evaluate and improve its delivery of mental health services were generally effective and efficient.

Noteworthy Accomplishments: In June 1996, SCCCMHS initiated a Quality Improvement Council to oversee its quality improvement efforts. These efforts included the development of a comprehensive agency evaluation plan that included, among other things, both client satisfaction and provider satisfaction surveys. In addition, in 1996, SCCCMHS received a three-year accreditation from the Rehabilitation Accreditation Commission for its substantial compliance with national health care standards.

AUDIT SCOPE AND
METHODOLOGY

Our audit scope was to examine the program and other records of St. Clair County Community Mental Health Services. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

To accomplish our objectives, our audit procedures included examinations of SCCCMHS's records and activities covering the period October 1, 1993 through September 30, 1996. We reviewed selected residential services contracts and contract administration. We assessed the reliability of the reimbursement system's procedures and controls. In addition, we reviewed established performance measures and tested related monitoring mechanisms. We also surveyed clients and referral sources (survey summaries are presented as supplemental information).

AGENCY RESPONSES

Our audit report includes 6 findings and 11 corresponding recommendations. SCCCMHS's preliminary response indicated that it agreed with our recommendations and has

taken or will take steps to implement the recommendations.