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DEPARTMENT OF AUDITOR-CONTROLLER

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October 17, 2007

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **THE GUIDANCE CENTER CONTRACT COMPLIANCE REVIEW – A DEPARTMENT OF MENTAL HEALTH SERVICE PROVIDER**

We have completed a contract compliance review of The Guidance Center (Agency), a Department of Mental Health (DMH) service provider.

Background

DMH contracts with The Guidance Center, a private non-profit community-based organization, which provides services to clients in Service Planning Areas 6 and 8. Services include interviewing program clients, assessing their mental health needs and developing and implementing a treatment plan. The Agency's headquarters is located in the Fourth District.

Our review focused on approved Medi-Cal billings. DMH paid The Guidance Center between $1.90 and $3.98 per minute of staff time ($114.00 to $238.80 per hour). The Guidance Center's contract was for approximately $9.3 million for Fiscal Year 2006-07.

Purpose/Methodology

The purpose of the review was to determine whether The Guidance Center provided the services outlined in their County contract and whether the Agency achieved their planned service levels. Our monitoring visit included reviewing a selected sample of

The Guidance Center's billings, participant charts and personnel and payroll records. We also interviewed Agency staff and a selected number of clients' parents and guardians.

Results of Review

Overall, The Guidance Center provided the services outlined in the contract. The Agency used qualified staff to perform the services billed and the clients interviewed stated that the services met their expectations. However, The Guidance Center billed DMH at a rate higher than the contract allows for 230 (4%) of the 6,096 service minutes sampled and the Agency did not maintain effective controls to detect billing discrepancies. As a result, the Agency was overpaid $1,078. In addition, the Agency did not always complete Assessments and Client Care Plans in accordance with the County contract.

We have attached the details of our review along with recommendations for corrective action.

Review of Report

We discussed the results of our review with The Guidance Center on June 27, 2007. In their attached response, the Agency generally agreed with the results of our review and described their corrective actions to address the findings and recommendations contained in the report.

We thank The Guidance Center management for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
David K. Slay, Executive Director, The Guidance Center
Public Information Office
Audit Committee

CONTRACT COMPLIANCE REVIEW
THE GUIDANCE CENTER
FISCAL YEAR 2006-07

BILLED SERVICES

Objective

Determine whether The Guidance Center (Agency) provided the services billed in accordance with their contract with the Department of Mental Health (DMH).

Verification

We judgmentally selected 50 billings totaling 6,096 minutes from 505,309 service minutes of approved Medi-Cal billings for the months of September and October 2006. We reviewed the Assessments, Client Care Plans and Progress Notes maintained in the clients' charts for the selected billings. The 6,096 minutes represent services provided to 37 program participants. We also reconciled 1,968 minutes to the clients' charts. The additional minutes related to multiple billings for the same client for the same services on the same day.

Results

The Guidance Center billed DMH at a rate higher than the contract allows for 230 (4%) of the 6,096 service minutes sampled. The overbilled amount totaled $253. Specifically, the Agency billed DMH for Mental Health Services but the Progress Notes indicated that the Agency provided Targeted Case Management Services, which are billed at a lower rate.

In addition, the Agency did not maintain effective controls to detect billing discrepancies. Specifically, The Guidance Center did not detect 305 minutes in which DMH processed the same minutes twice. The amount overpaid for these minutes totaled $825.

Assessment and Client Care Plans

The Guidance Center did not complete Assessments in accordance with the County contract for four (11%) of 37 clients sampled. An Assessment is a diagnostic tool used to document the clinical evaluation of each client and establish the clients' mental health treatment needs. Specifically, the Assessments did not describe symptoms and behaviors that are consistent with the Agency's clinical diagnosis. The County contract requires the Agency to follow the Diagnostic and Statistical Manual of Mental Disorders (DSM) when diagnosing clients. The DSM is a handbook published by the American Psychiatric Association for mental health professionals which lists different categories of mental disorder and the criteria for diagnosing them.

The Guidance Center did not complete the Client Care Plans in accordance with the County contract for five (14%) of 37 clients sampled. Specifically:

- Two Client Care Plans did not contain the clients and/or parents/guardians' signatures or a written explanation of clients' refusal or unavailability to sign.
- Two Client Care Plans did not contain goals and planned interventions for each service billed.
- Two Client Care Plans contained goals that were not observable and/or quantifiable.

The number of incomplete Client Care Plans above exceeds the overall number of incomplete Client Care Plans because some of the Client Care Plans contained more than one deficiency. The Client Care Plan establishes goals and interventions that address the Mental Health issues identified in the clients' Assessment.

Recommendations

The Guidance Center management:

1. **Repay DMH $1,078 for amounts overbilled.**
2. **Enhance controls to detect and correct billing errors.**
3. **Ensure that Assessments and Client Care Plans are completed in accordance with the County contract.**

CLIENT VERIFICATION

Objective

Determine whether clients received the services that The Guidance Center billed DMH.

Verification

We interviewed seven participants that the Agency billed DMH for services during September and October 2006.

Results

The seven program participants interviewed stated that the services they received from the Agency met their expectations.

Recommendation

There are no recommendations for this section.

STAFFING LEVELS

Objective

Determine whether the Agency maintained the appropriate staffing ratios for applicable services.

We did not perform test work in this section as the Agency does not provide for services that require staffing ratios for this particular program.

STAFF QUALIFICATIONS

Objective

Determine whether The Guidance Center treatment staff possessed the required qualifications to provide the services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 25 out of 147 treatment staff employed by the Agency during September and October 2006.

Results

Each employee in our sample possessed the qualifications required to deliver the services billed.

Recommendation

There are no recommendations for this section.

SERVICE LEVELS

Objective

Determine whether The Guidance Center's reported service levels varied significantly from the service levels identified in the DMH contract.

Verification

We obtained Fiscal Year 2005-06 Cost Report submitted to DMH by The Guidance Center and compared the units of service to the contracted units of service identified in the contract for the same period.

Results

The Guidance Center provided the service levels outlined in the County Contract.

Recommendation

There are no recommendations for this section.

Attachment

Administration – 4335 Atlantic Avenue, Long Beach, CA 90807-2803

October 15, 2007 VIA FAX & USPS

J. Tyler McCauley
Auditor-Controller
County of Los Angeles
Kenneth Hahn Hall of Administration
500 W. Temple Avenue, Room 525
Los Angeles, CA 90012-2706

RE: Response to Contract Compliance Review (FY 2006-07)

Dear Mr. McCauley:

Thank you for the opportunity to respond to the above referenced draft Review being prepared by your office for the Los Angeles County Board of Supervisors. We have reviewed the draft and have only a few comments. This letter also will outline specific corrective actions that have been instituted. Most, if not all of these changes were put into place after we received the preliminary review findings from your staff soon after the site visit.

We were very pleased with the overall results of the review, and noted that where exceptions were found, the costs involved were very small, especially in view of the size of our contract with LA County DMH, both in terms of dollar amount (approximately $9.3 million – recently increased to over $10 million), and amount of direct service hours provided to children and families on an annual basis. For example, the total overpayment of $1,078 consisted of only $253 worth of over billing and $825 worth of accidental duplicate billings. Furthermore, the errors detected clearly were unintentional mistakes which occurred at a very low frequency. As with most large, well established agencies that have successfully performed service delivery contracts for many years with LA County Department of Mental Health, we invest a great deal of time and energy in continuous quality assurance, and we attempt to provide the highest quality of professional services, including accurate clinical record keeping.

We also were pleased to see that no exceptions or problems were found in the other relevant areas of review, including client satisfaction interviews with seven program participants, sampled staff qualifications with respect to state licensure or registration, and service levels provided were found to be consistent with those specified in the County contract.

The following corrective actions have been instituted, with respect to each of the recommendations in the Review:

- Repay DMH $1,078 for amounts overbilled. As soon as billing errors were detected and verified, either corrected billing or deletions for duplicate billings were entered into the County DMH computerized billing system.

- Enhance controls to detect and correct billing errors. All TGC programs have instituted a protocol which requires that log sheets (billing sheets) are reviewed by supervisors or program managers (depending upon program size) in order to ensure the accuracy of billing data and the qualitative content of the note. Each program also has developed and implemented quality assurance systems to ensure the consistent agreement between billing data on log sheets (dates / services / minutes) and corresponding service delivery data on progress notes.

- Ensure that Assessments and Client Care Plans are completed in accordance with the County contract. Additional training has been provided for staff members with documentation omissions. TGC has developed Quality Assurance materials (available to all staff providers on the agency's computer network system) and "reminder" systems to trigger accurate and timely completion of time sensitive documents.

- Also it should be noted that TGC is investing in a major information technology (IT) overhaul and upgrade that soon will return large dividends with respect to record keeping accuracy, contract compliance, and even the ability to measure and track performance-based outcomes. We are on schedule to be able to purchase and implement a completely integrated electronic clinical record and billing system (ECRS) by the end of this fiscal year (June 30, 2008). All of the above kinds of problems and many others will become preventable when the agency finally completes this multi-year project.

On behalf of our staff, I would like to say we appreciated the helpful and collegial approach that was demonstrated by Greg Hellmold and Sukeda Day before, during, and after this contract compliance review.

Sincerely,

David K. Slay, Ph.D., ABPP
Executive Director

C: Sue Sundareson, Clinical Quality Director