COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

May 4, 2004

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

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **HILLSIDES CONTRACT REVIEW**

We have completed a contract compliance review of Hillsides (or Agency), a Department of Mental Health Services service provider. It was the first review conducted of a Mental Health provider as part of the Auditor-Controller's Centralized Contract Monitoring Pilot Project.

Background

The Department of Mental Health (DMH) contracts with Hillsides, a private, non-profit, community-based organization, which provides services to children and their parent(s) primarily located in Service Planning Areas (SPAs) 3 and 4. Services include interviewing program participants, assessing their mental health needs, and developing and implementing a treatment plan. Our review focused on the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) service, which is Medi-Cal's comprehensive and preventive child health program for individuals under the age of 21. At Hillsides, the EPSDT billable services include Mental Health Services, Medication Support Services, Therapeutic Behavioral Services, Case Management (Brokerage), Crisis Intervention and Day Rehabilitation. Hillsides is located in the Fifth Supervisory District.

For the period of our review, DMH paid Hillsides $108.97 for each day that a client participated in its day rehabilitation program and paid between $1.62 and $3.95 per minute of staff time ($97.20 and $237.00 per hour) for other services. These reimbursement rates are based on the cost estimates provided by Hillsides in the Contract Negotiation Package. For Fiscal Year 2002-03, DMH paid the Agency approximately $7 million in EPSDT funds.

Purpose/Methodology

The purpose of the review was to determine whether Hillsides was providing the services outlined in their contract with the County. We also evaluated the Agency's ability to achieve planned levels of service and staffing. Our monitoring visit included a review of Hillsides' billings, participant files, personnel and payroll records, and interviews with Hillsides staff and the guardian of program participants.

Results of Review

Overall, Hillsides is providing the services outlined in the County contract. Hillsides uses qualified staff to perform the services, as required by their contract, and the parents or guardians of program participants interviewed stated that the services the participants received met their expectations.

For Fiscal Year 2002-03, Hillsides generally achieved their targeted services levels. However, our review of Hillsides' billings disclosed that the contractor did not always sufficiently document the services they bill DMH. We judgmentally selected a sample of 7,950 service minutes from 239,201 service minutes billed by Hillsides, for August and September 2003, and noted that the Agency did not fully document 3,875 service minutes.

In certain instances, where we noted insufficient supporting documentation, Hillsides management indicated that they believe their level of documentation complies with the contract requirements. However, our review of the contract requirements, along with the licensed DMH clinicians' review of the documentation, both indicate that the documentation was not sufficient to meet the requirements. We recommended that Hillsides management strengthen their documentation to support the services billed to DMH and meet the contract requirements. To avoid any future misunderstandings, DMH needs to ensure Hillsides management is aware of and acknowledges the requirements.

In addition, because the Daily Activity Log used to identify staff assigned to the Day Rehabilitation Program contained errors, we were unable to determine if the Agency maintains the appropriate staffing ratios in its Day Rehabilitation Program. We recommended that Hillsides take action to prevent errors in the Daily Activity Log and ensure required staff to client ratios.

The details of our contract compliance review, along with recommendations for corrective action, are included in the attached report.

Review of Report

We met with Hillsides management and staff on January 27, 2004 and on April 7, 2004 to discuss our report. In its response, Hillsides states that the Agency does not agree with all the recommendations in the report. The Agency believes that it has documented

its services, staff, and related matters in a manner consistent with the standards required under the County contract and applicable law.

We disagree with Hillsides' assessment of its compliance with the County's case documentation requirements. However, DMH management has indicated that it is committed to working with Hillsides to improve the Agency's understanding of its County contract, particularly in the area of case documentation. In addition, because Hillsides did not specify which recommendations it agreed with, DMH management needs to follow up with the Agency to ensure that it takes appropriate corrective action(s) to implement the report's recommendations.

Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1122.

JTM:DR:DC

c: David E. Janssen, Chief Administrative Officer
Raymond G. Fortner, Interim County Counsel
Department of Mental Health
Dr. Marvin J. Southard, Director
Susan Kerr, Chief Deputy Director
John Hatakeyama, Deputy Director, Children's System of Care
John M. Hitchcock, Executive Director, Hillsides
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee

CENTRALIZED CONTRACT MONITORING PILOT PROJECT
EARLY AND PERIODIC SCREENING, DIAGNOSTIC, AND TREATMENT SERVICE
FISCAL YEAR 2003-2004
HILLSIDES

BILLED SERVICES

Objective

Determine whether Hillsides provided the services billed in accordance with their contract with DMH.

Verification

We judgmentally selected a sample of 10 participant days from 3,422 participant days that Hillsides billed DMH for August and September 2003. We also judgmentally selected a sample of 7,950 service minutes from 239,201 service minutes billed by Hillsides, for August and September 2003. We reviewed the participant files for documentation to support the services billed.

Results

For our selected sample of service minutes, we reconciled the service minutes billed to the service minutes reported on the progress notes in each participant's file. In addition, we noted that Hillsides maintained sufficient documentation for the 10 participant days of service. However, our review disclosed that sufficient documentation did not always exist for service minutes billed to DMH. Specifically, we noted that the Agency did not adequately document 3,875 of the service minutes billed. The units of service totaled $8,616.

For example, for 3,445 service minutes involving service intervention, the clinicians did not document how the interventions were directed toward achieving clients' goals, as required by the Los Angeles County Short-Doyle/Medi-Cal Manual for the Rehabilitation Option and Targeted Case Management (RO/TCM Manual) Chapter 3 page 3, California Code of Regulations (CCR) Title 9 Section 543, and for TBS services DMH Letter 99-03. In addition, 587 service minutes billed were for time billed for additional staff that were reported present during the interventions. However, documentation did not explain each additional staff's involvement during the intervention as required by the RO/TCM Manual Chapter 2 Page 2-2 and CCR Title 9 Section 1840.314. Also, 417 service minutes billed were for Crisis Intervention services. However, the progress notes did not disclose why the situation required a more timely response, as required by RO/TCM Manual Chapter 2 Page 2-36, CCR Title 9 Section 543 & 1810.209, and Contract Exhibit #5.

Although DMH's RO/TCM Manual has been in draft for over three years, both DMH and Hillsides acknowledged the need to comply with its provisions for the current contract.

In certain instances, where we noted insufficient supporting documentation, Hillsides management indicated that they believe their level of documentation complies with the contract requirements. However, we performed our review of the contract requirements in conjunction with two licensed DMH clinicians' who both indicated that the Agency's documentation did not meet the contract's requirements. Hillsides management needs to strengthen their documentation to support the services billed to DMH and meet the contract requirements. To avoid any future misunderstandings, DMH needs to ensure Hillsides management is aware of and acknowledges the requirements.

Recommendations

1. **Hillsides management strengthen their documentation to support the services billed to DMH and meet the contract requirements.**

2. **DMH management ensure Hillsides management is aware of and acknowledges the documentation requirements of the contract.**

CLIENT VERIFICATION

Objective

Determine whether the program participants actually received the services that Hillsides billed DMH and whether participants were eligible to receive services.

Verification

We judgmentally selected a sample of ten program participants and interviewed their legal guardians to confirm that the participants are clients of Hillsides and that they received the services Hillsides billed DMH. We also reviewed documentation in the participant files to determine whether participants were eligible to receive services.

Results

No exceptions. Each legal guardian we contacted indicated that their child was a client of Hillsides and that documentation in the case file supports their eligibility. In addition, the participants we contacted generally indicated that they were satisfied with the services provided by Hillsides. To accommodate concerns raised by the contractor, we did not ask the guardians the specific services their children receive from Hillsides. However, we were able to reconcile the frequency of visits by the participants to Hillsides for treatment reported by the guardian to the approximate frequency that Hillsides billed DMH.

Recommendations

There are no recommendations for this section.

STAFFING LEVELS

Objective

Determine whether staffing levels are consistent with the staffing levels and ratio requirements indicated in the County contract. Contractors are required to maintain a 1:10 ratio of the number of Qualified Mental Health Professional (QMHP) staff to the total number of clients in its Day Rehabilitation Program. Persons who are not solely used to provide Day Rehabilitation services shall not be included as part of the ratio calculation.

Verification

We interviewed Hillsides' Quality Assurance Director and Chief Financial Officer and compared the budgeted staff indicated in the Contract with the current staff schedule. We also selected ten days that Hillsides billed for its Day Rehabilitation Program, which requires specific staff to client ratios, and reviewed the staff attendance sheets, client attendance sheets, and participant files, for August and September 2003.

Results

Hillsides actual staffing levels were similar to the staffing level proposed in their budget. However, we were unable to determine if Hillsides maintains the appropriate staffing ratios in its Day Rehabilitation Program as required by the RO/TCM Manual Chapter 2 Page 2-28, CCR Title 9 Section 1840.352, DMH Information Notice 02-06, and DMH Letter 03-03. Hillsides uses the Day Rehabilitation Daily Attendance log to identify the number of staff assigned to the Day Rehabilitation program.

Hillsides also uses the log to ensure the appropriate staffing ratios are maintained. However, we noted that the log does not accurately reflect the staff solely dedicated to the Day Rehabilitation Program. For example, we noted instances where staff, not involved solely with the Day Rehabilitation Program, signed the daily log and other staff, that Hillsides claimed participated in the Day Rehabilitation Program, did not sign it. In addition, the log does not note the length of time that the staff were present at the session in order for Hillsides to determine that it maintained the ratios required by the contract.

Recommendation

3. **Hillsides management ensure that the Day Rehabilitation Daily Attendance log only includes staff solely used for the Day Rehabilitation Program and documents the length of time present at the session.**

STAFFING QUALIFICATIONS

Objective

Determine whether Hillsides' staff meets the qualifications required by the DMH contract.

Verification

We selected ten Hillsides treatment staff and reviewed each staff's personnel file for documentation to confirm their qualifications.

Results

No exceptions. Our review of their personnel files disclosed that each staff possesses the required education, experience and licensure identified in DMH's contract.

Recommendations

There are no recommendations for this section.

SERVICE LEVELS

Objectives

Determine whether Hillsides reported services for Fiscal Year (FY) 2002-03 did not significantly vary from planned services levels.

Verification

We obtained a report of EPSDT billings from the State Explanation of Benefits report for FY 2002-03 and compared it with the Hillsides' planned level of services identified in the contract for the same period.

Results

No exceptions. Our review of recorded payments by DMH disclosed that Hillsides achieved their planned service levels. For FY 2002-03, Hillsides planned service level for providing all EPSDT funded services totaled $6,879,000. The actual service levels paid were approximately $6,967,000. However, as previously noted, the review identified issues concerning the adequacy of Hillsides documentation to support the reported services.

Recommendations

There are no recommendations for this section.

Hillsides

Creating safe places for children

940 Avenue 64, Pasadena, California 91105-2711
Phone: 323.254.2274 Fax: 323.254.0598 www.hillsides.org

John M. Hitchcock, LCSW
Executive Director

Suanne E. Gaumer, LCSW
Associate Executive Director

Nancy E. Garn
Director of Development

Laura Kelso
Director of Community Resources

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Keith Renken
Rabi Simmons
David T. Traitel
Mills Tulpin

Member of the
Child Welfare
League of America

April 29, 2004

J. Tyler McCauley
Los Angeles County Auditor-Controller
500 West Temple, Room 525
Los Angeles, CA 90012

Re: Centralized Contract Monitoring Pilot Project; Contractor: Hillsides

Dear Mr. McCauley:

We have reviewed the report issued by your Department regarding the first audit performed under the Auditor-Controller's Centralized Contract Monitoring Pilot Project. As you know, the Pilot Project is intended to assist the Board of Supervisors in determining whether the Los Angeles County Department of Mental Health ("DMH") should continue to perform the function of monitoring contractor performance or whether that function should be moved to the Auditor-Controller's Office. The Pilot Project is to be based on a review of a small number of contractors.

Hillsides was selected to be the first contractor reviewed in the Pilot Project and consequently is the first contractor to experience and comment on the audit process. As an initial matter, Hillsides believes that the mechanics of the review should be understood by those reviewing the report. The review did not involve a randomized, statistically valid sampling approach, but rather focused on a very small sample of records judgmentally selected and skewed toward cases with atypically longer treatment sessions. Disagreements over documentation of such sessions necessarily reflected a higher number of service minutes than the average session. The review also focused on selected portions of the client record rather than on the entire client record.

During the review process and the finalization of the report, Hillsides raised issues with the auditors and DMH regarding what guidelines should be used in performing the review, the appropriateness of the interpretations used in the review, and the approaches used in reviewing the documents selected for the review. The parties acknowledged during exit conferences that clarification on these issues would benefit both the DMH and contractors. In particular, further review by DMH to clarify the delivery of Therapeutic Behavioral Services appears warranted, as the parties' clinical staffs were unable to reach a mutually satisfactory consensus on some issues relating to that subject.

Hillsides notes that the State Department of Mental Health continues to work to refine the definition of TBS in the Emily Q v. Bonta litigation, in the context of the ongoing work to craft a plan intended to increase TBS utilization to meet allegations that the State is too limiting in its TBS approvals. Legal counsel for the plaintiffs in that case have informed Hillsides that the State

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agrees that direct behavior support services like TBS are best delivered in the context of a comprehensive, individualized treatment plan, based on family-centered mental health services where the child and family make their own decisions about the child's service plan and that the effectiveness of the TBS delivery system should be measured in relation to whether the delivery system enables children and their families to remain together and enables children to succeed at home, at school and in the community. While Hillsides' approach in providing TBS is consistent with this approach, Hillsides believes that the approaches employed in the Pilot Project audit are not. Hillsides would be pleased to work with DMH in achieving clarification regarding the appropriate guidelines and interpretations to be used for TBS, particularly in light of its experience as the first contractor reviewed under the Pilot Project.

As the Auditor-Controller's report recognized, Hillsides provides the services outlined in the County contract. While the Auditor-Controller made only a handful of recommendations, Hillsides does not agree with all of the recommendations because Hillsides believes that its services, staff and related matters are documented in a manner consistent with the standards required under the County contract and applicable law. However, Hillsides appreciates the difficulties involved in the Pilot Project, which coordinates a number of complex legal and contract provisions as well as complicated clinical judgment matters, and trusts that these Pilot Project reviews will encourage improved communication among DMH, the Auditor-Controller and contractors in the future.

Thank you for the opportunity to comment on this report.

Very truly yours,

John Hitchcock