

PERFORMANCE AUDIT
OF

NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH SERVICES

AN AGENCY UNDER CONTRACT WITH THE
DEPARTMENT OF COMMUNITY HEALTH

November 2001

EXECUTIVE DIGEST

NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH SERVICES

INTRODUCTION

This report, issued in November 2001, contains the results of our performance audit* of Northeast Michigan Community Mental Health Services (NEMCMHS), an agency under contract with the Department of Community Health (DCH).

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

NEMCMHS was established as a community mental health board in 1968 and operates under the provisions of the Mental Health Code, being Sections 330.1001 - 330.2106 of the *Michigan Compiled Laws*. NEMCMHS, under provisions of the Mental Health Code (Section 330.1205), held a series of public hearings and was granted community mental health authority* status in 1998 by each of the four counties in its service area and was recognized as an authority by DCH and the Department of State.

NEMCMHS's mission* is to facilitate, manage, and provide services for the support and treatment of people with

* See glossary at end of report for definition.

mental, emotional, and developmental disabilities and to strive to prevent risk factors leading to those conditions.

NEMCMHS's administrative office is located in Alpena and it serves the residents of Alcona, Alpena, Montmorency, and Presque Isle Counties. NEMCMHS's Board of Directors is composed of 12 members, with 2 each residing in Alcona and Montmorency Counties, 3 residing in Presque Isle County, and 5 residing in Alpena County. Board members are appointed to three-year terms.

NEMCMHS's operations are generally funded by State, federal, and local* funds. Total revenues and expenditures for the fiscal year ended September 30, 2000 were approximately \$18.4 million and \$18.3 million, respectively.

As of April 30, 2001, NEMCMHS had 408 employees and was serving 1,978 consumers*.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess NEMCMHS's effectiveness and efficiency related to the delivery of services.

Conclusion: **NEMCMHS was generally effective and efficient in the delivery of services.** However, we noted reportable conditions* related to criminal history background checks, a continuous quality improvement* process, and ability-to-pay determinations (Findings 1 through 3).

Noteworthy Accomplishments: NEMCMHS has maintained its accreditation from the Joint Commission on Accreditation of Healthcare Organizations* (JCAHO) since 1997. In December 2000, JCAHO accredited NEMCMHS as a managed behavioral healthcare organization*. In addition, in November 2000, DCH's Office of Recipient

* See glossary at end of report for definition.

Rights found NEMCMHS's recipient rights system to be in substantial compliance with standards established by DCH relative to the promotion and protection of consumer rights. NEMCMHS scored 287 (98%) of the 292 points possible.

NEMCMHS established the Light of Hope Clubhouse in Alpena during April 1995. The clubhouse provides a place for consumer members to acquire skills to enhance their independence, develop new social or vocational interests, and meet new friends. For the period January 2000 through March 2001, 17 consumer members of NEMCMHS's Light of Hope Clubhouse were trained and certified in cardiopulmonary resuscitation and 11 consumer members were trained and certified as job coaches for other members. In addition, during October and November 2000, consumer members of the Light of Hope Clubhouse attended training in Toronto, Ontario, Canada. This event was attended by clubhouse members from Australia, Canada, and England, as well as other facilities in the United States. Further, clubhouse members trained in meal preparation served 5,226 meals during 2000.

Audit Objective: To assess NEMCMHS's effectiveness in accounting for program revenues and expenditures.

Conclusion: NEMCMHS was generally effective in accounting for program revenues and expenditures.

Audit Objective: To assess NEMCMHS's effectiveness in monitoring services provided by contracted organizations.

Conclusion: NEMCMHS was generally effective in monitoring services provided by contracted organizations. However, we noted a reportable condition related to contract monitoring activities (Finding 4).

Audit Objective: To assess NEMCMHS's effectiveness in providing and monitoring residential services.

Conclusion: NEMCMHS was generally effective in providing and monitoring residential services.

Noteworthy Accomplishments: NEMCMHS reported that it has greatly enhanced training and personal safety services for consumers living in supported independent settings. As of April 30, 2001, NEMCMHS had 33 consumers living independently of their families or adult foster care facilities with the aid of NEMCMHS staff. To improve the consumers' independence, NEMCMHS has created a teaching model that incorporates consumers and NEMCMHS staff working side by side to learn about such issues as environmental safety. Five consumers have completed these classes and an additional 22 consumers were enrolled as of April 30, 2001. In addition, NEMCMHS has developed an enhanced training curriculum specific to the needs of staff working with consumers living in independent settings. Further, NEMCMHS has implemented an emergency response pager system for the homes of 24 independent living consumers.

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of Northeast Michigan Community Mental Health Services. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

To accomplish our objectives, we examined NEMCMHS's records and activities for the period October 1, 1998 through April 30, 2001. We reviewed applicable statutes, administrative rules, policies and procedures, and group

home licensing rules. Also, we interviewed NEMCMHS staff, assessed the effectiveness of controls used to manage programs, and reviewed a sample of consumer case files. In addition, we examined performance measures used to evaluate programs and surveyed consumers and referral source providers of NEMCMHS. Further, we obtained criminal history background checks of employees of NEMCMHS, its contractors, and employees of its contractors who had direct contact with consumers.

We reconciled capitated* and general fund* payment amounts and reviewed controls to determine whether expenditures were matched to the correct funding source. Also, we analyzed how program rates used to expense services were formulated and reviewed the methods NEMCMHS used to establish, fund, and monitor an internal service fund*. Further, we reviewed NEMCMHS's controls over accounting for physical inventories.

We analyzed contract language and met with NEMCMHS staff to determine the types of standards utilized to measure contractor performance. Also, we reviewed NEMCMHS's leasing process and analyzed current leases. In addition, we visited six residential providers and two supportive employment providers to determine whether consumer case file records were current and whether NEMCMHS staff were monitoring the terms of the contracts.

AGENCY RESPONSES

Our audit report contains 4 findings and 4 corresponding recommendations. NEMCMHS's preliminary response indicated that it agrees with all of our findings.

* See glossary at end of report for definition.

This page left intentionally blank.

November 13, 2001

Mr. Roger D. Frye, Chairman
Northeast Michigan Community Mental Health Services Board of Directors
22955 Lake Avalon Road
Hillman, Michigan
and
Mr. Charles A. White, Executive Director
Northeast Michigan Community Mental Health Services
400 Johnson Street
Alpena, Michigan
and
Mr. James K. Haveman, Jr., Director
Department of Community Health
Lewis Cass Building
Lansing, Michigan

Dear Mr. Frye, Mr. White, and Mr. Haveman:

This is our report on the performance audit of Northeast Michigan Community Mental Health Services, an agency under contract with the Department of Community Health.

This report contains our executive digest; description of agency; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; charts showing revenues, expenditures, and unduplicated consumer head count and survey summaries, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from Northeast Michigan Community Mental Health Services' written comments and oral discussions subsequent to our audit fieldwork.

We appreciate the courtesy and cooperation extended to us during the audit.

AUDITOR GENERAL

This page left intentionally blank.

TABLE OF CONTENTS

NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH SERVICES

INTRODUCTION

	<u>Page</u>
Executive Digest	1
Report Letter	7
Description of Agency	10
Audit Objectives, Scope, and Methodology and Agency Responses	11

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

Delivery of Services	14
1. Criminal History Background Checks	15
2. CQI Process	16
3. Ability-to-Pay Determinations	18
Accounting for Program Revenues and Expenditures	19
Monitoring of Services Provided by Contracted Organizations	19
4. Contract Monitoring Activities	20
Providing and Monitoring of Residential Services	22

SUPPLEMENTAL INFORMATION

Revenues for the Fiscal Year Ended September 30, 2000	24
Expenditures for the Fiscal Year Ended September 30, 2000	25
Unduplicated Consumer Headcount for the Fiscal Year Ended September 30, 2000	26
Consumer and Guardian Survey Summary	27
Referral Sources Survey Summary	30

GLOSSARY

Glossary of Acronyms and Terms	33
--------------------------------	----

Description of Agency

Northeast Michigan Community Mental Health Services (NEMCMHS) was established as a community mental health board in 1968 and operates under the provisions of the Mental Health Code, being Sections 330.1001 - 330.2106 of the *Michigan Compiled Laws*. NEMCMHS, under provisions of the Mental Health Code (Section 330.1205), held a series of public hearings and was granted community mental health authority status in 1998 by each of the four counties in its service area and was recognized as an authority by the Department of Community Health and the Department of State.

NEMCMHS's mission is to facilitate, manage, and provide services for the support and treatment of people with mental, emotional, and developmental disabilities and to strive to prevent risk factors leading to those conditions.

NEMCMHS's administrative office is located in Alpena and it serves the residents of Alcona, Alpena, Montmorency, and Presque Isle Counties. NEMCMHS's Board of Directors is composed of 12 members, with 2 each residing in Alcona and Montmorency Counties, 3 residing in Presque Isle County, and 5 residing in Alpena County. Board members are appointed to three-year terms.

NEMCMHS's operations are generally funded by State, federal, and local funds. Total revenues and expenditures for the fiscal year ended September 30, 2000 were approximately \$18.4 million and \$18.3 million, respectively.

As of April 30, 2001, NEMCMHS had 408 employees and was serving 1,978 consumers.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of Northeast Michigan Community Mental Health Services (NEMCMHS), an agency under contract with the Department of Community Health, had the following objectives:

1. To assess NEMCMHS's effectiveness and efficiency related to the delivery of services.
2. To assess NEMCMHS's effectiveness in accounting for program revenues and expenditures.
3. To assess NEMCMHS's effectiveness in monitoring services provided by contracted organizations.
4. To assess NEMCMHS's effectiveness in providing and monitoring residential services.

Audit Scope

Our audit scope was to examine the program and other records of Northeast Michigan Community Mental Health Services. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Audit Methodology

Our audit procedures, performed between February 2001 and May 2001, included an examination of NEMCMHS's records and activities for the period October 1, 1998 through April 30, 2001.

To accomplish our first objective, we reviewed applicable statutes, administrative rules, policies and procedures, and Department of Consumer and Industry Services Group Home Licensing Rules. Also, we interviewed NEMCMHS staff, assessed the effectiveness of controls used to manage programs, and reviewed a sample of consumer case files. In addition, we examined performance measures used to evaluate

programs and tested outcomes* to determine if NEMCMHS met its stated goals*. Further, we surveyed consumers and referral source providers to aid in our assessment of NEMCMHS's delivery of services. Also, we analyzed the methods used by NEMCMHS to ensure that criminal history background checks of NEMCMHS staff, employees of organizations that NEMCMHS had contracts with, and contracted professionals were completed. In addition, we obtained criminal history background checks of employees of NEMCMHS, its contractors, and employees of its contractors who had direct contact with consumers.

To accomplish our second objective, we met with NEMCMHS's staff to obtain an understanding of the capitation process and general fund payment formula, evaluated supporting documentation, reconciled capitated and general fund payment amounts, and reviewed controls to determine whether expenditures were matched to the correct funding source. Also, we evaluated the quarterly reporting and year-end cost settlement process and analyzed how program rates used to expense services were formulated. In addition, we reviewed the methods NEMCMHS used to establish, fund, and monitor an internal service fund and assessed the undesignated fund balance to determine what funds were included in the balance and how NEMCMHS intended to utilize those funds. Further, we reviewed NEMCMHS's controls over accounting for physical inventories.

To accomplish our third objective, we obtained and reviewed a list of NEMCMHS's current contracts and documented and assessed controls used to obtain bids and reward contracts. Also, we analyzed contract language and met with NEMCMHS staff to determine the types of standards utilized to measure contractor performance. In addition, we reviewed NEMCMHS's leasing process and analyzed current leases to determine the factors that are considered in the decision to continue leasing or to purchase a property.

To accomplish our fourth objective, we visited six residential providers and two supportive employment providers to determine whether consumer case file records were current and documented that support coordinators were making regular contact with consumers and whether NEMCMHS staff were monitoring the terms of the contracts. Also, we verified that home providers maintained equipment inventory records and followed established purchasing procedures for equipment purchases.

* See glossary at end of report for definition.

Agency Responses

Our audit report contains 4 findings and 4 corresponding recommendations. NEMCMHS's preliminary response indicated that it agrees with all of our findings.

The agency preliminary response which follows each recommendation in our report was taken from NEMCMHS's written comments and oral discussion subsequent to our audit fieldwork.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

DELIVERY OF SERVICES

COMMENT

Audit Objective: To assess Northeast Michigan Community Mental Health Services' (NEMCMHS's) effectiveness and efficiency related to the delivery of services.

Conclusion: **NEMCMHS was generally effective and efficient in the delivery of services.** However, we noted reportable conditions related to criminal history background checks, a continuous quality improvement process (CQI), and ability-to-pay determinations.

Noteworthy Accomplishments: NEMCMHS has maintained its accreditation from the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) since 1997. In December 2000, JCAHO accredited NEMCMHS as a managed behavioral healthcare organization. In addition, in November 2000, the Department of Community Health's (DCH's) Office of Recipient Rights found NEMCMHS's recipient rights system to be in substantial compliance with standards established by DCH relative to the promotion and protection of consumer rights. NEMCMHS scored 287 (98%) of the 292 points possible.

NEMCMHS established the Light of Hope Clubhouse in Alpena during April 1995. The clubhouse provides a place for consumer members to acquire skills to enhance their independence, develop new social or vocational interests, and meet new friends. For the period January 2000 through March 2001, 17 consumer members of NEMCMHS's Light of Hope Clubhouse were trained and certified in cardiopulmonary resuscitation and 11 consumer members were trained and certified as job coaches for other members. In addition, during October and November 2000, consumer members of the Light of Hope Clubhouse attended training in Toronto, Ontario, Canada. This event was attended by clubhouse members from Australia, Canada, and England, as well as other facilities in the United States. Further, clubhouse members trained in meal preparation served 5,226 meals during 2000.

FINDING

1. Criminal History Background Checks

NEMCMHS should obtain criminal history background checks of contractors who provide services to NEMCMHS consumers and also require contractors to obtain similar checks of their employees.

NEMCMHS contracts for professional services, such as occupational therapy and social work, transportation, day programming, supportive employment, and residential care services. As of March 31, 2001, some of NEMCMHS's residential care services were provided through contracts for the operation of 12 adult foster care group homes, in addition to the 17 adult foster care group homes that were operated by NEMCMHS staff.

Section 330.1708 of the *Michigan Compiled Laws* states that mental health services shall be provided in a safe, sanitary, and humane treatment environment. Also, *Michigan Administrative Code* R 400.14201 (Adult Foster Care Small Group Home Rules) and R 400.15201 (Adult Foster Care Large Group Home Rules) state that a licensee shall provide the name of any employee or volunteer that is under the direction of the licensee who is on court-supervised probation or parole or who has been convicted of a felony. In addition, *Michigan Administrative Code* R 400.1404 (Adult Foster Care Family Home Rules) states that a licensee shall provide the name of any person providing care or member of the household who is on court-supervised probation or parole or who has been convicted of a felony within the five-year period before providing resident care.

To determine the extent of criminal history background checks that were obtained by NEMCMHS or its contractors, we reviewed the personnel functions of NEMCMHS. NEMCMHS reported that it completed criminal history background checks of individuals prior to offering them employment. We also obtained criminal history background checks of 75 individuals or employees of organizations that provided professional, transportation, day programming, or supportive employment services to NEMCMHS. Further, we obtained criminal history background checks of staff at 23 adult foster care homes. Seventeen of the homes were operated by NEMCMHS staff and 6 were operated by contracted providers. Sixteen of the residential care providers were subject to Adult Foster Care Small Group Home

Rules, 6 were subject to Adult Foster Care Family Home Rules, and 1 was subject to Adult Foster Care Large Group Home Rules. Our review disclosed:

- a. NEMCMHS did not obtain or complete criminal history background checks of its contractors that provided professional, transportation, day programming, or supportive employment services. The criminal history background checks that we obtained for individuals who provided these services disclosed no convicted felons or individuals on probation or parole.
- b. NEMCMHS did not obtain or complete criminal history background checks of individuals who operated homes subject to Adult Foster Care Family Home Rules prior to entering into a contract with the residential care provider. The criminal history background checks that we obtained of individuals who operated or were employed by homes subject to Adult Foster Care Family Home Rules disclosed no convicted felons or individuals on probation or parole.

A felony conviction would not preclude an individual from working for NEMCMHS or its service providers. However, by obtaining criminal history background checks of contractors providing professional services to its consumers, NEMCMHS could better ensure that its consumers are receiving services in a safe environment.

RECOMMENDATION

We recommend that NEMCMHS obtain criminal history background checks of contractors who provide services to NEMCMHS consumers and also require contractors to obtain similar checks of their employees.

AGENCY PRELIMINARY RESPONSE

NEMCMHS agrees with the finding and informed us that it has implemented the recommendation in part and will be in full compliance during fiscal year 2001-02.

FINDING

2. CQI Process

NEMCMHS needs to fully implement a comprehensive CQI process to evaluate and improve the effectiveness of its service delivery system.

NEMCMHS's mission is to facilitate, manage, and provide services for the support and treatment of people with mental, emotional, and developmental disabilities and to strive to prevent risk factors leading to those conditions. NEMCMHS's program services are designed to enhance each person's potential to live and/or work independently within the community. NEMCMHS can best evaluate its effectiveness in pursuing its mission by implementing a comprehensive CQI process. Such a process should include: establishing and monitoring program goals and objectives*; establishing and monitoring performance indicators* for measuring outputs* and outcomes for each program; establishing and monitoring performance standards* that describe the desired level of outputs and outcomes for each program; and surveying consumers or guardians and key informants who refer consumers to or provide services for the programs.

Section 330.1209d of the *Michigan Compiled Laws* requires NEMCMHS to regularly review the outcomes for recipients as a result of programs provided. *Michigan Administrative Code R 330.2805* requires a community mental health provider to continuously evaluate its organizational processes and performance. Further, NEMCMHS policies require NEMCMHS to develop program descriptions and goals for each program, which shall be reviewed annually and updated if necessary.

NEMCMHS had utilized various evaluation tools including a CQI council and five quality improvement committees, the Michigan Mission Based Performance Indicator System*, and surveys of consumers and referral sources. Our analysis of NEMCMHS's CQI process disclosed:

- a. NEMCMHS had not consistently developed program goals and objectives. Some of the programs we reviewed did not have established goals and objectives. Furthermore, for programs with established goals and objectives, NEMCMHS could not always document whether the program goals and objectives had been achieved. Also, NEMCMHS had not established a process to systematically report on the status of its goals and objectives.
- b. NEMCMHS had not established performance indicators and standards for each program. Although NEMCMHS utilizes the Michigan Mission Based Performance Indicators for the agency as a whole, performance indicators and

* See glossary at end of report for definition.

standards were not established to assess the effectiveness of each program. Developing a comprehensive process to evaluate performance would allow NEMCMHS to determine whether each program was providing a high quality of care to consumers.

- c. NEMCMHS did not report program outcome data to the NEMCMHS CQI Council. NEMCMHS's Quality Improvement Plan for fiscal year 2000-01 states that the collection of outcome data is, or will be, designed into the data collection procedures of each program and that the CQI Council will receive regular reports of this data.

RECOMMENDATION

We recommend that NEMCMHS fully implement a comprehensive CQI process to evaluate and improve the effectiveness of its service delivery system.

AGENCY PRELIMINARY RESPONSE

NEMCMHS agrees with the finding and informed us that it is incorporating the necessary improvements to implement the recommendation.

FINDING

3. Ability-to-Pay Determinations

NEMCMHS did not ensure that ability-to-pay determinations were completed or reviewed and revised annually.

Section 330.1804 of the *Michigan Compiled Laws* requires consumers receiving services from a community mental health services program to reimburse the provider for the cost of services based on the consumers' ability to pay. Also, Section 330.1818 of the *Michigan Compiled Laws* requires that the consumers' ability-to-pay determinations be based on the most recently filed State income tax return or other financial documents. Further, Section 330.1828 of the *Michigan Compiled Laws* requires that consumers' ability-to-pay determinations be reviewed annually and revised, if appropriate.

Our review of 29 consumers' case files disclosed:

- a. There was not an ability-to-pay determination in 4 (14%) files.

- b. The ability-to-pay determinations in 14 (48%) files were not completed annually. NEMCMHS staff stated that they did not have an effective mechanism in place to notify individuals who complete these tasks that the determinations were due.

Completion of consumer ability-to-pay determinations in a timely manner and review of appropriate documentation to support determinations and verifications help to ensure accurate calculations of consumers' financial liability.

RECOMMENDATION

We recommend that NEMCMHS ensure that ability-to-pay determinations are completed or reviewed and revised annually.

AGENCY PRELIMINARY RESPONSE

NEMCMHS agrees with the finding and informed us that it will implement processes to satisfy this recommendation.

**ACCOUNTING FOR PROGRAM REVENUES
AND EXPENDITURES**

COMMENT

Audit Objective: To assess NEMCMHS's effectiveness in accounting for program revenues and expenditures.

Conclusion: NEMCMHS was generally effective in accounting for program revenues and expenditures.

**MONITORING OF SERVICES
PROVIDED BY CONTRACTED ORGANIZATIONS**

COMMENT

Audit Objective: To assess NEMCMHS's effectiveness in monitoring services provided by contracted organizations.

Conclusion: NEMCMHS was generally effective in monitoring services provided by contracted organizations. However, we noted a reportable condition related to contract monitoring activities.

FINDING

4. Contract Monitoring Activities

NEMCMHS should improve its monitoring of contracts for services to help ensure that the needs of its consumers are properly met.

Michigan Administrative Code R 330.2808 requires community mental health services programs to monitor a contracted agency's compliance with the provisions of contractual agreements. NEMCMHS contracts for professional (including occupational therapy and social work), transportation, day programming, supportive employment, and residential care services. Contracts for these services totaled approximately \$1.7 million for fiscal year 1999-2000.

Our review of NEMCMHS's contract monitoring disclosed:

- a. NEMCMHS did not ensure that providers of supportive employment services met terms of their contractual agreement. NEMCMHS utilizes two contractors to provide supportive employment services to its consumers. For fiscal year 1999-2000, NEMCMHS did not:
 - (1) Ensure that one contractor had developed employment goals related to individual consumer placements, enclaves, and work crews. Section III.B of the contract between NEMCMHS and the provider requires these goals to be developed. Requiring these goals to be developed and monitored would provide an additional mechanism to analyze the effectiveness of the contractor's service.
 - (2) Require each contractor to provide annual evaluations of its CQI programs to NEMCMHS. Section IV of each contract requires these evaluations to be completed. Requiring these evaluations to be completed would have provided NEMCMHS with assurance that the contractors were evaluating the effectiveness of their programs.
 - (3) Require each contractor to provide a written summation of the quality and type of services provided. Section V of each contract requires these

summations to be completed. Requiring these summations to be completed would offer NEMCMHS assurance that contracted services were provided.

(4) Conduct reimbursement reviews of services provided by each contractor.

Section VII.A of each contract states that a reimbursement review of services provided will be conducted at least annually. Completing annual reimbursement reviews would help ensure that billings were correct.

- b. NEMCMHS did not require one provider of supportive employment services to provide NEMCMHS support coordinators with case notes related to the consumers' employment. Although not specifically required by contract language, this information would be beneficial to NEMCMHS to develop a complete overview of the consumers' status.
- c. NEMCMHS did not prevent an employee of NEMCMHS from operating an adult foster care home. Section XVII.A of NEMCMHS's agreement with one residential adult foster care service provider states that the contractor affirms that no principal, representative, agent or other acting on behalf of the contractor is currently an employee of NEMCMHS. NEMCMHS staff stated that the individual in question provides limited services to the elderly for NEMCMHS. A review of NEMCMHS time sheets for the period February through April 2001 disclosed that the individual charged 0 to 6.5 hours per pay period to NEMCMHS.
- d. NEMCMHS did not ensure that all contractor files were readily available. We were unable to locate one case file of a consumer who was served by a contracted therapist. Section III.F of the contract between NEMCMHS and the contractor states that the contractor agrees to provide timely access to records and assistance during any audits or reviews. NEMCMHS staff stated that the contract provider had unexpectedly taken an extended leave of absence and case files for consumers served by the contractor were unavailable.

Effective monitoring of contracts would help provide NEMCMHS with assurance that the contractors are in compliance with contract provisions and performing as expected and that consumer needs are properly met.

RECOMMENDATION

We recommend that NEMCMHS improve its monitoring of contracts for services to help ensure that the needs of its consumers are properly met.

AGENCY PRELIMINARY RESPONSE

NEMCMHS agrees with the finding and informed us that it will modify its contract management procedures and quality improvement process to satisfy the recommendation.

PROVIDING AND MONITORING OF RESIDENTIAL SERVICES

COMMENT

Audit Objective: To assess NEMCMHS's effectiveness in providing and monitoring residential services.

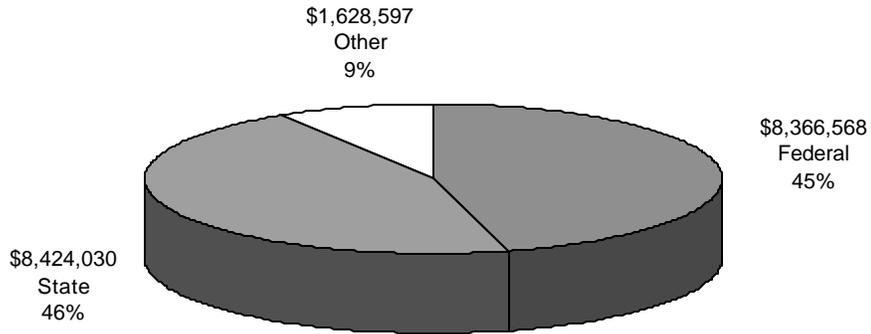
Conclusion: **NEMCMHS was generally effective in providing and monitoring residential services.**

Noteworthy Accomplishments: NEMCMHS reported that it has greatly enhanced training and personal safety services for consumers living in supported independent settings. As of April 30, 2001, NEMCMHS had 33 consumers living independently of their families or adult foster care facilities with the aid of NEMCMHS staff. To improve the consumers' independence, NEMCMHS has created a teaching model that incorporates consumers and NEMCMHS staff working side by side to learn about such issues as environmental safety. Five consumers have completed these classes and an additional 22 consumers were enrolled as of April 30, 2001. In addition, NEMCMHS has developed an enhanced training curriculum specific to the needs of staff working with consumers living in independent settings. Further, NEMCMHS has implemented an emergency response pager system for the homes of 24 independent living consumers.

SUPPLEMENTAL INFORMATION

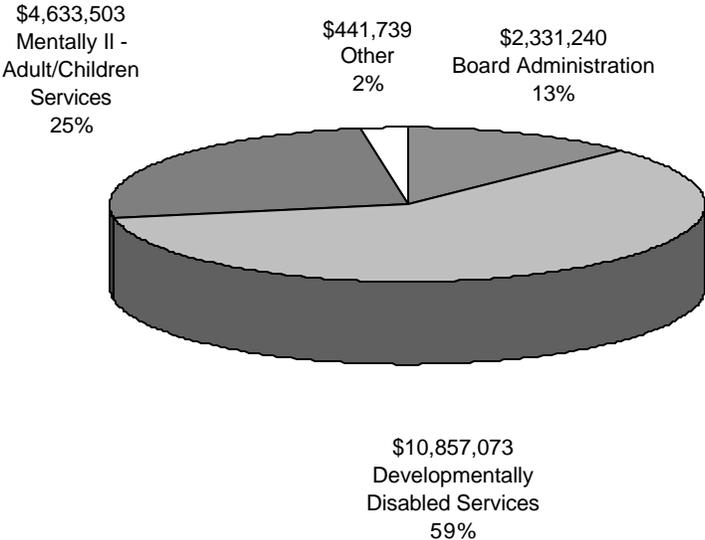
UNAUDITED

NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH SERVICES
Revenues
For the Fiscal Year Ended September 30, 2000



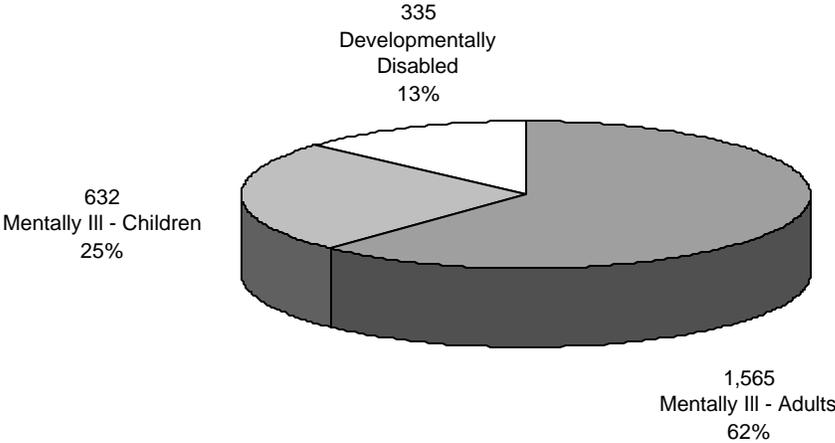
	<u>Amount</u>
State	\$ 8,424,030
Federal	8,366,568
Other	<u>1,628,597</u>
Total Revenues	<u><u>\$ 18,419,195</u></u>

NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH SERVICES
 Expenditures
 For the Fiscal Year Ended September 30, 2000



	<u>Amount</u>
Board Administration	\$ 2,331,240
Developmentally Disabled Services	10,857,073
Mentally III - Adult/Children Services	4,633,503
Other	<u>441,739</u>
Total Expenditures	<u><u>\$ 18,263,555</u></u>

NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH SERVICES
Unduplicated Consumer Headcount
For the Fiscal Year Ended September 30, 2000



	<u>Headcount</u>
Mentally III - Adults	1,565
Mentally III - Children	632
Developmentally Disabled	335
Total	<u><u>2,532</u></u>

**Northeast Michigan Community Mental Health Services (NEMCMHS)
Consumer and Guardian Survey Summary**

Summary Overview

We sent surveys to 100 consumers or guardians of consumers who were active consumers between January 1, 2001 and March 21, 2001. Eight were returned as undeliverable mail. We received 45 responses from the 92 surveys delivered, a response rate of about 49%. Our survey was of both adults and children diagnosed as mentally ill or developmentally disabled.

Following is a copy of the survey that includes the number of responses received for each item. The total number of responses for each item may not agree with the number of responses reported above because some respondents provided more than one response to an item and other respondents did not answer all items.

1. Please indicate the response that best describes who is completing this survey. I am a:

18	Current consumer of NEMCMHS.
5	Former consumer of NEMCMHS.
7	Relative of a current or former NEMCMHS consumer.
16	Guardian of a current or former NEMCMHS consumer.
1	Other

If you are a relative, guardian, or other interested party of a current or former NEMCMHS consumer, please respond to the following questions on the consumer's behalf.

2. Please indicate how long you received services from NEMCMHS in the last 24 months:

10	Less than or equal to 12 months
30	More than 12 months

3. I learned about NEMCMHS through:

6	A local school district.
19	A doctor or other medical professional.
2	A referral from the Family Independence Agency.
8	Family/Friends.
4	Probate, district, circuit, or other local courts.
2	Other

4. Following your initial request for services, were you able to begin receiving services within a reasonable amount of time?

35	Yes	3	No	3	Not sure
----	-----	---	----	---	----------

5. Are there any mental health services that you are waiting to receive?

5 Yes 36 No

6. Did the mental health services that you received help the condition and/or situation you sought services for?

34 Yes 2 No 6 Not sure

7. Did you receive services as many times as you needed?

32 Yes.
3 No, I did not receive services often enough.
0 No, I received more services than I needed.
5 Not sure.

8. Are you satisfied with the type of services you received from NEMCMHS?

35 Yes 0 No 6 Not sure

9. Are you satisfied with the quality of services you received from NEMCMHS?

38 Yes 1 No 2 Not sure

10. Were NEMCMHS caregivers helpful in coordinating their services with services provided by other agencies to address your specific needs?

33 Yes 1 No 7 Not sure

11. Did NEMCMHS caregivers consider your preferences and opinions when planning treatment programs?

37 Yes 3 No 1 Not sure

12. Did NEMCMHS caregivers promptly address your complaints and concerns?

38 Yes 2 No 1 Not sure

13. Did NEMCMHS caregivers treat you with dignity and respect?

40 Yes 1 No 0 Not sure

14. Did NEMCMHS caregivers protect your rights to privacy and confidentiality?

37 Yes 1 No 3 Not sure

15. During the last 12 months did the quality of services provided to you:

<u>7</u>	Improve? (Please go to question 16)
<u>1</u>	Decline? (Please go to question 17)
<u>31</u>	Remain the same? (Please go to question 18)

16. If the quality of services improved, was it because of (please check all responses that apply):

<u>6</u>	Involvement on the part of the support coordinator?
<u>1</u>	An increase in the number of visits received?
<u>3</u>	A new program was provided to you?
<u>2</u>	Other

17. If the quality of services declined, was it because of (please check all responses that apply):

<u>0</u>	A lack of involvement on the part of the support coordinator?
<u>2</u>	A decrease in the number of visits received?
<u>2</u>	A program provided to you ended?
<u>0</u>	Other

18. Would you recommend NEMCMHS to a close friend or relative with needs similar to your own?

<u>37</u>	Yes	<u>1</u>	No	<u>1</u>	Not sure
-----------	-----	----------	----	----------	----------

If you are a former NEMCMHS consumer, please respond to statements 19 through 21:

19. My NEMCMHS caregiver(s) and I mutually agreed to discontinue program services?

<u>1</u>	Yes	<u>4</u>	No	<u>5</u>	Not sure
----------	-----	----------	----	----------	----------

20. My NEMCMHS caregiver(s) clearly explained to me the effect of discontinuing program services?

<u>4</u>	Yes	<u>3</u>	No	<u>6</u>	Not sure
----------	-----	----------	----	----------	----------

21. If needed, would you return to NEMCMHS for services?

<u>10</u>	Yes	<u>0</u>	No	<u>1</u>	Not sure
-----------	-----	----------	----	----------	----------

**Northeast Michigan Community Mental Health Services (NEMCMHS)
Referral Sources Survey Summary**

Summary Overview

We sent surveys to 53 referral sources who had professional interaction with NEMCMHS. We received 29 responses, a response rate of about 55%.

Following is a copy of the survey that includes a number of responses received for each item. The total number of responses for each item may not agree with the number of responses reported above because some respondents provided more than one response to an item and other respondents did not answer all items.

1. Which of the following statements most accurately describes your level of knowledge and interaction with NEMCMHS?

9	I am very familiar with and have regular contact with NEMCMHS.
19	I am somewhat familiar with and have periodic contact with NEMCMHS.
0	I am unfamiliar with and have little contact with NEMCMHS.

2. Which one or more of the following best describes your agency's relationship with NEMCMHS?

7	Contractual provider of services to NEMCMHS
2	Contractual purchaser of services from NEMCMHS
12	Referral source to NEMCMHS
10	Referral source from NEMCMHS
8	Other

3. How many years has your agency had a working relationship with NEMCMHS?

Responses ranged from 4 to 30+ years.

For questions 4 through 17, please check the box for the response that best describes your opinion regarding each of the following statements. If your agency does not refer individuals to NEMCMHS, please go to question 9.

	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Not Applicable
4. NEMCMHS responds promptly to referrals and requests for service.	2	11	1	6	1	2
5. NEMCMHS helps referred individuals receive services consistent with their needs.	2	11	5	4	0	1

	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Not Applicable
6. NEMCMHS facilities are accessible.	6	9	2	3	2	1
7. NEMCMHS facilities are conveniently located.	6	10	0	3	3	1
8. I would recommend NEMCMHS to people who need mental health services.	7	7	3	4	2	1
9. NEMCMHS provides adequate responses to my agency's requests for technical assistance.	2	9	8	4	1	4
10. NEMCMHS provides timely responses to my agency's requests for technical assistance.	3	8	6	5	1	6
11. NEMCMHS reporting requirements and informational requests are reasonable and pertinent.	2	6	11	2	1	7
12. NEMCMHS reporting requirements and informational requests are unduplicated.	3	5	10	4	0	7
13. NEMCMHS asks about our service needs when completing its annual program plan.	0	9	6	6	3	5
14. NEMCMHS offers (either directly or through contractual arrangements with other providers) a continuum of services to benefit consumers with all levels of need.	3	10	8	6	2	0
15. NEMCMHS evokes a positive image.	5	11	5	4	4	0

	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Not Applicable
16. NEMCMHS is effective in helping people.	5	14	5	4	1	0
17. Since October 1, 1998 (the implementation of a capitated payment system), NEMCMHS's availability of services has remained the same or improved.	2	6	6	9	4	1

Glossary of Acronyms and Terms

capitated payment	A monthly prepaid amount for each Medicaid eligible individual in the mental health provider's service area.
community mental health authority	A separate governmental entity that operates independently from county governments and whose purpose is to comply with and carry out the provisions of the Mental Health Code.
consumers	Individuals who are receiving or have received mental health services.
continuous quality improvement (CQI)	A system that defines the vision and mission of an organization and focuses on the needs and expectations of internal and external customers. It normally includes performance indicators and standards for measuring outputs and outcomes, the collection of data to measure performance in relation to the standards, and the use of the data to make modifications to improve program effectiveness and efficiency. It has an underlying philosophy that is team oriented and open to making changes on a continuous basis to improve processes.
DCH	Department of Community Health.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs and outcomes.
general funds	State funding available for mental health services for non-Medicaid consumers. The amount the agency receives is based on a DCH formula.

goals	The agency's intended outcomes or impacts for a program to accomplish its mission.
internal service fund	A fund established as part of an overall strategy for covering funds necessary to meet risk exposure, established in accordance with the shared risk provisions in the agency's contract with DCH.
Joint Commission on Accreditation of Healthcare Organizations (JCAHO)	An organization that serves as a standards-setting and accrediting body. It promotes the delivery of quality services to people with disabilities and others in need of rehabilitation.
local funds	Funds provided by county appropriations, gifts, contributions, third-party reimbursements, investment interest, and other sources to meet the agency's funding obligations.
managed behavioral healthcare organization	An agency that uses financial incentives and management controls to direct consumers to behavioral services appropriate for their needs.
Michigan Mission Based Performance Indicator System	A performance measurement system, first implemented in fiscal year 1996-97, designed to clearly delineate the dimensions of quality that must be addressed by the public mental health system.
mission	The agency's main purpose or the reason that the agency was established.
NEMCMHS	Northeast Michigan Community Mental Health Services.
objectives	Specific outputs that a program seeks to perform and/or inputs a program seeks to apply in its efforts to achieve its goals.

outcomes	The actual impacts of the program. Outcomes should positively impact the purpose for which the program was established.
outputs	The products or services produced by the program. The program assumes that producing its outputs will result in favorable program outcomes.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
performance indicators	Information of a quantitative or qualitative nature indicating program outcomes, outputs, or inputs. Performance indicators are typically used to assess achievement of goals and/or objectives.
performance standards	A desired level of output or outcome as identified in statutes, regulations, contracts, management goals, industry practices, peer groups, or historical performance.
reportable condition	A matter coming to the auditor's attention that, in the auditor's judgment, should be communicated because it represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.