

Behavioral Wellness Liabilities Update

County of Santa Barbara
March 15, 2016



SANTA BARBARA COUNTY
DEPARTMENT OF
Behavioral Wellness
A System of Care and Recovery

Recommended Actions



- Receive and file the report updating known and estimated liabilities of the Behavioral Wellness Department.
- Approve Budget Revision Request (BRR #0004319) to increase appropriations of \$221,791 in the Mental Health Services Fund for Other Charges funded by unanticipated revenue from California Health and Welfare Realignment Vehicle License Fee Growth. Decrease budgeted revenues of \$115,260 in the Mental Health Services Fund offset by an increase in Intergovernmental Revenue-State.
- Approve Budget Revision Request (BRR #0004364) to establish appropriations of \$56,864 in the Behavioral Wellness Department, Alcohol and Drug Programs Fund, for Other Charges funded by release of Restricted Local Realignment 2011 fund balance.
- Return in March 2017 to provide an update on changes in liabilities to prepare for the FY 2017/18 budget.



Overview

- On June 23, 2015, Behavioral Wellness presented information regarding the Department's known and projected financial liabilities of \$7.5 million, as of May 31, 2015. The purpose of this presentation is to provide an update on extinguished (paid), known and estimated liabilities as of January 31, 2016.
- Since the June 2015 report, liabilities have significantly decreased to \$2.2M. This decrease primarily resulted from paying off the FY 2007/08 - 2008/09 cost report audits with minimal exposure to new liabilities.



May 2015 Liabilities Balance

Known and Estimated Behavioral Wellness Liabilities (millions)	As Of May 2015
Prior Year Audits	\$ 3.7
Prior Year Cost Report Settlements	\$ 2.0
Total Behavioral Wellness Liabilities	\$ 5.7

Partner Agency Liabilities (millions)

Multi-agency Integrated System of Care (MISC/CEC)	\$ 1.8
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Total Behavioral Wellness and Partner Agency Liabilities	\$ 7.5
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➤ As reported June 23, 2015, Department liabilities amounted to \$7.5M at May 31, 2015.



Adjustments: (-\$0.1M)

Known and Estimated Behavioral Wellness Liabilities (millions)	Total As of May 2015	Adjustments
Prior Year Audits	\$ 3.7	\$ 0.0
Prior Year Cost Report Settlements	\$ 2.0	\$ (0.1)
Total Behavioral Wellness Liabilities	\$ 5.7	\$ (0.1)

Partner Agency Liabilities (millions)

Multi-agency Integrated System of Care (MISC/CEC)	\$ 1.8	\$ 0.0
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Total Behavioral Wellness and Partner Agency Liabilities	\$ 7.5	\$ (0.1)
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- Prior Year Cost Report Settlements (\$0.1M)
 - The FY 2010/11 cost report settlement was \$90,487 less than originally anticipated.



Extinguished/Paid: (\$5.5M)

Known and Estimated Behavioral Wellness Liabilities (millions)	Total As of May 2015	Adjustments	Extinguished (Paid)
Prior Year Audits	\$ 3.7	\$ 0.0	\$ (3.0)
Prior Year Cost Report Settlements	\$ 2.0	\$ (0.1)	\$ (0.7)
Total Behavioral Wellness Liabilities	\$ 5.7	\$ (0.1)	\$ (3.7)

Partner Agency Liabilities (millions)

Multi-agency Integrated System of Care (MISC/CEC)	\$ 1.8	\$ 0.0	\$ (1.8)
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Total Behavioral Wellness and Partner Agency Liabilities	\$ 7.5	\$ (0.1)	\$ (5.5)
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- Prior Year Audits (\$3.0M)
 - FY 2007/08 and 2008/09 audits were paid.

- Prior Year Cost Report Settlements (\$0.7M)
 - FY 2010/11 cost report liability was settled.

- MISC/CEC(\$1.8M)
 - \$1.8M was paid for the MISC/CEC portion of the FY 2007/08 - 2008/09 audits.



New Liabilities: \$0.3M

Known and Estimated Behavioral Wellness Liabilities (millions)	Total As of May 2015	Adjustments	Extinguished (Paid)	New
Prior Year Audits	\$ 3.7	\$ 0.0	\$ (3.0)	\$ 0.3
Prior Year Cost Report Settlements	\$ 2.0	\$ (0.1)	\$ (0.7)	\$ 0.0
Total Behavioral Wellness Liabilities	\$ 5.7	\$ (0.1)	\$ (3.7)	\$ 0.3

Partner Agency Liabilities (millions)

Multi-agency Integrated System of Care (MISC/CEC)	\$ 1.8	\$ (0.0)	\$ (1.8)	\$ -
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Total Behavioral Wellness and Partner Agency Liabilities	\$ 7.5	\$ (0.1)	\$ (5.5)	\$ 0.3
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➤ Prior Year Audits

- FY 2014/15 chart review of Psychiatric Health Facility (PHF) services (\$221,791).
- FY 2011/12 Alcohol and Drug Program (ADP) contractor audit (\$42,510).

➤ Prior Year Cost Report Settlements

- FY 2012/13 ADP cost report settlement (\$14,354).

Currently Known & Estimated Behavioral Wellness Liabilities



Known and Estimated Behavioral Wellness Liabilities (millions)	Total As of May 2015	Adjustments	Extinguished (Paid)	New	Total As of January 2016
Prior Year Audits	\$ 3.7	\$ 0.0	\$ (3.0)	\$ 0.3	\$ 1.0
Prior Year Cost Report Settlements	\$ 2.0	\$ (0.1)	\$ (0.7)	\$ 0.0	\$ 1.2
Total Behavioral Wellness Liabilities	\$ 5.7	\$ (0.1)	\$ (3.7)	\$ 0.3	\$ 2.2

Partner Agency Liabilities (millions)

Multi-agency Integrated System of Care (MISC/CEC)	\$ 1.8	\$ 0.0	\$ (1.8)	\$ 0.0	\$ 0.0
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Total Behavioral Wellness and Partner Agency Liabilities	\$ 7.5	\$ (0.1)	\$ (5.5)	\$ 0.3	\$ 2.2
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Funding Status

Known and Estimated Behavioral Wellness Liabilities (millions)	Funded	Unfunded
Prior Year Audits	\$ 1.0	\$ -
Prior Year Cost Report Settlements	\$ 1.2	\$ -
Total Behavioral Wellness Liabilities	\$ 2.2	\$ -
Partner Agency Liabilities (millions)		
Multi-agency Integrated System of Care (MISC/CEC)	\$ 0.0	\$ -
Total Behavioral Wellness and Partner Agency Liabilities	\$ 2.2	\$ -

- \$1.9M of the \$2.2M are existing liabilities with an identified funding source.
- \$0.3M in new liabilities are proposed to be funded through current year budget revisions.

Looking Forward



- The State is currently auditing FY 2009/10. MHSA is being reviewed for the first time in the 10 years since inception. A report is expected by the end of 2016.
- Audits for FY 2006/07 through FY 2008/09 are in various stages of the State's administrative appeals process.
- The Department has improved controls over cost reports and estimates settlements for FY 2012/13 and beyond will be positive.
- Cost report submissions for FY 2013/14- 2014/15 were delayed due to problems with State software and cost report templates. This resulted in cash flow issues as interim rates are based on most recently filed cost reports.
- Future audit settlements are anticipated to be less; however, this is contingent on State audit procedures and interpretations.
- The Department has encountered difficulties in recruiting and retaining professional accounting staff in Fiscal operations.

Recommended Actions Summary



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Questions?