



# Update: Potential Financial Liabilities

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Board of Supervisors Presentation  
January 26, 2010

Alcohol, Drug and Mental Health Services

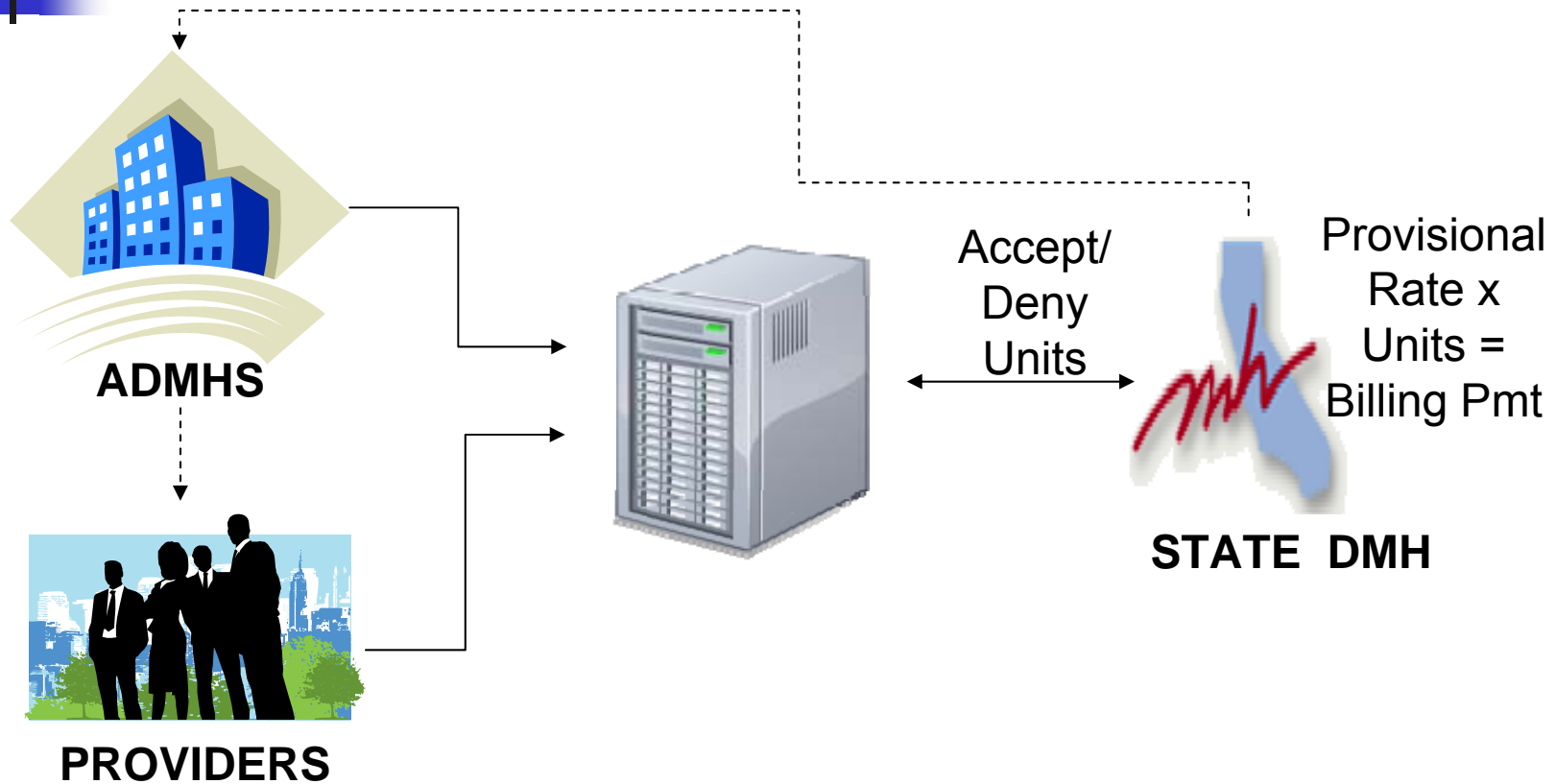


# Presentation Overview

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- Overview of billing/payment/cost settlement process
- Summary of potential liabilities
- Corrective actions taken
- Ongoing planned work efforts

# Billing/Payment Process



—————> UNITS Minutes  
-----> \$ Provisional Rate

# Cost Settlement Process



200 minutes of service provided

Actual Cost  
\$2.75/minute

Published Charge  
\$2.50/minute

State Maximum Rate  
\$2.00/minute

Provisional Rate  
\$1.00/minute

$$\$2.00 \times 200 = \$400$$

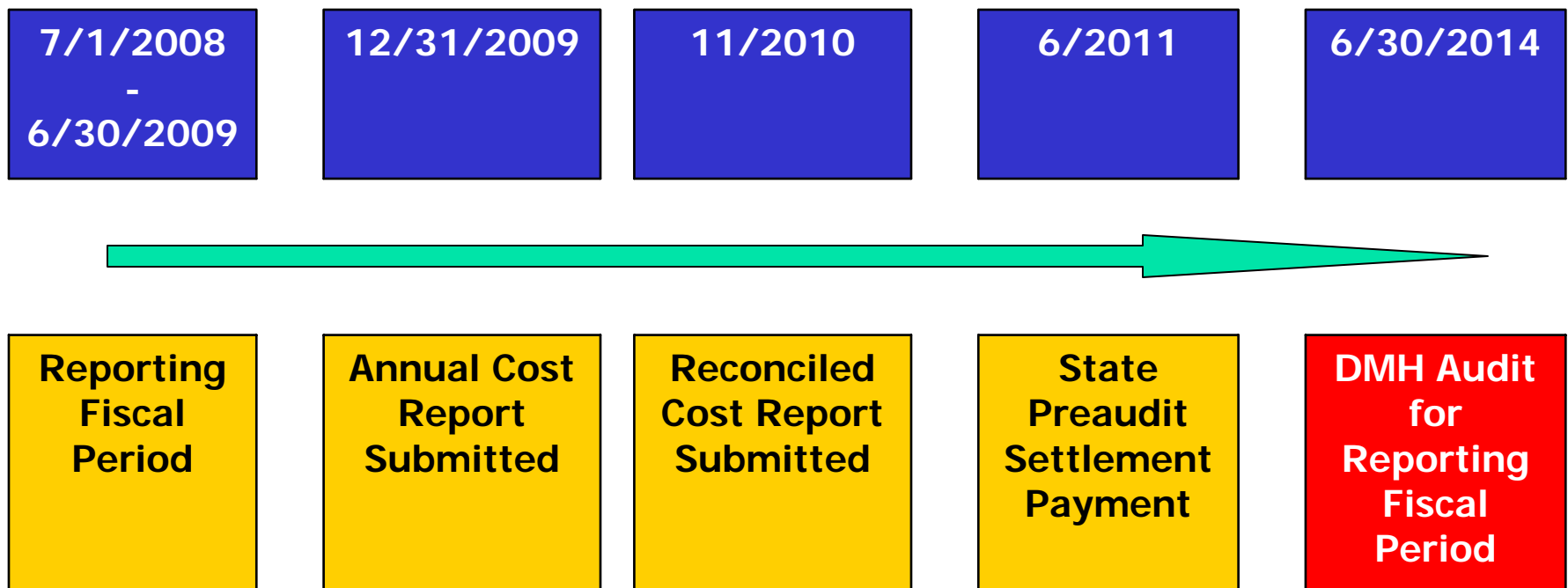
$$\$1.00 \times 200 = \$200$$

**Settlement**  
\$400 (earned) - \$200 (paid) =  
\$200 owed

Assuming payment during the year at a Provisional Rate of \$1.00/minute, \$200 would be payable ( $\Delta$  between provisional and SMA rate).

# Timeline for State Settlement

Example for FY 2008-09 Services





# State DMH Medi-Cal Program Challenges

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- According to the CA Dept. of Finance, State DMH faces issues in the following areas:
  - Governance over SD/MC programs, processes & system
  - IT systems, controls, coordination & communication
  - Current claim process and timeliness
  - Accounting & reporting systems
  - Cost settlements & audits timing



# Audit & Cost Settlement Preliminary Estimates

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- Audit Settlements
  - FY 02-03 estimated at \$650K (excludes MISC/CEC)
  - FY 03-04 and 04-05 in process\*
- Preaudit Settlements
  - FY 06-07 estimated at \$3 million
  - FY 07-08 estimated to be a positive settlement
- Implemented P&Ps to reduce future potential liabilities:
  - Annual Cost Settlement w/State and Providers
  - Quarterly rate review and adjustment
  - Annual update of published charges

\* State's preliminary audit report disallows all MISC/CEC services. County is appealing.



# Self-Disclosure Issues

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- Estimated at \$9.3 million
  - Documentation by a Network Provider
  - 15% admin fees
  - Excess FFP/EPSTDT
  - Billing for dually eligible (Medicare/Medi-Cal)
- County proposed to settle during regularly scheduled audit settlements for FYs 02-03 thru 07-08
  
- County discontinued the above practices and implemented process improvements:
  - Regular documentation audits
  - Eliminated admin fees effective 07-08 cost report
  - Monitor rates, contract maximums to ensure matching funds are available
  - Appropriate billing of dually eligible services





# Contingent Liability

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- Multi-agency Integrated System of Care Program (MISC/CEC)
- Potential liability estimated at \$12.2 million for FY 02-03 thru FY 07-08
- County discontinued the MISC/CEC Program
  - ADMHS with County Counsel initiated formal appeal of FY 02-03 adjustment of \$2.2 million. Audit Settlement hearing rescheduled for May 2010
  - County submitted a proposed settlement to the State to eliminate the liability



# Information Systems

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- Implementation of new Information System in 2007
- Additional modification and testing occurred to ensure compliance with State/Federal requirements
- Established performance measures on timeliness of claims submission
- Improved timeliness of claims for reimbursement



# Medi-Cal Claims

Medi-Cal Billing				
Service Month	Date Submitted to State DMH	Number of Days to Claim Submission	Date Paid by State DMH	Number of Days from Submission to State Payment
Jun-09	7/29/2009	29	11/3/2009	97
Jul-09	8/21/2009	21	11/4/2009	75
Aug-09	9/30/2009	30	1/15/2010	107
Sep-09	10/30/2009	30		
Oct-09	11/25/2009	25		
Nov-09	12/21/2009	21		
<b>Average</b>		<b>26</b>		<b>96*</b>

\* Last 6 payments received



# Information Systems (cont)

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- Billing of private insurance
- External review of information system
- Ongoing evaluation of processes and recent improvements



# Fiscal Management

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- Recruited qualified staff for necessary operations/oversight
- Closed FY 08-09 in line with Budget
- Established prudent reserve fund for MHSA
- Submission of timely claims for Medi-Cal, Medicare, Medi-Medi reimbursement
- Provide regular cost/rate review & adjustments
- Continue implementing the new cost settlement process with contractors



# Contract Redesign/Management

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- Revised terms and conditions
  - Included clear cost report/audit provisions
  - Developed specific scopes of work (i.e. program descriptions, defined client population/ eligibility/ service levels/authorization requirements)
- Ongoing Contracts Monitoring
  - Monitor compliance w/contract including clients/services/staffing levels
  - Exchange feedback with providers on regular basis

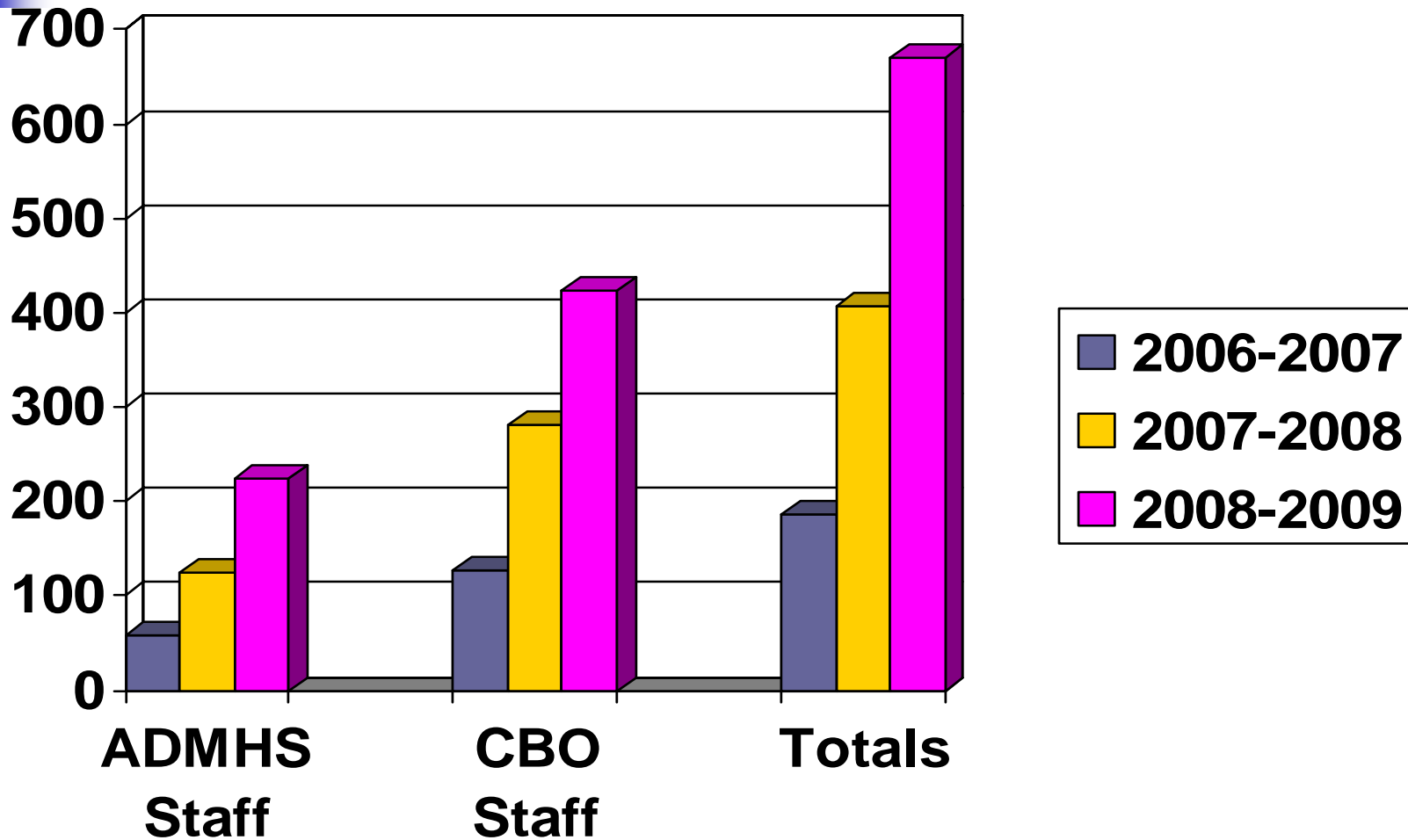


# Quality Assurance

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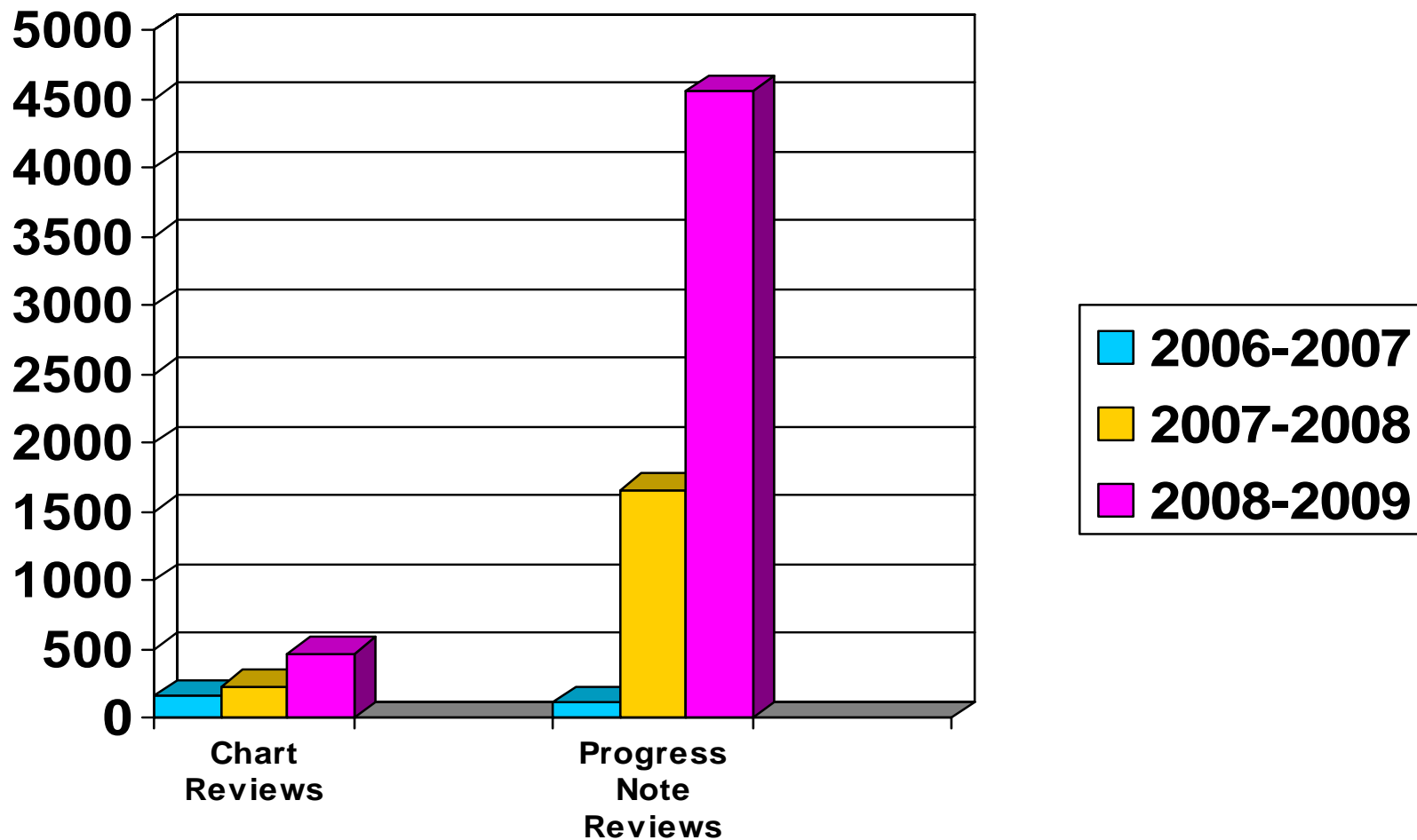
- Developed or revised policies & procedures as required by regulations including:
  - Compliance Plan
  - Utilization Management Plan
  - Quality Assurance Plan

# Quality Assurance: Documentation Training





# Quality Assurance: Client Chart and Progress Note Reviews





# Work Efforts In Progress

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- Clinician scheduling
  - Connect clinic appointment schedule with clinician notes
  - Compatible with HIPPA requirements
- Client intake process
  - Streamline client registration process
  - Facilitate documentation collection