



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: ADMHS
Department No.: 043
For Agenda Of: 6-24-08
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: No Vote Required

TO: Board of Supervisors

FROM: Department Ann Detrick, Ph.D., Director
Director(s) Alcohol, Drug, and Mental Health Services, 681-5220
Contact Info: Marianne Garrity, R.N., ADMHS Deputy Director, 681-5220

SUBJECT: ADMHS Operations Improvements: Contracts

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: Select_Concurrence

Recommended Actions:

Receive and file a report regarding Alcohol, Drug and Mental Health Services operations improvements for the Contracts Division.

Summary Text:

As outlined in the report to the Board of Supervisors on March 11, 2008, the Alcohol, Drug and Mental Health Services (ADMHS) department has worked to identify areas where internal controls need to be strengthened. By better managing the Department's resources, ADMHS can enhance the delivery of services and ensure the right people get the right type and amount of services. The areas identified as opportunities for improvement included: Contracts Management; Utilization Management/Quality Assurance; Information Systems; Fiscal Management; Outcomes/Evaluation. The implementation of changes in ADMHS' contracts is one of the first phases of the business operations improvements. This update provides information regarding the implementation of ADMHS' contract redesign efforts for FY 08-09 contracts.

Background:

ADMHS' plan proposed to address the areas listed above by identifying solutions to promote improved functioning in these business operations such as contract redesign and enhanced outcome and evaluation. These improvements are being implemented to increase accountability, monitoring of contract spending and management of the department's limited resources.

Auditor-Controller Concurrence

As to form: Yes

Some of the issues ADMHS has experienced include contractors' late or incomplete submissions of State-required cost reports which can result in ADMHS not receiving reimbursement from the State. In addition, because of ADMHS' complex funding mechanism, contractors have been able to bill more than the maximum contract amount. This creates a financial liability for the County, which is required to provide payment once services are delivered. In the old template, the County has had little or no recourse for dealing with noncompliant agencies. Further, the lack of consistent outcome measures across agencies has made it difficult for the department to compare the effectiveness of services being offered.

ADMHS is comprised of several divisions including children's mental health, adult mental health, alcohol and drug programs and Mental Health Services Act. Because the various divisions' requirements vary, ADMHS must develop contract exhibits customized to the services offered and to comply with the appropriate governing State agency. In fact, even within divisions, varying contract requirements may be found. For example, children's mental health outpatient service contracts require different terms and conditions compared to children's residential contracts. For these reasons, contract changes are being implemented in a phased manner, beginning with FY 08-09 contracts for children's outpatient mental health services. The timeline for implementation for contract changes by ADMHS division is depicted below:

ADMHS Contract Revisions Implementation timeline					
Contract Type	Budget	Exhibit A Statement Of Work	Exhibit B Financial Provisions	Exhibit B-1 Payment Arrangements	Exhibit E Outcomes
Children's MH Services	5/08	n/a	7/1/2008	7/1/2008	7/1/2008
Adult MH Services	5/08	8/1/2008	8/1/2008	8/1/2008	8/1/2008
Children's Residential	5/08	n/a	Q1 FY 08-09	Q1 FY 08-09	Q1 FY 08-09
ADP - DMC contract	5/08	n/a	FY 09-10	FY 09-10	FY 09-10
ADP - NNA contract	5/08	n/a	Q2 FY 08-09	Q2 FY 08-09	Q2 FY 08-09

ADMHS' Contracts staff worked with representatives from County Counsel, the Auditor-Controller's office and ADMHS fiscal staff to develop improved contract financial terms and conditions. Since March 2008, this contract redesign group has reviewed mental health contract samples from a number of other counties and developed new exhibits for ADMHS' mental health contracts. ADMHS contracts will continue to use the County boilerplate agreement, which comprises the first 9 pages of any County contract. The revised Exhibits to that agreement for children's services include the following new terms:

- Requirement for each agency doing business with ADMHS to submit an agency budget on a standard form. This ensures each agency presents their costs at the outset of the contract and will help reduce the likelihood of sudden cost increases during the year;
- Required reporting, such as monthly fiscal and staffing reports, quarterly programmatic reports;
- Financial provisions (Exhibit B)
 - Customized to the type of contract rather than general terms (i.e. outpatient Medi-Cal);
 - Updated billing and payment requirements, and limitations to the amount that can be billed;
 - Specify deadlines for submission of cost report and penalties for noncompliance.

- Schedule of Rates (Exhibit B-1)
 - Include units of service anticipated by program, total program costs and ADMHS/other funding sources.
- Outcome Measures (Exhibit E)
 - Provide standardized program goals, outcome measures and data elements to be measured.
 - Are modeled after MHSa program outcome measures to instill consistency across services.

The exhibit changes are further described in the attached Highlights of ADMHS Children's Contract Changes. In addition, a sample entire children's contract, including all of the revised exhibits, is also attached to this Board Letter. ADMHS will continue to work with the contract redesign group to develop and implement contract exhibits for the remaining ADMHS divisions. Further, ADMHS will provide updates to the Board of Supervisors on the upcoming phases of the business operations improvements.

Special Instructions:

Please send one (1) minute order to:

Alcohol, Drug, and Mental Health Services
ATTN: Contracts Office
300 North San Antonio Road, Bldg. 3
Santa Barbara, CA 93110

Attachments:

Highlights of ADMHS Children's Contract Changes
Sample Contract (with New Exhibits B, B-1/B-2, E)

Authored by:

Christina Toma

cc:

Highlights of ADMHS Children's Contract Changes

Exhibit A Additions	
Fiscal Reports	Monthly expenditure/revenue/projection reports
Staffing Reports	Monthly
Program Reports	Quarterly
Outcomes	Ongoing
Exhibit B Financial Provisions	
Section	Detail
I.	Payment for services: Provides information on what is being reimbursed; proportion of funds (FFP, County, etc.); method of reimbursement
I. B through D.	Defines the circumstances under which reimbursement shall occur for Medi-Cal, Healthy Families, Non-medi-cal services and the breakdown of funding type
III. A	Requires agencies to provide a budget packet to County each year of the agreement which shall include all costs and revenues. Budget shall be part of the contract as Exhibit B-2.
III. B	Specifies the methodology used to establish the contract provisional rate which will be based on most recent cost report. Should the approved budget information indicate the existing rate is inappropriate, ADMHS shall have the opportunity to adjust the rate.
IV. A	Requires contractor to report all revenues, per legal requirements
V.	Specifies that contractors may request reallocation of funds between programs
VI. A	Clarifies existing process: units entered in MIS by the 10 th of each month following service as well as separate invoice summarizing such
VI. B	Monthly expenditure and revenue report/projection report: existing requirement that will be enforced
VI. C and D	Summarizes the circumstances under which payment may be withheld (non-submission of information, unsatisfactory clinical documentation)
VI.E. 1	Specifies the time limits for late billing
VI.E.2	Reimbursement will be only for services provided during the term of the contract, not after expiration or termination
VI. G	Contractor shall notify County when 75% of their maximum contract amount is expended
VII. A. and C	Accurate and complete cost reports (CR) will be due 45 days after the end of the fiscal year/contract termination. This coincides with payment for June/last month of the contract. <ul style="list-style-type: none"> o If CR is received by this date, payment for June/last month will be released. o If CR is not received, June/last month payment will be released when CR is received.
VII. B	Cost reports shall be the FINAL financial report and will be used for all subsequent settlements
VII. D	Penalties for failure to submit cost report by 90 th day, 150 th day
VIII.	Describes the process of pre-audit cost report settlement
IX.	Describes audit process and final settlement
Exhibit B-1	
Provides total Units of Service and Units of Service by Program, by service function code	
Shows gross cost, less revenue, and total Maximum Contract Amount	
Shows type of funding by program (Medi-Cal/EPSTDT/etc)	
Exhibit E – Outcomes	
Number of days in juvenile hall/ jail/ bookings	
Number of crisis and acute care episodes	
Hospitalization	
Vocational	