




Office of the City Manager

INFORMATION CALENDAR

December 8, 2008

To:  Honorable Mayor and Members of the City Council

From: Phil Kamlarz, City Manager

Submitted by: Fred Medrano, Director, Health & Human Services

Subject: Update on the Medi-Cal Mental Health Interim Audit

INTRODUCTION

The purpose of this report is to provide Council with an update on the actions being taken on the recommendations contained in the City Auditor's report on the risks that could jeopardize revenue the City receives for providing mental health services under the State Medi-Cal program. On March 25, 2008, Council received a report from the City Auditor that identified two recommendations for the City to under take that would minimize those risks. Council requested that staff report back every six months on the implementation status of the audit recommendations until each recommendation is fully implemented. This is the first report on the status of the audit recommendations. The second status report will be submitted to Council on June 9, 2009.

CURRENT SITUATION AND ITS EFFECTS

Under the authority of Chapter 633, Statutes of 1994 (AB757), the State Department of Mental Health transferred the responsibility for authorization and payment of specialty mental health services previously funded through Fee-for-Service/Medi-Cal (FFS/MC) to a single mental health program in each county, consolidating responsibility for Short-Doyle/Medi-Cal (SD/MC) and FFS/MC. As a result, city programs had to contract with the county mental health authority for provision of SD/MC services within their geographic area.

In 1998, the City of Berkeley entered into an agreement with Alameda County for the provision of SD/MC services to Medi-Cal beneficiaries residing within the cities of Albany and Berkeley. The initial agreement expired on June 30, 1999, and has not been renewed or replaced; however, the City's Mental Health Division and Alameda County's Department of Behavioral Health Care Services have continued to conduct business according to the initial agreement.

The City Manager requested the City Auditor to conduct a performance audit to identify risks that could jeopardize revenue that the City receives for providing mental health services under the State Medi-Cal program, and to evaluate the effectiveness of controls in place to mitigate those risks. The audit was also designed to determine if the

City 1) uses the appropriate indirect cost rate for Medi-Cal reports, and 2) complies with federal and state retention requirements for documents in support of billings.

The audit identified two issues in the Mental Health Division that should be addressed. First, Alameda County has provided Medi-Cal billing and reporting services to the City since July 1999 without a written contract or memorandum of understanding in place to establish the rights and obligations of each party. Second, it was difficult for the Mental Health Division to reconcile payments received from Alameda County, which bills the State on behalf of the City. The remittances were not received timely and the remittance reports did not provide information on disallowed claims.

To decrease the risk of the City losing mental health revenue and improve the City's negotiating position with the County, the City Auditor recommended that the following actions be taken:

1. Continue to pursue executing a new contract with Alameda County.
2. Immediately make a written request to Alameda County to receive the report of denied mental health service units.

Of the two audit recommendations, the first has been partially implemented with full implementation pending negotiations with Alameda County, and the second has been fully implemented.

BACKGROUND

Finding No. 1

The Mental Health Division has been operating without a contract or Memorandum of Understanding (MOU) with Alameda County since July 1, 1999.

Recommendation

Continue to pursue executing a new contract with Alameda County. The City Manager should consider discussing this matter with the County Administrator or the County Supervisor. If the County will not cooperate, explore the possibility of following-up with the California Department of Mental Health. Legislative action could also be considered.

City Manager's Response: Partially Implemented

The Mental Health Division has established a regular monthly meeting with Alameda County to develop a Master Agreement that will serve as an umbrella contract for S/D Medi-Cal, Early & Periodic Screening, Diagnosis, and Treatment (EPSDT), Medi-Cal Administrative Activities (MAA), and Mental Health Services Act (MHSA) contracted services. Staff from both agencies have committed to meeting until a final Agreement has been reached. To date, three meetings have taken place, which have resulted in the:

- Identification of key contact people within each agency,
- Outline of the key components to be in the contract,

- Identification of key issues requiring input from the State Department of Mental Health,
- Clarification on how State funds are received and disbursed by the County, and
- Clarification on the types of reports provided by the County with each disbursement to the City.

Further, staff is in the process of finalizing the program descriptions, performance requirements, and invoicing procedures for two components of the Master Agreement: Transition to Independence Program (TIP) and EPSDT. The Master Agreement is estimated to be completed by December 2009.

Finding No. 2

The Mental Health Division has difficulty reconciling services provided to payments received.

Recommendation

Immediately make a written request to Alameda County to receive the report of denied mental health service units. The report should be used as a tool for reconciling remittances and monitoring billings.

City Manager's Response: Fully Implemented

In September, Mental Health staff requested and the County agreed to provide the report of denied service units. Due to the delays with the State's FY 2009 budget, the County was unable to submit first quarter Medi-Cal billings until November 2008. As a result, the first report of denied service units is expected to be received in December 2008.

In addition, Mental Health staff has met with key program staff at Alameda County to gain a better understanding of the Medi-Cal claiming process, stages of the claiming process, submission deadlines, types of reports that are available, how to run the reports in INSYST, and how to use the reports. INSYST is the software system used to record services provided, basic client information, and billing data; and generates a variety of caseload, service and financial reports.

The available caseload, service detail, and billing reports are starting to be received on a regular basis and used by Mental Health staff to:

- Track services provided by clinicians,
- Balance the work among staff,
- Audit service entry and program productivity,
- Improve the data entry process,
- Assist in making sure all the services performed in the clinic are being entered into INSYST on a timely basis, and
- Monitor claims submitted by the County on behalf of the City.

POSSIBLE FUTURE ACTION

After negotiations for the Master Agreement have been completed, the contract will be submitted for Council consideration and action.

CONTACT PERSON

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