



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: 11-18-08
Placement: Departmental
Estimated Tme: 1 HR
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Ann Detrick, PhD, Director
Director(s) Alcohol, Drug & Mental Health Services 805-681-5220
Contact Info: Marianne Garrity, Assistant Director, Administration 681-5220

SUBJECT: Alcohol, Drug and Mental Health Services Update

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: Select_Concurrence

Recommended Actions:

Receive and file an update on the Alcohol, Drug and Mental Health Services Department.

Summary Text:

As a result of financial difficulties facing Alcohol, Drug and Mental Health Services (ADMHS) over the past few years, ADMHS has altered the mental health service delivery system in order to align revenues and expenditures. During FY 2008-09 Budget Hearings, ADMHS was directed to periodically report back to the Board of Supervisors on its progress implementing service delivery modifications and internal business operations improvements. This update provides a report on the progress ADMHS has made in these areas.

Background:

History

As described at previous Board Hearings, ADMHS identified a FY 07-08 budget shortfall of approximately \$6.97 million in Adult Mental Health programs. ADMHS provided a plan for a balanced budget for FY 08-09, and the Board approved transfers to offset the FY 07-08 shortfall. The FY 07-08 budget shortfall was not an isolated incident; the financial challenges in ADMHS date back to FY 05-06 and 06-07. In FY 05-06 ADMHS had a shortfall of \$2.4 million which brought the Department's fund balance to zero. Subsequently, ADMHS identified a FY 06-07 shortfall, and the Board of Supervisors

approved the FY 06-07 Budget Reforecast Plan which included a variety of Department revenue and expenditure reductions in the amount of \$5.2 million.

In Spring 2008, ADMHS presented to the Board a Restructuring Plan for FY 08-09. This plan indicated that available funding for FY 08-09 would not be sufficient to maintain the level of services being provided. As a result, reductions in internal and contract services were necessary to bring the expenditures of the Adult Mental Health Programs into balance with available revenue for FY 08-09. During FY 08-09 Budget Hearings, the Board of Supervisors allocated additional funds to ADMHS to help alleviate some of the immediate impacts that would have occurred given the Department's limited revenues. This funding has enabled ADMHS to gradually reduce services and establish a system of care consistent with available resources. These efforts are detailed in this Board Letter.

FY 08-09

Recently, the Board received a presentation from the Auditor-Controller regarding the County Annual Financial Report which included information regarding potential financial liabilities to ADMHS. The following provides a summary of the issues facing ADMHS and their status.

- ADMHS Disclosures to State Department of Mental Health (DMH). In Fall 2007, after ADMHS discovered and launched an examination of several compliance issues related to reimbursement for services rendered, ADMHS presented its findings to the County Executive Office (CEO), County Counsel and Auditor-Controller. In concert with the CEO's office, ADMHS then notified State DMH of its findings:
 - Network Provider Documentation. ADMHS investigated the issue and implemented regular monitoring practices to prevent future occurrences.
 - Retention of Federal Financial Participation Funds. ADMHS investigated the matter, and a team is working on a five-year review by provider.
 - 15% Administrative Fee Charges. ADMHS investigated the issue and discontinued the practice as of January 2008.
 - Medicare/Medi-Cal Claim Submissions. ADMHS investigated the issue and discontinued the practice as of August 2007.

All of these matters are pending further analysis and resolution between ADMHS and State DMH. Further, ADMHS has been reviewing compliance standards to evaluate where improvements are needed in the Department's business practices.

- Ongoing State Department of Mental Health Audit Appeals. State DMH conducts audits of County Mental Health Departments, typically several years in arrears. The FY 02-03 Short Doyle Medi-Cal Audit Report was provided to ADMHS by State DMH in February 2008. There was a significant finding regarding Medi-Cal billing for child/adolescent mental health services by ADMHS' interagency partners: Department of Social Services, Probation and Public Health. This finding represents a potential multi-year financial liability to the County. In response to this Audit Report finding, ADMHS has filed an appeal with State DMH.

FY 08-09 Budget Update

As a point of reference, ADMHS' Use of Funds for FY 08-09 has a budget of approximately \$84.8 million, of which \$60.5 million is core mental health services (Fund 0044). In reviewing ADMHS' Financial Status as of September 30, 2008, some variances between revenue and expenses were identified. However, these were determined to be differences in timing (different fiscal quarters), rather than permanent and significant negative variances. In contrast, at this time during FY 07-08, ADMHS had begun work on re-forecasting a sizeable shortfall in revenues.

Adult Mental Health Service System

As previously reported to the Board, ADMHS has focused on the following goals for program and business operations in FY 08-09:

1. Maintain a balanced budget for FY 08-09 and manage available resources while meeting requirements for the provision of mandated services.
2. Provide quality services to the extent resources allow:
 - a. Manage the client admission process.
 - b. Manage the types and frequency of service delivery consistent with individual need.
 - c. Foster client recovery through evidence-based treatment, rehabilitation and support services.
3. Strengthen internal controls to implement and maintain system efficiencies.

ADMHS' Adult Mental Health system of care has undergone changes since the beginning of FY 08-09. In support of the previously outlined goals, ADMHS applied the following principles in the development of program modifications:

- Establish a single point of access and clinical accountability.
- Deliver integrated treatment, rehabilitation and support services.
- Create a foundation to build on in future years.

ADMHS has strived to maintain core services to adults with serious mental illness while reconfiguring the service system. The FY 08-09 Adult Mental Health System provides:

- Homeless Services. ADMHS has continued agreements with homeless services providers at FY 07-08 service levels.
- Intensive Residential Treatment. ADMHS has preserved 40 intensive residential Board and Care beds across the County; formalized contractual relationships with several family-operated Board & Care sites in Santa Maria to bring these facilities under Department review; and supported the conversion of other Board and Care beds to residential housing for persons with serious mental illness.
- Assertive Community Treatment (ACT). ADMHS redesigned our local model for these intensive community services. A Request for Proposals (RFP) was issued for an ACT team in the Santa Maria area, with a contract starting October 2008. In addition, ADMHS took steps to assure that the Lompoc and Santa Barbara ACT teams, funded by the Mental Health Services Act (MHSA), adhere to national practice standards. Together, these three ACT teams have the capacity to serve 300 adults with serious mental illness across the County.

- **Supported Housing.** ADMHS consolidated several independent contractor agreements for community mental health services and released RFPs for North and South County Supported Housing programs. Contracts for these services were awarded and commenced on October 1, 2008. The North County program has the capacity to serve 50 adults with mental illness, and the South County program has the capacity to serve 130 adults with mental illness for a total Supported Housing capacity of 180.
- **Consumer Recovery Centers.** Through the leadership of consumers and the participation of family members and providers, local consumer recovery centers are being developed to support consumer engagement and recovery. These newly configured centers are expected to be in place by January 2009.
- **Community Treatment Teams.** ADMHS is in the process of redesigning its outpatient clinics in order to better respond to the needs of clients and support the work of staff in this environment of reduced resources.

In addition, ADMHS has begun a review of the local Children's System of Care to identify opportunities for improving service and outcomes in this area.

In summary, ADMHS carefully assessed the critical capacity needs of the Adult Mental Health System of Care and has made strides in reconfiguring the core mental health system. In order to meet the short timeframe for changing services and achieving a balanced budget, ADMHS conducted an expedited, but comprehensive RFP process resulting in the award of three major contracts for Supported Housing (North and South County) and ACT services (North County). A project team of both ADMHS and contractor staff has worked diligently to support clients during this time of change. Overall, as of November 1, 2008, approximately 350 clients have gone through a transition to new services. The ADMHS Medical Director assumed a pivotal role in overseeing a clinical review of residential clients in the County to assure their safety and well-being. ADMHS is also seeking to appropriately align the use of MESA funds with the core MH system as appropriate as encouraged by the Director of State DMH.

Tracking of Client Transitions

Recognizing the community concerns that have been expressed during previous Board Hearings, ADMHS has gathered baseline information for individuals who have been transitioning to new services over the past several months. Documented at a point in time on October 15, 2008, this information includes key indicators such as housing status and need for psychiatric inpatient treatment. ADMHS has developed a client status survey instrument that will be submitted monthly by contracted providers and County ADMHS staff in order to identify any major life changes for these same individuals over the next six months.

Business Operations

Consistent with ADMHS' Restructuring Plan, the Department has initiated a number of business improvements to increase fiscal accountability, monitor contract spending and better manage limited resources. ADMHS' progress in these areas is described in the following section.

- Contracts Management. As presented to the Board at previous Hearings, ADMHS has accomplished the following:
 - Development, for both adult and child/adolescent mental health contracts, of new standardized Exhibit B (Financial Provisions), Exhibit B-1 (Schedule of Rates) to identify units of services and specific funding by program, and Exhibit E (Program Outcomes) to assess the ongoing effectiveness of services. The Scope of Work exhibit for adult mental health contracts was also redesigned. These provisions were implemented for adult mental health contracts effective August 2008, child/adolescent contracts effective July 2008, and Alcohol and Drug Program (ADP) non-Drug Medi-Cal contracts effective November 1, 2008.
 - Start-up of a process for revising other contract types, such as Drug Medi-Cal to standardize fiscal and programmatic provisions and requirements.
 - Development of monitoring tools with input of fiscal and program staff and commenced review of contractor reporting documents.
- Utilization Management. ADMHS has made improvements in management of service delivery use and costs. For example, for FY 07-08 versus FY 06-07:
 - Use of Out-of County inpatient psychiatric inpatient bed days dropped by 30% and savings of \$186,000 were achieved through improved care coordination and discharge planning.
 - Pharmaceutical expenses were reduced by 6.5% or approximately \$46,000.
 - Costs for network providers began to decrease through utilization management reviews.
- Quality Assurance.
 - ADMHS increased overall accountability for service delivery and documentation. In the past six months, Policies and Procedures have been created or modified in a number of areas:
 - Staff Licensing and Registration.
 - Staff Credentialing.
 - Facility/Program Credentialing.
 - Authorization for Medi-Cal Specialty Mental Health Services (Outpatient).
 - Code of Conduct.
 - Unusual Occurrence Incident Reports.
 - Case Review.
 - Provider Monitoring and Documentation Review.
 - Documentation Training.
 - Restricted Access to Consumer Information.
 - Services Provided by Graduate Students.
 - Termination of Employment and Access to Electronic Medical Records.
 - Healthy Families Services for Adolescents with Serious Emotional Disorders.
 - Other ADMHS Quality Assurance activities (in the last six months) have included:
 - Review of approximately 1,500 client charts to verify the medical necessity of services.
 - Provision of six training events, attended by 67 ADMHS staff and 232 contracted provider staff.

- Information Systems. Accomplishments include:
 - MIS Division's completion of a protracted and complex system conversion.
 - Success in uploading service delivery claims data to the State.
 - Continued development of management reports customized to ADMHS' needs.

- Fiscal Management. Improvements include:
 - Assignment of a Senior Manager and dedicated staff to work full-time on fiscal compliance duties.
 - Assignment of a Senior Manager and dedicated staff to establish and monitor Medi-Cal and Medicare billing procedures and internal controls in collaboration with MIS and program staff.
 - Identified need for Contract Monitoring to reduce negative Cost Report settlements with State.
 - Resolution of long-term vacancies.
 - Projects with Auditor Controller. AMDHS has teamed with staff of the Auditor Controller for process improvements, including:
 - 2007/08 Cost Report Preparation and Instruction Manuals (MH & ADP).
 - Reconciliation of State & Federal payments over the past five years.
 - Review of ADP Rate structure.
 - Establishment of new Fund for ADP.
 - Medi-Cal revenue/receivable accruals implementation to provide real-time fiscal reports.
 - Establishment of process for review of Medi-Cal billing rates.
 - Development of accounting procedures for Cost Settlements.
 - Standardization of procedures for allocation of administrative and management costs to funds and programs.
 - Standardization of procedures and controls for direct care charges between funds and programs.

- Outcomes/Evaluation. To better assess the effectiveness of services:
 - Program outcome measures were included in the FY 08-09 adult and child/adolescent contracts.
 - Staff have been collecting and analyzing data for the period of July through October 2008 to develop benchmarks for outcome data.
 - ADMHS adopted MHSA outcome measures for the core mental health services funded by the Department, to standardize measurement processes. These outcome measures have been included in ADMHS' contracts with providers, effective August 2008. These measures increase the Department's ability to gauge clients' ongoing quality of life and to assess the impact of services. Some of the outcome measures include:
 - Maintenance of stable and permanent housing.
 - Reduction in incidents of homelessness, hospital admissions.
 - Decreased contact with law enforcement and the criminal justice system as measured by fewer arrests and jail days, maintenance of probation status, out-of-home placement status of youth as well as the ability of adult clients to maintain the care and custody of their children.
 - Maintenance of physical health and management of physical health conditions.

Conclusion

ADMHS has made modifications in the adult mental health service delivery system in order to bring revenues and expenditures in line. To this end, over the last several months, ADMHS has made progress in restructuring its service system and business operations. The modifications outlined in this report illustrate the progress ADMHS has made thus far in implementing service delivery modifications and internal business operations improvements. ADMHS will continue to implement additional service and business enhancements, monitor future progress and report back to the Board as directed.

Fiscal and Facilities Impacts: N/A

Special Instructions:

Please send one (1) copy of the minute order to:

Alcohol, Drug & Mental Health Services
ATTN: Contracts Division
300 N. San Antonio Road Bldg. 3
Santa Barbara, CA 93110

Attachments:

Adult Contract Exhibits Samples
ADMHS Update PowerPoint Presentation

Authored by:

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cc: