COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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October 3, 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: **SHIELDS FOR FAMILIES, INC. CONTRACT COMPLIANCE REVIEW – A DEPARTMENT OF MENTAL HEALTH SERVICE PROVIDER**

We have completed a contract compliance review of SHIELDS for Families, Inc. (SHIELDS or Agency), a Department of Mental Health (DMH) service provider.

Background

DMH contracts with SHIELDS, a private non-profit community-based organization which provides services to clients in Service Planning Area 6. Services include interviewing program clients, assessing their mental health needs and developing and implementing a treatment plan. The Agency is located in the Second District.

Our review focused on approved Medi-Cal billings. DMH paid SHIELDS between $0.98 and $2.34 per minute of staff time ($58.80 to $140.40 per hour). SHIELDS' contract was for approximately $6.3 million for Fiscal Year 2006-07.

Purpose/Methodology

The purpose of the review was to determine whether SHIELDS provided the services outlined in their contract with the County. We also evaluated whether the Agency achieved planned service levels. Our monitoring visit included a review of a sample of SHIELDS' billings, participant charts and personnel and payroll records. We also interviewed staff from the Agency and a sample of clients' parents and guardians.

Results of Review

Generally, SHIELDS provided the services outlined in the County contract. The clients interviewed stated that the services they received met their expectations. SHIELDS also maintained appropriate Assessments and Client Care Plans in the clients' charts but did not always complete Progress Notes in accordance with the County Contract for the services billed. In addition, the Agency did not have adequate controls in place to detect and correct billing discrepancies.

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 SHIELDS on June 26, 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 SHIELDS 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
Kathryn Icenhower, Executive Director, SHIELDS for Families, Inc.
Public Information Office
Audit Committee

CONTRACT COMPLIANCE REVIEW
SHIELDS FOR FAMILIES, INC.
FISCAL YEAR 2006-07

BILLED SERVICES

Objective

Determine whether SHIELDS for Families, Inc. (SHIELDS or Agency) provided the services billed in accordance with their contract with the Department of Mental Health (DMH).

Verification

We judgmentally selected 41 billings totaling 4,750 minutes from 418,908 service minutes of approved Medi-Cal billings for December 2006 and January 2007. We reviewed the Assessments, Client Care Plans and Progress Notes maintained in the clients' chart for the selected billings. The 4,750 minutes represent services provided to 10 program participants. We also reconciled 1,486 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

SHIELDS maintained appropriate Assessments and Client Care Plans in all 10 clients' charts reviewed. In addition, the Agency provided Progress Notes to support 40 (98%) of the 41 billings sampled. The undocumented billing totaled $70. However, the Agency did not complete seven (18%) of the 40 Progress Notes in accordance with the County Contract. Specifically:

- Four Progress Notes did not describe the specific contribution provided by each staff billed.

- Three Progress Notes did not describe what the clients or service staff attempted and/or accomplished towards the clients' goals.

In addition, the Agency did not maintain effective controls to detect billing discrepancies. Specifically, SHIELDS did not detect 308 minutes in which DMH processed the same minutes twice. The amount DMH overpaid for these minutes totaled $388.

Recommendations

SHIELDS management:

1. **Repay DMH $458 for the amount overpaid.**

2. **Enhance controls to detect and correct billing errors.**

3. **Maintain sufficient documentation to support their compliance with contract requirements for the services billed to DMH.**

CLIENT VERIFICATION

Objective

Determine whether clients received the services that SHIELDS billed DMH.

Verification

We interviewed eight participants that the Agency billed DMH for services during December 2006 and January 2007.

Results

The seven program participants interviewed stated that they received services from the Agency and the services 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 staff to client ratios for this particular funding program.

STAFF QUALIFICATIONS

Objective

Determine whether SHIELDS' 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 17 (17%) out of 98 treatment staff employed by the Agency during December 2006 and January 2007.

Results

One (6%) staff sampled did not possess the required qualifications to complete an Adult Initial Assessment.

Recommendation

4. **SHIELDS management ensure that staff meet the requirements to deliver the services billed.**

SERVICE LEVELS

Objective

Determine whether SHIELDS' 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 SHIELDS and compared the dollar amount and billed units of service to the contracted units of service identified in the contract for the same period.

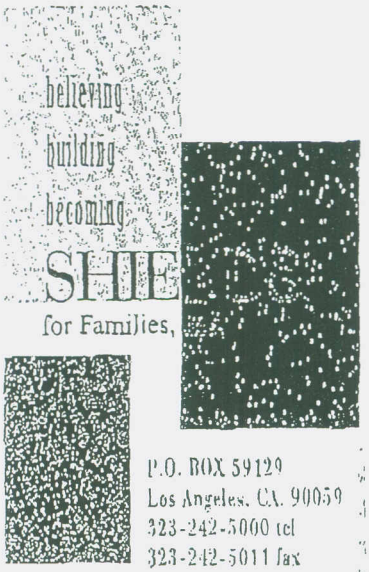
Results

SHIELD provided the service levels outlined in the County Contract.

Recommendation

There are no recommendations for this section.

Attachment



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C.O.R.E

Genesis Family Day Treatment
Genesis Heroes & Sheroes

Exodus Program
Keith Village Heroes & Sheroes

SHIELDS HUB
Mental Health Children's Outpatient,
Therapeutic Nursery

Ark Program

Vocational Services Center
SHIELDS Aftercare Program

Compton Family Preservation Network
Multisystemic Family Therapy
Families First

Juvenile Court Assessment

Healthy Start
Child Development and Assessment Center

Community Service Assessment Center

School Based Mental Health

CalWorks Mental Health

Proposition 36

Eden Program

Revelation

Youth Opportunity Counseling

Youth Opportunity Juvenile Offender
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SHIELDS FOR FAMILIES, INC.

August 29, 2007

TO: J. Tyler McCauley, Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 525
Los Angeles, CA 90012-2706

FROM: Kathryn Icenhower, PhD, LCSW
Executive Director

SUBJECT: SHIELDS' Response to the Mental Health Contract Compliance Review

Please find attached our response to the Contract Compliance Review conducted by your office in March, 2007. Our response includes the findings and recommendations of the Auditor-Controller, as well as the corrective actions SHIELDS has taken to address indicated concerns.

We would like to thank your staff for their assistance and professionalism throughout the course of the review and exit interview process. If you have any questions or need any further information, please contact me at (323) 242-5000 x266.

SHIELDS FOR FAMILIES, INC.

Response to the Mental Health Contract Compliance Review
Submitted to the County of Los Angeles
Department of Auditor-Controller
J. Tyler McCauley, Auditor-Controller
8/29/2007

SHIELDS has reviewed the results of the Auditor-Controller's Contract Compliance Review conducted in March, 2007, and generally agrees with all findings indicated. Following is our response to the findings and recommendations of the Auditor-Controller, as well as the corrective actions taken to address indicated concerns.

BILLED SERVICES

Objective:
Determine whether SHIELDS For Families, Inc. (SHIELDS) provided the services billed in accordance with their contract with the Department of Mental Health (DMH).

Results:
SHIELDS maintained appropriate Assessments and Client Care Plans in all 10 clients' charts reviewed. In addition, the Agency provided Progress notes to support 40 (98%) of the 41 billings sampled. The undocumented billing totaled $70. However, the Agency did not complete seven (18%) of the progress notes in accordance with the County Contract. Specifically, four progress notes did not describe the specific contribution provided by each staff billed; three progress notes did not describe what the client or service staff attempted and/or accomplished towards the client's goals. In addition, the Agency did not maintain effective controls to detect billing discrepancies. Specifically, SHIELDS did not detect 308 minutes in which DMH processed the same minutes twice. The amount over paid for these minutes totaled $388.

Recommendations for SHIELDS management:

Auditor-Controller Recommendation #1: Repay DMH $458 for the amount over billed.

Agency Response: SHIELDS has already deleted all over billed services in the IS system in order to repay DMH the $458 over paid, as follows:

- **Undocumented Billing totaling $70.00.**
  Upon review of the daily service log for this staff it was noted that the service in question was billed to the wrong client due to the wrong MIS number being used. A follow-up review revealed that within the chart of the client who actually received the service, there existed the corresponding documentation to support this claim. In addition, a review of the IS report showed that the service had not been billed for the client who had received the services. Upon discovery of this error, the billing item was voided by our IS staff.

- **Duplicate entry of 308 minutes.**
  Please see response to Recommendation #2. All duplicate entries have been deleted in the IS.

Auditor-Controller Recommendation #2: Enhance controls to detect and correct billing errors.

Agency Response:
SHIELDS has always maintained a system of checks and balances for review of IS billing. The process entails a review of the daily service logs, along with progress notes to ensure adequate documentation for services. Once the services have been billed, the IS staff follow up by comparing the IS Logs with the daily service logs to ensure correct billing. During the period focused on in this audit, SHIELDS was in the process of testing an electronic documentation /billing program which is being implemented in accordance with future State/DMH mandates regarding the use of electronic records/billing systems. While SHIELDS' actually started this process over four years ago, the first six months of the fiscal year 2005/2006 served as the testing period for the submission of electronic data. This testing process was very arduous and required hours of additional staff time from both the clinical staff and the data entry staff to ensure that the services were billed correctly and due to our manpower being stretched thin, we believe this increased the potential for errors to be overlooked. Subsequently as a result of the increased workflow and the knowledge that we will be utilizing an electronic system very near in the future, as well as testing the system along the way, we have increased the manpower in our billing department in order to be able to effectively manage these tasks.

Auditor-Controller Recommendation #3: Maintain sufficient documentation to support its compliance with contract requirements for the services billed to DMH.

Agency Response:

- **Four Progress Notes did not describe the specific contribution by each staff billed.**

In cases where more than two staff were involved in providing the service, the documentation was lacking an explanation of the second staff's contribution to the intervention. This is a training issue that we immediately followed up on with our staff, in order to ensure the correction documentation to support the billing.

- **Three Progress Notes did not describe what the client or service staff attempted or accomplished towards the goals.**

In talking with the auditors, we found this issue to be most prevalent in the documentation for case management services. As a result, we responded by implementing the following:

1) Immediate training to all staff surrounding this issue, with a special focus on the documentation of case management services.
2) Mandated that staff include specific resources that were contacted in the process of providing case management linkages.
3) A review of case management services and training for the staff on how to make specific case management goals related to the individual needs of the client.

CLIENT VERIFICATION

Objective: **Determine whether clients received the services that SHIELDS billed DMH.**

Results: **The program participants interviewed stated that the services they received from the agency met their expectations.**

Auditor-Controller Recommendations: ***There are no recommendations under this section.***

Agency Response: Not Applicable.

STAFFING LEVELS

Objective: **Determine whether the agency maintained the appropriate staffing levels for this applicable services.**

Results: **Not Applicable.**

Auditor-Controller Recommendation: ***There are no recommendations for this section.***

Agency Response: Not Applicable.

STAFF QUALIFICATIONS

Objective: **Determine whether SHIELDS for families, Inc. treatment staff possessed the required qualifications to provide the services.**

Results: **One staff (6%) in our sample did not possess the required qualifications to complete an Adult Initial Assessment.**

Auditor-Controller Recommendation #4: ***SHIELDS management ensure that staff meet the requirements to deliver the services billed.***

Agency Response:

- **One staff did not possess the required qualifications to complete an Initial Adult Assessment.**

  The staff in question is a master's level staff who is eligible to register with the BBS. However, the staff was encountering difficulties obtaining the necessary information for registration. Subsequently the staff has been moved to a position within SHIELDS that does not require BBS registration. In addition, we have implemented a tracking procedure through our Human Resources Department to ensure that management has a tracking system to monitor the receipt of BBS registration for all required staff.

SERVICE LEVELS

Objective: **Determine whether SHIELDS reported service levels varied significantly from the service levels identified in the DMH contract.**

Results: **SHIELDS provided the service levels outlined in the contract.**

Auditor-Controller Recommendation: ***There are no recommendations for this section.***

Agency Response: Not Applicable.