



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

August 31, 2006

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

FROM: J. Tyler McCauley *tm*
Auditor-Controller

SUBJECT: **ALCOTT CENTER FOR MENTAL HEALTH SERVICES CONTRACT
COMPLIANCE REVIEW**

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

Background

DMH contracts with Alcott, a private, non-profit, community-based organization, which provides services to clients in Service Planning Area 5. Services include interviewing program participants, assessing their mental health needs, and developing and implementing a treatment plan.

Our review focused on approved Medi-Cal billings, where at least 35% of the total service cost was paid using County General Funds. The services include Targeted Case Management, Mental Health, Medication Support, and Crisis Intervention. Alcott's headquarters is located in the Second District.

DMH paid Alcott between \$1.86 and \$4.50 per minute of staff time (\$111.60 to \$270.00 per hour) for services that received this type of funding. DMH contracted with Alcott to provide approximately \$1.3 million in services overall for fiscal year 2005-06.

Purpose/Methodology

The purpose of the review was to determine whether Alcott provided the services outlined in their contract with the County. We also evaluated whether the Agency

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achieved planned service levels. Our monitoring visit included reviewing a sample of Alcott's billings, participant charts, and personnel and payroll records. In addition, we interviewed staff from Alcott and interviewed a sample of participants or their parent/guardian if the participant is a minor.

Results of Review

Alcott provided the program services outlined in the County contract. The Agency used qualified staff and the participants interviewed stated that the services they received met their expectations. In addition, Alcott maintained documentation to support the services billed. However, Alcott provided 71% less Targeted Case Management (TCM) Service than contracted without prior written authorization from DMH, as required.

We have attached the details of our review, along with a recommendation that Alcott management obtain written authorization from DMH prior to deviating from contracted service levels.

Review of Report

We discussed the results of our review with Alcott on June 29, 2006. In their attached response, Alcott disagreed with the need to obtain DMH's approval prior to significantly deviating from the service levels identified in the County contract. Alcott also stated that the 71% deviation noted in our report was misleading and that the actual deviation was only 11%.

The 11% deviation noted by Alcott in their response is based on a reduction of TCM services in relation to the total of all services provided by the Agency. The County contract requires the Agency to obtain written authorization from DMH prior to significantly deviating from providing services within the specific service categories (such as TCM) identified in the County contract. The 71% deviation that we noted in our report is based on comparing actual services provided within the TCM category to the TCM planned service levels listed in the County contract.

We thank Alcott management for their 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: David E. Janssen, Chief Administrative Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Penelope Mehra, Executive Director, Alcott Center for Mental Health Services
Public Information Office
Audit Committee

**COUNTYWIDE CONTRACT MONITORING REVIEW
FISCAL YEAR 2005-2006
ALCOTT CENTER FOR MENTAL HEALTH SERVICES**

BILLED SERVICES

Objective

Determine whether the Alcott Center for Mental Health Services (Alcott or Agency) provided the services billed in accordance with their contract with Department of Mental Health (DMH).

Verification

We judgmentally selected 3,544 minutes from 76,191 service minutes of approved Medi-Cal billings to DMH where at least 35% of the total service cost was paid using County General Funds. We reviewed the Assessments, Client Care Plans, and Progress Notes maintained in the clients' charts for the selected billings. The 3,544 minutes represent services provided to 29 program participants.

Although we started our review in May 2006, the most current billing information available from DMH's billing system was December 2005 and January 2006.

Results

Overall, Alcott provided the services billed in accordance with their County contract. In addition, 97% of the service minutes billed were documented in compliance with County contract provisions.

Recommendation

There are no recommendations for this section.

CLIENT VERIFICATION

Objectives

Determine whether the program participants received the services that Alcott billed DMH.

Verification

We interviewed ten clients that Alcott billed DMH for services during December 2005 and January 2006.

Results

The ten 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 staffing ratios for this particular funding program.

STAFFING QUALIFICATIONS

Objective

Determine whether Alcott 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 16 of 18 Alcott treatment staff for documentation to confirm their qualifications.

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 Alcott's reported service levels varied significantly from the service levels identified in the DMH contract.

Verification

We obtained the Fiscal Year 2004-05 Cost Report submitted to DMH by Alcott and compared the dollar amount and billed units of service to the service levels identified in the contract for the same period.

Results

Alcott operated within its contracted amount of \$1.3 million overall. However, within specific service categories Alcott provided 71% less Targeted Case Management (TCM) services than contracted without prior written authorization from DMH. Specifically, DMH contracted with Alcott to provide 94,000 units of TCM but Alcott only provided 27,000 units of TCM.

Recommendation

1. **Alcott management obtain written authorization from DMH prior to deviating from contracted service levels.**



**Administration and
Program Services**

1433 S. Robertson Blvd.
Los Angeles, CA 90035
Tel: (310) 785-2121
Fax: (310) 553-6052

The Graduate House

1765-75 S. Robertson Blvd.
Los Angeles, CA 90035
Tel: (310) 839-7630
Fax: (310) 839-5142

The Plaza

1904 S. Robertson Blvd.
Los Angeles, CA 90034

Program Services

Case Management
Mental Health Services
Crisis Intervention
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Community Living Program
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In-take Coordinator

(310) 785-2121 ext. 232

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psychosocial,
educational and
residential
needs of
individuals with
mental illness.*

August 10, 2006

J. Tyler McCauley, Auditor-Controller
LA County Department of Auditor-Controller
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 525
Los Angeles, CA 90012-2766

Re: Agency Response to Auditor-Controller Report on Compliance Review

Dear Mr. McCauley,

We appreciate the professionalism with which your staff conducted the compliance review audit. We have reviewed the contract monitoring review report and are pleased that the report confirms that the Alcott Center for Mental Health Services provides the services outlined in our contract with the Department of Mental Health, employs qualified staff to provide these services, that services provided met participants expectations, and Alcott Center maintained appropriate documentation to support services billed.

The only recommendation cited in your report states that Alcott Center should obtain written authorization from DMH prior to deviating from contracted service level. We are in disagreement with this finding for two reasons. The first is that DMH has never made mandatory that contractors request permission to vary from contract service levels proposed in the financial exhibits of the contract negotiation package. These levels have been seen as estimates of services needed by agency clients. Indeed it is impossible to exactly predict client need. The second reason for disagreement is the method of figuring the percent of variance from contract service levels. For the period reported, fiscal year 2004-2005, the audit report states that Alcott's actual targeted Case Management (TCM) levels varied by 71% from the contract. This is misleading. As reported in our contract for that period, TCM comprised a projected 16% of services. Actual TCM services comprised 5% of total services for that period. The variance from projections therefore was 11%. Alcott will certainly comply with any requests regarding variation of units per mode of service in the future.

We wish to extend our thanks and appreciation to the staff of the Auditor-Controller's office who performed the audit for their patience, cooperation, and professionalism.

Sincerely,

Penelope Mehra
Executive Director